



RÉPUBLIQUE
FRANÇAISE

*Liberté
Égalité
Fraternité*



Sustainable development goals

BOND FRAMEWORK

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#WorldInCommon

An aerial photograph of a vast, green landscape in Madagascar. The terrain is a mix of rolling hills, dense forests, and open fields. A winding river flows through the center of the image. In the lower-left corner, a small cluster of traditional wooden houses is visible, surrounded by trees. The sky is filled with dramatic, dark clouds, suggesting an approaching storm or late afternoon light. A large, semi-transparent circular graphic in shades of green and blue is overlaid on the right side of the image, framing the title.

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MADAGASCAR

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PART 1

AFD group: a challenging mandate to meet sustainable development goals

Introduction

The Agence Française de Développement (AFD) Group is the main operator of France's development aid policy. It also operates in the French overseas territories and in more than 160 countries. The Group has a permanent public-interest mission¹.

Set up in 1941², AFD is a public industrial and commercial establishment (établissement public à caractère industriel et commercial EPIC) whose missions and organisation are set out in the French Monetary and Financial Code³.

THE AFD GROUP COMPRISES THREE MAIN ENTITIES:



Agence française de développement, a public industrial and commercial establishment (EPIC) and finance company supervised by the ACPR, in which the State is the sole shareholder.



Proparco, a financing company dedicated to financing and supporting the private sector in developing and emerging countries.



Expertise France, a public agency that designs and implements international technical cooperation projects, advises, trains and builds public policy capacity in partner countries.

With the integration of Expertise France on 1 January 2022, AFD group will have a full set of tools to provide comprehensive responses to the challenges of achieving sustainable development goals.

AFD group also manages the French Global Environment Facility (Fonds français pour l'Environnement Mondial FFEM) on behalf of the French State⁴. AFD group is also able to manage operations funded by the European Union and international institutions and organisations, among others.

AFD group is governed by its Board of Directors, which includes representatives of the French Ministries of Foreign Affairs, Economy and Finance and Overseas, as well as individuals chosen for their expertise in financial, economic, environmental and sustainable development issues, and representatives of both Houses of Parliament.

A territorial network at the service of sustainable development

The Group has an extensive network. It operates in 150 countries and 11 overseas departments and territories.

Since 2019, for the sake of efficiency and seeking to work as closely as possible with its clients, the group has decentralised a number of functions to 17 regional divisions. It also has a training center based in Marseille, enabling the Group to complement its development initiatives by sharing expertise and generating knowledge.

¹ AFD group's articles of association are available [here](#).

² Created as the *Caisse centrale de la France libre* by decree issued by General de Gaulle on 2 December 1941, it fulfilled the dual role of monetary issuing institution and public treasury.

³ Articles R 516-3 et seq. of the French Monetary and Financial Code.

⁴ <https://www.ffem.fr/en/international-partner-working-global-environment-and-sustainable-development>

1. Renewed commitment to the 2030 Agenda

The French government via the Interministerial Committee for International Cooperation and Development⁵ (CICID), defines the broad guidelines of the development and international solidarity policy that AFD group implements. The CICID defines the goals, resources and procedures of France's development policy.

The last CICID reinforced the Group's ambition to ensure the effectiveness and impact of its investments

The Programming Act on Inclusive Development and combating Global Inequalities passed in 2021 has given AFD group a mandate to act in three categories of countries/territories: least developed countries (LDCs), middle-income countries (MICs) and the French overseas Territories. In addition to official development assistance (ODA), the CICID of 4 July 2023 endorsed the inclusion of all development financing (official development assistance and private financing mobilised by public development banks) through the concept of **solidarity and sustainable investment (SSI)**. It recalled AFD's twofold goal: to step up the fight against poverty and inequality, and to safeguard global public goods.

AFD's goal in the fight against poverty and inequality is to gradually increase ODA devoted to LDCs over the period 2024-2027. This effort could be extended to certain small island developing states.

The CICID also reiterated the French government's ambition to mobilise several billion euros a year for climate and biodiversity between now and 2025, including by maximising synergies between themes and the mobilisation of private funding. AFD is one of the main contributors to this financing.

The CICID sets 10 priority goals for solidarity and sustainable investment (SSI):

1. Accelerate the phase-out of coal and finance renewable energies in developing and emerging countries to limit global warming to 1.5°C.
2. Protect the most vital reserves of carbon and biodiversity, in forests and oceans, to preserve the planet.
3. Invest in young people by supporting education and teacher training in developing countries.
4. Strengthen resilience in the face of health risks, including pandemics, by investing in primary healthcare systems and supporting the training of healthcare workers in fragile countries.
5. Promote innovation and African entrepreneurship as part of the shared destiny of young people in Europe and Africa.
6. Mobilise expertise and private and public funding for strategic, high-quality and sustainable infrastructure in developing countries.
7. Strengthen food sovereignty, particularly in Africa.
8. Support human rights and democracy everywhere, and combat misinformation.
9. Promote women's rights and gender equality, in particular by supporting women's organisations and institutions promoting women's rights.
10. Help our partners to combat illegal immigration and clandestine networks.

⁵ Statement of conclusions of the CICID dated 18 July 2023, available [here](#)

The CICID's ambitions set out in the Group's main guidelines

AFD group's strategic orientations aim to consolidate and expand its action through four commitments: (i) keep "AFD group's promise"; (ii) be "alongside others" to a greater extent; (iii) commitment to quality and impact "100% Sustainable Development Goals - SDGs"; (iv) become a platform for attracting and mobilising funds that will partner with the largest possible number of stakeholders wishing to contribute to sustainable development.

The first commitment, to **keep AFD group's promise**, refers to the structuring of a complementary Group offer, supported by AFD, Proparco, its subsidiary dedicated to the private sector, and Expertise France, the French agency for international technical cooperation. The Group is also aiming to strengthen its corporate social responsibility policy, as well as its accountability and the visibility of its actions and results. Finally, innovation will also be an important pillar of this commitment (e.g. innovation with the countries in which we operate and with development players).

The second commitment, to **stand "alongside others"**, involves strengthening AFD group's **geographical intelligence** in order to **adapt its offer to local needs and maximise the impact of its financing**. This is being achieved by **increasing the Group's understanding of local contexts and the political economy**, thanks to the international technical experts deployed by Expertise France, but also by improving the Group's staff's command of local languages.

The third commitment, **AFD group "100% SDG"**⁶, requires AFD to ensure - during assessment, implementation and evaluation phases - that all its financing makes a positive contribution to the SDGs and has a positive impact on one or more of the three transversal themes selected:



PLANET

reconciling climate,
nature and development

The "**Planet**" priority involves not only stepping up efforts to support the Paris Agreement, but **also aiming to align with the Global Biodiversity Framework (GBF) adopted at COP15**.

By way of example, AFD group is involved in protecting vital carbon and biodiversity resources (such as Positive Conservation Partnerships - PCPs) as well as supporting Just Energy Transition Partnerships (JET-Ps). The Group is also continuing to strengthen its offering in terms of adapting to and taking account of climate-related credit risks.



SOCIAL TIES

for equality
and inclusion

"**Social cohesion**" means taking greater account of **multi-dimensional inequalities, particularly those suffered by women and young people**, and of the challenges of inclusion and social cohesion, in particular the fight against **poverty, equal opportunities and universal access to social services** such as education, health and social action. An "equality and inclusion" indicator will be introduced for AFD operations, with the publication of an annual report on the issue and a quantified trajectory from 2025. Particular attention will be paid to the cultural and creative industries sector, as a vehicle for citizen emancipation and social cohesion, and to migration issues.



CITIZENS, INSTITUTIONS AND DEMOCRACY

Lastly, the "**Citizens, institutions and democracy**" priority area enables AFD group to support the fundamentals of the rule of law, citizen participation, transparency and accountability of public institutions and respect for human rights. A *continuum* between conventional human rights (political, civil, economic, social and cultural) and the right to a healthy environment is therefore being sought.

⁶ As defined on [page 11](#) in section 1.2 Taking account of positive and negative impacts: "contribute" and "do no harm" to the Sustainable Development Goals.

As far as possible, AFD's teams seek to create synergies between these three areas through their projects, convinced of the complementary nature of the environmental, social, governance and citizen and democratic participation SDGs.

For each of its funding/support operations (all sectors combined), the Group will (i) aim to increase its co-benefits and positive, transformational impacts on one or more of the three transversal themes (ii) do no significant harm to any of the three.⁷

The last commitment, AFD group as a "mobilisation platform", calls for the joint mobilisation of three complementary channels:

- (i) mobilisation and redirection of financial flows to and within developing countries in support of the SDGs;
- (ii) mobilisation of citizens, particularly young people, civil society organisations, local authorities and public institutions; and
- (iii) mobilisation of expertise and knowledge, by creating a link between the academic world and political decision-makers, and drawing inspiration from local innovations.

Geographically differentiated intervention strategy

AFD group adapts its activities to the specific needs of the different geographical areas in which it operates. The aim is to forge a new partnership with **Africa**, by mobilising all the Group's instruments and offerings to support sustainable infrastructure, the economy, resilient agriculture, SDG funding and human development. The Group will be stepping up its support for projects linking sport and development, cultural and creative industries, and cross-functional projects targeting young people, diasporas and local civil society. The Group also supports **countries of the European Political Community**⁸ in their convergence processes, in particular through support for public policies on energy transition and governance. The **Indo-Pacific** is also an important area for AFD group, which is involved in supporting a just transition in the region to reconcile **maritime and climate security**. Finally, closer ties with **Latin America** are being sought, with efforts focused on the ecological transition, social justice and access to rights for local populations.

Within these geographical areas, AFD group will focus its most concessional grants and loans on **LDCs and vulnerable countries** (in terms of the SIDS⁹, the V20, etc.), which combine extreme poverty with political, social and environmental fragility. The previous AFD contract of targets and resources set **a target of concentrating 50% of its financial effort on these countries**, and this target will be renewed in the next contract.

Supporting the just transition in **emerging countries** (China, India, Indonesia, Brazil, Vietnam, etc.) is also one of the Group's new priorities. These countries are key players in the fight against climate change.

Lastly, AFD group supports the sustainable development of the **French overseas Territories**, which face inherent vulnerabilities due to their insular nature, their remoteness from markets, the small size of their economies, high production costs and major physical risks from climate change. The regional integration of these territories is a priority of the Group's "Three Oceans" approach¹⁰, supported by The French Ministry of the Overseas. In addition, the financial solutions and projects proposed for these areas are being adapted.

⁷ A description of the system is available in section 1.2 Taking account of positive and negative impacts: "contribute" and "do no harm" to the Sustainable Development Goals, [p.11](#).

⁸ The European Political Community is an informal body for intergovernmental cooperation, launched at the initiative of the President of the French Republic during the French Presidency of the Council of the European Union in 2022 against the backdrop of Russia's invasion of Ukraine in 2022.

⁹ SIDS = Small Island Developing States.

¹⁰ Includes overseas territories and foreign states in the Indian, Pacific and Atlantic oceans.



SERBIA
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AFD committed to a just transition

The notion of a just transition, which was included in the Paris Agreement in 2015, gained momentum in 2022, particularly at COP 27 in Egypt and in the context of the European Green Pact. On the financial markets, the concept has been incorporated into the June 2023 update of the [Social Bond Principles](#), and "just transition" funds are being developed.

According to the International Labour Organisation (ILO), [just transition](#) is defined as follows: to "green the economy in a way that is as fair and inclusive as possible for all concerned, creating decent work opportunities and leaving no one behind".

So, what is "just transition" funding? The answer depends on the socio-economic trajectory of each country and region. Priorities vary depending on whether we are in developed economies, where decarbonisation can have a major impact on employment and lifestyles, or in emerging countries where access to essential services is not yet widespread. In all cases, it is essential to reduce dependence on fossil fuels and limit inequalities. The ILO definition emphasises the combination of ecological transition, better working conditions and reduced inequality.

The concept can also be translated as "cause no significant harm" to the social aspects of projects with environmental goals. In ICMA's Social Bond Principles, the theme of just transition is addressed through the prevention and mitigation of job losses linked to the climate transition.

Irrespective of the definition used, the concept calls for **the joint integration of environmental and social issues, highlighting their interdependence**. Within the AFD group, the Sustainable Development Analysis and Opinion mechanism (AADD) is used to improve the co-integration of sustainable development issues (social and environmental) in its operations. As many projects as possible should aim to meet both environmental and social goals.

On a global scale, the financial intermediation provided by AFD has a redistributive effect and **puts climate justice into practice, in line with the principle of common but differentiated responsibility**. Its financial solidity and credit rating enable it to grant subsidised loans. These favourable conditions for granting loans reflect this north-south redistributive and 'derisking' effect. **At the crossroads of transition, development and the reduction of inequalities, AFD's activities contribute to a just transition** through access to financing and the dissemination of technical capacities.



Proparco's 2023-2027 strategy to increase its impact

With its 2023-2027 strategy, Proparco is renewing its commitment to supporting private sector players on a sustainable development path, by placing the search for impact at the heart of its action.

With the aim of aligning all AFD group operations with the SDGs, three strategic goals have been identified:

- (i) invest in a sustainable and resilient economy,
- (ii) protect the planet
- (iii) help to reduce inequalities.

The first strategic goal, "invest in a sustainable and resilient economy", echoes Proparco's historical core business: supporting economic development and entrepreneurship. It aims first and foremost to provide solutions to the economic and social vulnerabilities to which countries on the African continent, the least developed countries (LDCs) and fragile countries or countries in conflict are particularly exposed.

The second strategic goal, "protect the planet", aims to support, through Proparco's actions, the emergence of an economy that is compatible with the challenges of climate change and biodiversity.

Finally, **the last strategic goal aims to mobilise the private sector in "reducing inequalities":** income inequalities, gender inequalities, territorial inequalities and inequalities in access to essential services, in particular microfinance, electricity, health and education.

Since 2022, Proparco has also implemented an ex-ante impact rating system, known as sustainable development (SD) rating, in line with AFD practices¹¹.

¹¹ These methodologies are presented below in Part 1, in sub-sections "I. AFD and sustainable development analysis" and "II. Proparco and sustainable development rating".

2. Consideration of positive and negative impacts: "contribute" and "do no harm" to the Sustainable Development Goals

AFD group has implemented *ex-ante* project analysis tools in order to improve their contribution to sustainable development goals and avoid any significant negative impact on the environment and societies. These analytical tools are used **to build up a pool of assets and financing in line with the Sustainable Development Goals (SDGs)** in the most robust possible way.

Since 2023, AFD group has had a **common framework for sustainable development analyses**: AFD, Proparco and Expertise France projects are examined using a similar methodology. However, the analysis grid is adapted to the specific features of their respective activities and funding, as is the process for reviewing the analyses.

For AFD group, the analysis methodology consists of addressing sustainable development aspects as soon **as the project is identified with the counterparty**. This initial analysis enables the Group to identify opportunities for optimising the project's contribution to sustainable development and, using a "do no harm" approach, to estimate the potential negative impacts on sustainable development and consider actions to remedy any weaknesses in implementation. The analysis results in a sustainable development rating that formalises, at the time of commitment, the project's qualification in terms of sustainable development issues and enables **a project to be categorised according to its level of alignment with the sustainable development goals**.

2.1 AFD AND THE "SUSTAINABLE DEVELOPMENT ANALYSIS AND OPINION" MECHANISM

Set up in 2014, the "Sustainable Development Analysis and Opinion" (AADD) mechanism aims to take sustainable development issues into account across the board in AFD's funding operations¹².

It enables the assessment of the **expected effects of the funding**, whether **positive or negative**. These expected effects are measured through **six sustainable development dimensions** that cover the **17 SDGs**. The main role of the system is to provide **an informed opinion on the decision to assess a project**. It guarantees consistency of ratings applied and ensures that each of AFD's funding operations contributes to the SDGs.

In order to be able to formally attest to a positive impact, a team independent of the project team is involved throughout the assessment of a project, through **counter-analyses, due diligence and requests for additional information**. This independent team, whose members are from AFD's sustainable development opinion unit, is responsible for validating or invalidating the contributions to sustainable development identified by the staff in the field. This process is part of a strategy to improve the impact of funding in line with AFD group's strategic ambitions.

The scheme is rolled out in two stages:

1. A sustainable development analysis is carried out by the team responsible for assessing the project, known as the "project team", from the moment the project is identified until funding is granted.
2. A team that is independent of the project but internal to AFD prepares a sustainable development "opinion" to provide a second opinion during project assessment and to inform AFD's decision-making bodies, at the time of allocation, about the project's alignment with sustainable development.

¹² The Sustainable Development Analysis and Opinion mechanism is an AFD system. Proparco also carries out analyses of the impact of projects on sustainable development, but applies a separate system presented in the following section..

Sustainable development analysis

The sustainable development analysis consists of a **detailed description of the targeted impacts on each of AFD's six sustainable development dimensions**. To assess the impact of a project, the project team uses scoring grids¹³.

There is **an analysis grid for sustainable development dimension**, with **rating sub-criteria** for each of them. Each grid is used to assess the potential positive and negative impacts by rating them on a scale of -2 to +3:

- negative, significant **-2** or residual **-1** impacts;
- neutral impacts **0**;
- positive, moderate **+1**, significant **+2** ou structuring **+3** impacts.

The sub-criteria are designed to refine the impact analysis according to the type of project. For example, with regard to the **"gender equality"** dimension, the project can be analysed from the point of view of the effects it may have on access to essential services, training, employment and control of income and resources, access to justice and the fight against gender-based violence, the participation of women in economic, political and social decision-making, or on the gender governance of the project.

■ **Figure 1: Correspondence between the 6 dimensions of AFD's sustainable development analysis and the Sustainable Development Goals (SDGs)**



Source: AFD's sustainable development analysis grids are available [here](#).

¹³ The sustainable development analysis grids for each dimension are available [here](#).

Analysis of these sub-criteria may result in projects having both positive and negative effects on the same dimension (differentiated effects on populations, territories or resources). The double impact is then indicated on the graph and in the analysis text (see figure 3 below [page 14](#)).

The equivalence or correspondence between the assessment of an operation's level of alignment with the SDGs and the SD analysis of this operation is established as follows:

"NOT ALIGNED"	"AT RISK OF MISALIGNMENT"	"ALIGNED"
A -2 rating on a SD dimension, or one or more -1 ¹⁴ AND a negative SD opinion	A negative or double rating (negative/positive) on one or more SD dimensions with a reserved or favourable SD opinion with recommendations	No negative SD rating and at least one positive rating on an SD dimension. Within this category, projects receiving +2 or +3 ratings on at least 3 dimensions of the AADD would also qualify as projects "optimising SD impacts"

A project is therefore considered "aligned" if it has no negative rating and at least one positive rating on one of the 6 themes.

■ *Figure 2: Analysis of SD opinion at the various stages of the assessment process*¹⁵

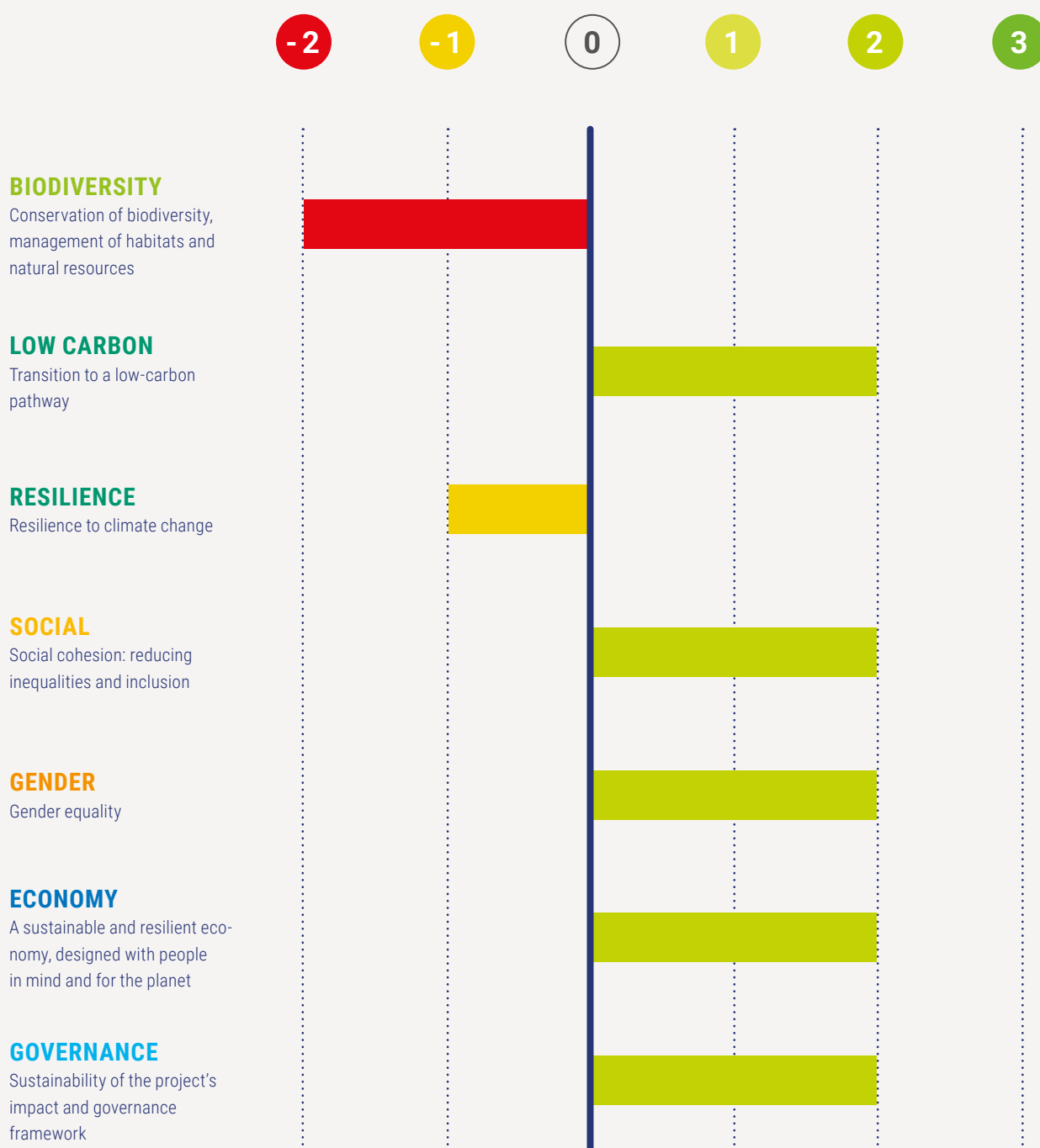
The SD analysis serves as a basis for dialogue throughout the project assessment process.

	IDENTIFICATION	ASSESSMENT	GRANT
What?	SD analysis to qualify expected impacts ex-ante	SD analysis Provisional SD opinion	Final SD opinion
Who?	Project teams and the SD opinion unit	Project teams and the SD opinion unit	SD opinion unit
When?	Before the Identification Committee (CID)	During the subsidy committee (COSUB) or credit committee (CCR) meeting	Board of Directors or Specialised Committee
How?	Identifying ways of optimising the impact of the operation	Enrichment of the SD analysis based on the recommendations of the Sustainable Development Opinion unit (feasibility study, E&S management, etc.)	Finalisation of the memorandum to the meeting and the negotiation mandate implementation document

¹⁴ A rating of -1 on dimension 5a - transition to a low-carbon path - is sufficient to consider the project out of alignment with the 100% Paris Agreement.

¹⁵ Post-grant project monitoring requirements are detailed in section 2. SDG bond issuance framework.

■ *Figure 3: Illustrative example of an analysis of the contribution to the SDGs*



An electricity transmission and distribution project was given a negative score for biodiversity because it was located in sensitive areas, but had a positive impact on climate because it linked low-carbon production capacities.

On the social dimension, its impacts are ambivalent, with a negative mark due to poor management of compensation for the resettlement of displaced populations and a positive mark because the project will help to improve access to electricity.

Such a project is therefore considered to be "at risk of misalignment" or "non-aligned", and would therefore not be eligible under this framework document (the eligibility criteria for which are set out on [page 26](#)).



MAURITANIA
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Sustainable development opinion

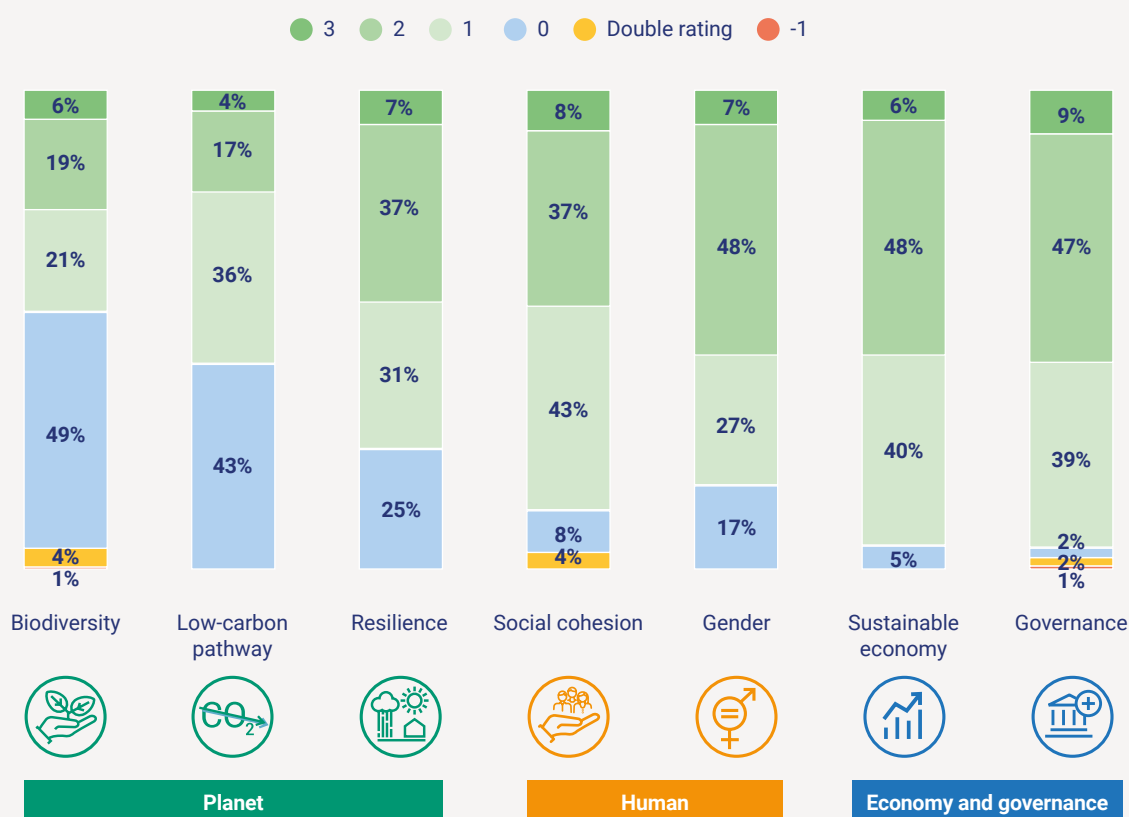
When issuing its final opinion, the "sustainable development opinion" unit validates or invalidates the analyses carried out by the project teams and provides information on the project's final qualification.

The aim of sustainable development opinion is to provide operational teams with an independent view of the contribution made by projects to sustainable development. The team in charge of the SD opinion gives an opinion that qualifies the project's alignment with sustainable development:

- **Favourable or favourable with recommendations:** reflects a positive or neutral assessment of the scope of the operation. It may be accompanied by operational and/or strategic recommendations.
- **Reserved:** stresses the impossibility of being able to certify the completeness of the sustainable development issues raised and to qualify the developmental scope of the project. The operations concerned may therefore present a risk of misalignment with AFD's strategic orientations;
- **Negative:** indicates that the operation is not aligned with AFD's strategies and recommends that no commitment be made in the current state of the operation. Operations that receive a negative opinion are considered to be out of step with sustainable development and the SDGs.

216 sustainable development opinions were issued in 2022, for operations totalling €8.18 billion, i.e. 87% of the year's commitment, covering primarily the most significant financing operations in terms of risk and amounts of financing committed. As such, it applies to loans in excess of €5 million falling within the scope of the analysis and whose direct effects can be qualified¹⁶.

■ **Figure 4: Breakdown of sustainability scores by dimension awarded in 2023**
(percentage of projects)



Reading note: In 2023, concerning the "Biodiversity" dimension, 6% of the projects were rated as having structuring impacts (rating of +3), 19% as significant (+2), 21% as moderate (+1), 49% as neutral (0), 1% as residual negative (-1) and 4% with a double rating (-1 and +1)..

¹⁶ The types of financing excluded from this analysis are post-crisis instruments, study funds, NGO sector innovation facilities, financing for local and regional authorities, budget support for macro-fiscal consolidation and guarantees.

From the outset, the system was designed to evolve as part of a process of continuous improvement of practices, in line with changes in global challenges (adoption of the Sustainable Development Goals, rise in inequalities, rapid collapse of biodiversity) and the AFD group's strategic framework. Since its adoption, the mechanism has undergone two methodological revisions, in 2018 and 2022, with the aim of **strengthening its consistency with AFD group's strategic goals**.

The **"sustainable development opinion" unit has the ability to provide "early warning" to Senior management** for projects identified as potentially misaligned with sustainable development objectives at the time of identification and likely to receive a negative opinion (see below). Senior Management is then asked to decide whether to continue with the assessment and the associated conditions, or whether to abandon one or more components, or even the entire project.

Measuring the contribution to SDGs

To monitor its contributions to the Sustainable Development Goals, AFD group uses **a method that matches the characteristics of the projects funded** (OECD Development Assistance Committee (DAC) codes¹⁷, transversal DAC markers, results indicators) **with the various SDGs**.



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¹⁷ <https://www.oecd.org/fr/cad/financementpourledeveloppementdurable/normes-financement-developpement/listesdecodeseducadetsnpc.htm>

2.2 PROPARCO AND SUSTAINABLE DEVELOPMENT RATING

In 2022, AFD group launched a project to converge its sustainable development analysis systems in order to make the approaches developed by AFD, Proparco and Expertise France more consistent. Within this framework, Proparco decided to adopt a version adapted to its activity of the sustainable development analysis and rating tool used by AFD since 2014.

The SD rating has replaced the GPR tool (created by DEG¹⁸), which was historically used by Proparco to assess the expected contribution of projects to sustainable development (ex-ante impact analysis)

This rating system is structured around seven dimensions¹⁹ of sustainable development, similar to those of AFD.

A score ranging from -2 to +3 is assigned to each of the dimensions and reflected in a graph integrated into committee notes and minutes (CR).

■ *Figure 5: The seven dimensions of Proparco's sustainable development rating*



Rating is a two-stage process:

1. A pre-score on sustainable development by the writer of the Project Identification Sheet, for discussion by the identification committee (identification).
2. A sustainable development score given by the project team when the project committee meets (assessment).

The sustainable development rating grid, aligned with Proparco's 2023-2027 strategy ([page 10](#)), presents criteria adapted to the issues pursued by Proparco, particularly in the context of investments in the private sector.

¹⁸ DEG (Deutsche Investitions und Entwicklungsgesellschaft) is a subsidiary of KfW, the German development bank.

¹⁹ Proparco assesses the 'climate' and 'resilience' sub-dimensions separately instead of a single 'climate' dimension. A presentation of the sustainable development rating is available on the Proparco website [here](#).

■ **Figure 6: Example of a sustainable development analysis grid for the “social” dimension of Proparco**



SOCIAL

-2

Activity covered by one of the articles on the exclusion list relating to the dimension

-1

Major environmental and social (E&S) issues identified (in relation to the dimension) and significant risk that a satisfactory ESAP²⁰ for ESG will not be negotiated/validated with the customer by the time of signature

0

ESG risks are either negligible or dealt with in the usual way (standard clauses, ESAP validated with the customer, etc.)

+1

Access to essential goods and services*

(i) Project **providing access to essential goods and services for people from B40**** and/or

(ii) Project **providing access to quality and affordable health, housing and education goods and services** and/or

+2

(iii) Project **helping to reduce territorial inequalities ≥50%** (volume or turnover) of services/sales are carried out in a disadvantaged region and/or

(iv) **"Virtuous agricultural value chain" project ≥50%** (volume or turnover) of production/supply provided by B40** populations

+3

Project generating access to essential goods and services and whose main objective is to help reduce social, economic or territorial inequalities

* Health and education, financial inclusion, affordable housing, production and/or distribution of electricity, water and sanitation, basic foodstuffs, telecoms, public transport, waste collection, improved cooking stoves.

** B40: 40% of the poorest people in a country or socially or economically disadvantaged individuals, households or groups

Source: Assessment note on Proparco's application of sustainable development ratings.

An annual audit is carried out²¹ to ensure that the system is being properly implemented and that the quality of the ratings is high.

At the same time, the impact of Proparco's funding is estimated, ex-ante, through strategic steering indicators (amounts of funding with climate and adaptation co-benefits, in favour of gender equality, etc.) and impact indicators (numbers of direct and indirect jobs, access to essential services and goods, etc.).

An annual monitoring exercise compares the ex-ante estimates of impact indicators made for our funding during the assessment phase with the results of the impact indicators observed during the funding period.

Ex-post assessments can also be carried out to capitalise on experience and identify the most effective ways of helping to achieve impact goals.

²⁰ Environmental and Social Action Plan

²¹ Annual audit of SD scores for projects authorised in year N-1.

EU taxonomy

AFD group plans to publish its **first sustainability report** in 2026 under the terms of Ordinance no. 2023-1142 of 6 December 2023 transposing the European Corporate Sustainability Reporting Directive into French law.

The AFD Group, through the financing it grants and the technical assistance it provides, is contributing to the transition to a more sustainable world. The Group supports the efforts of the European Green Deal to finance the transition towards a green economy. As a development bank, its main areas of activity are in **low- and middle-income countries outside the European Union**. In addition, the projects supported by AFD are deployed in contexts where socio-economic and technological conditions, as well as the availability of information, make it difficult to comply with certain criteria of the European Green Taxonomy.

However, in these geographic areas in question, these projects contribute to implementing the Paris Agreement. Since 2015, the AFD group has applied an **internal taxonomy that is in line with the Common Principles²² developed by the multilateral development banks and the members of the IDFC** (International Development Finance Club). In addition, AFD Group and its development bank partners are closely monitoring initiatives to promote **the interoperability of European Green Taxonomy standards with the various taxonomies developed or being developed in the regions where they operate**.

Finally, as explained above, the eligibility criteria for this framework are based on the principles of substantial contributions to the SDGs, with the application of a "do no significant harm" principle and compliance with the World Bank Group's Performance standards on environmental and social sustainability (see Part 2.2 Identification and selection process), i.e. following a logic similar to that adopted by the European Union (Substantial contribution criteria / do no significant harm and minimum safeguards principles).



RÉPUBLIQUE OF MOLDAVIA

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²² https://www.idfc.org/wp-content/uploads/2019/04/climate_finance_forum_climate_finance_tracking_apr_15.pdf

3. AFD Group financial aid



AFD group financing may be accompanied by technical assistance.

The recipients or beneficiaries of this funding may be **governments, local authorities (regions, departments, metropolitan areas, municipalities and their groupings), NGOs, banks and financial intermediaries, private and public companies.** The AFD Group grants aid either on its own behalf, or on behalf of the State, or for other French or foreign bodies, such as the European Commission within the framework of a management delegation.

3.1 FOCUS ON PUBLIC POLICY BUDGET FINANCING: AN ESSENTIAL TOOL FOR PUBLIC DEVELOPMENT AID

Public policy budget support (FBPP) aims to support the implementation of a reform or public policy over the medium term. The funds are fungible (not earmarked), disbursed in tranches and **conditional on the achievement of predefined indicators in a matrix.** Thus, although the funding concerns implementation of a public policy in a particular sector, its purpose is not to finance specific expenditure in the sector. These operations are **always accompanied by a public policy dialogue and a technical assistance programme.**

FBPP is relevant in its ability to deal with structural difficulties over the medium term, with the aim of increasing efficiency and accountability. This type of tool makes it possible to take into account the institutional, legislative and strategic challenges specific to a public policy that project aid could not cover. Multiannual budget support also contributes to the financial stability of the public entity, which is able to programme its resources over the medium term. **The results-oriented rationale of FBPP (through the conditionality of disbursements) also makes it possible to increase the effectiveness of development aid, while strengthening the accountability and ownership of aid by the public entity.**

AFD's commitments are part of a long-term support approach for beneficiaries which is reflected in the implementation of FBPP structured in several financing tranches. As the reforms take shape in the form of actual measures, indicators triggering disbursement are refined to enable the impact on the country's development and the living conditions of its people to be monitored. This approach progresses from the introduction of institutional indicators (e.g. adoption of a strategy or a new regulatory framework) to more complex objectives that are measured firstly by achievement indicators (e.g. SDG 11: creation of an urban public transport network, SDG 3: construction of health facilities) and finally by results indicators (e.g.: SDG 11: reduce average transit time, SDG 3: increase the rate of hospital births).

Granting and disbursement of funds are subject to milestones. They must be conditional on the implementation, observed **before disbursements**, of actions or sectoral policies **incorporating environmental, social or governance achievement or impact indicators** (these indicators are considered to be "triggers").



FRENCH GUIANA

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MAYOTTE

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3.2 FOCUS ON PUBLIC SECTOR TRANSITIONS (PSP-T) LOANS

The PSP-Transitions loans are designed to finance waste treatment, water and sanitation projects and/or projects with a social, climate, biodiversity or resilience impact in the French overseas territories.

The main eligible players are:

- Small towns in the French overseas departments and territories with fewer than 10,000 inhabitants;
- All the local authorities in French Guiana and Mayotte.

The following are also eligible under certain conditions²³ :

- Municipalities with a population of 10,000 or more;
- Public establishments, consular chambers, local public companies and other entities made up of or majority-owned by public funds (SEMs, SPLs, etc.);
- Authorised players, such as social housing organisations (SHOs), players in the social and solidarity-based economy (SSE) and the medico-social sector, as well as civil society players recognised as being in the public interest and/or carrying out a mission of public interest.

AFD has set up the PSP-T, which **allocates a subsidy to loans based on their social and/or environmental impact**. Budget support is assessed line by line, and all investments that contribute to environmental and social objectives are identified according to the criteria of The French Ministry of the Overseas. The PSP-T analysis grid identifies **project sectors or components according to the mitigation/adaptation theme** (e.g. adaptation to climate change or biodiversity protection), or **the social/economic recovery theme** (e.g. sanitation, health and medico-social care, social housing). Loan subsidies are then granted, depending on the expected impacts identified, as well as financial or environmental commitments.

²³ Only for investments in the following areas: sanitation, waste, circular economy; water projects in the DROMs in line with the contracts for progress of the "water-DOM" action plan and water projects in the COMs; health and medico-social (in particular elderly and early childhood care); digital sector; education and vocational training; sports infrastructure; social and intermediate housing; operations eligible under the exceptional investment fund (EIF) or recovery plans; cultural and heritage enhancement projects; adaptation to climate change; mitigation of the effects of climate change; protection of biodiversity; adaptation to major environmental risks (sargassum, earthquakes, etc.)

A close-up photograph of a tea plantation. Two hands are visible, carefully plucking tea leaves from a bush. The leaves are vibrant green and serrated. A semi-transparent blue circular graphic is overlaid on the right side of the image.

PART 2

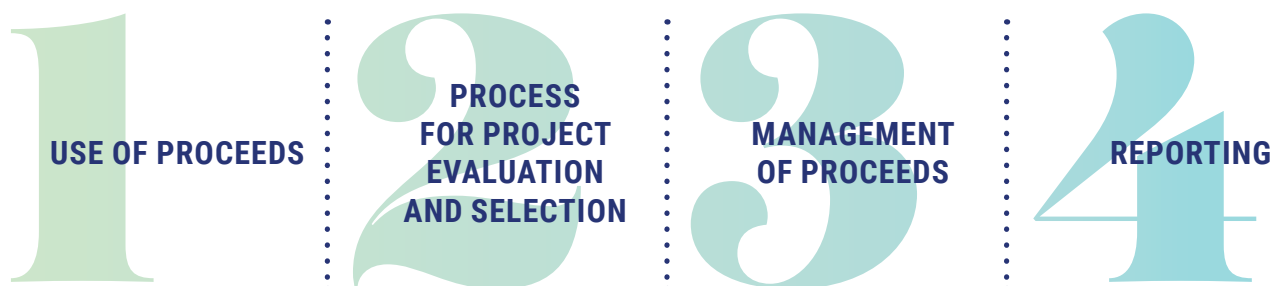
SDG Bond Framework

KENYA

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AFD group has developed this SDG bond issuance framework in accordance with the Green Bond Principles²⁴, the Social Bond Principles²⁵ and the Sustainability Bond Guidelines²⁶ of the International Capital Market Association (ICMA).

For each SDG bond issue, AFD group undertakes to comply with the following four fundamental principles:



On the basis of this SDG bond issuance framework, AFD Group will be able to issue SDG bonds in several formats:



CLIMATE BONDS

with 100% of the proceeds raised allocated to climate categories in line with AFD's previous climate bond framework

SOCIAL BONDS

where 100% of the proceeds raised are allocated to social categories in accordance with the Social Bond Principles

SUSTAINABLE BONDS

with 100% of the proceeds raised allocated to eligible categories defined in the Green Bond Principles and/or the Social Bond Principles



²⁴ ICMA's Green Bond Principles 2021 are available [here](#)

²⁵ ICMA's Social Bond Principles 2023 are available [here](#)

²⁶ ICMA's Sustainability Bond Guidelines 2021 are available [here](#)

1. Use of proceeds

1.1 GENERAL FRAMEWORK

This SDG bond framework defines "social, environmental or climate projects" within the meaning of the Sustainability Bond Guidelines as AFD or Proparco loans granted to States, local authorities, NGOs, banks and financial intermediaries, public and private companies that meet the eligibility criteria set out below and are present in all the countries and territories in which AFD and Proparco operate.

Types of financing

The following types of financing are eligible under the SDG framework:



(public sector financing):

- Public policy budget support (FBPP)
- Programme budget support²⁷ (FBPR)
- Thematic credit line
- Sovereign and non-sovereign concessional loans
- Sovereign and non-sovereign non-concessional loans
- Public Sector Transition Loan (PSP-T)²⁸ only in the French overseas territories
- Debt rescheduling (as part of a moratorium)
- Bond format and Private Placement



(public sector financing)

- Long-term loans
- Credit line for microfinance institutions
- Thematic credit line
- Other credit lines (including SME financing)
- Bond format and Private Placement

Expertise France's activities are not included in the list of eligible types of funding. Its activity consists of transferring skills and providing technical assistance, not granting financing.

Projects financed and refinanced are eligible, and the proportion of refinancing and the lookback period will be published in the annual report. AFD will also provide, prior to each issue, an estimate of the refinancing share and the lookback period of the loans associated with this issue.

Eligibility criteria

A loan is eligible if it meets the following conditions:

- 1. Contribution to SDGs:** the purpose of the funding is identified as contributing to at least one Sustainable Development Goal other than SDG 1 and SDG 17.
- 2. Thematic eligibility:** the loan corresponds to the eligible categories presented in this framework.
- 3. Taking into account the interrelationships between the SDGs:** the loan must i/ comply with the general exclusions and AFD group's specific procedures by sector of activity²⁹, and ii/ receive at least neutral and/or positive ratings on all dimensions of the sustainable development analysis and opinion for AFD and Proparco operations³⁰ ("do no significant harm" principle).

²⁷ FB-PRs are intended to fund all or part of sectoral expenditure programmes. The funds are allocated and directed towards specific projects (e.g. infrastructure, facilities, public services), decided jointly with the counterparty. The earmarking mechanism ensures that the funds are used for the intended purpose. Regular audits are performed for this type of funding.

²⁸ Formerly PSP-Vert and PSP-Bonifié.

²⁹ Set out in the "Identification and selection process" section.

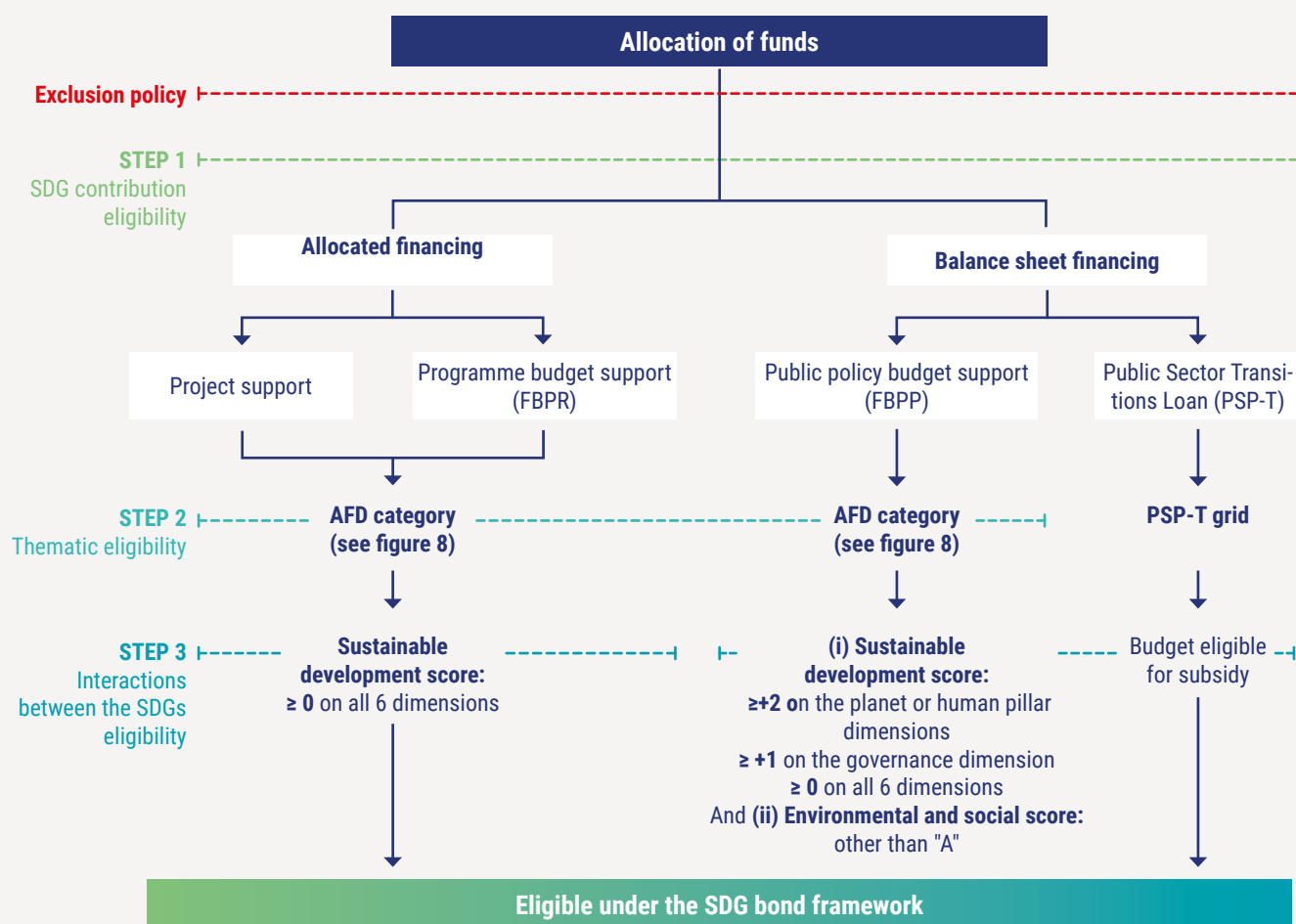
³⁰ The SD analysis & opinions within AFD and its subsidiary Proparco are described in Part 1 of this document (see pages 11-19).

For two specific types of funding, the above conditions are adapted:

- For public policy budget support loans, the requirements in terms of contributions to the SDGs have been strengthened (additional eligibility criteria taking into account the SD opinion);
- Public sector transition loans in the French overseas Territories (PSP-T), which finance public sector transition in the French overseas Territories, are not subject to an SD opinion and follow a different thematic classification. Criteria 2 and 3 have therefore been adapted.

These two instruments and their eligibility criteria are described later in this document (see Part 2.1).

■ *Figure 7: Overview of eligibility criteria by type of operation*



Thematic eligibility

AFD group's "project" or thematic loans are dedicated to the eligible activities or sectors of intervention described in the table below, and in line with ICMA's GBP/SBP eligible categories. Eligibility relates to the purpose of the activities, projects, programmes or policies. It should be noted that these also include programme budget loans³¹, which are assessed according to the same principles as project loans, and public policy budget support (FBPP).

³¹ Financing one or a series of physical assets (buildings, equipment, etc.) but also strengthening the financial management capabilities of its counterparties as part of a "learn by doing" approach. Funds granted are then disbursed and recorded in the State budget with methodological support from experts financed by AFD.

■ **Figure 8: Categories of eligible expenditures**

SDGs	ICMA SBP/GBP categories	AFD/PROPARCO categories	Sub-categories, eligibility criteria and examples of eligible projects	Examples of reporting indicators
	GBP: Climate Change Adaptation	Climate change adaptation	The projects aim to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks by maintaining or increasing adaptive capacity and resilience through the production of information and knowledge, capacity development and the planning and implementation of measures to adapt to climate change (e.g. development of weather monitoring services) Example of a project: Project to strengthen meteorological services in Côte d'Ivoire	Number of people whose vulnerability to the impacts of climate change has been reduced Reduction in water production/consumption (m³/year) in environments exposed to water stress due to climate change (water & sanitation projects, agro-industry, industry, etc.)
	GBP: Renewable energy and energy efficiency	Energy and climate change mitigation	The projects aim to limit anthropogenic emissions of greenhouse gases (GHGs) into the atmosphere, and to protect or improve natural GHG sinks and reservoirs. The types of projects that contribute to these goals include support for public policies and the regulatory framework relating to energy; the production of energy from renewable sources (hydro, solar, wind, marine, geothermal, biomass³²); the development of heating, cooling and electricity networks³³ as well as electrical infrastructure for mobility; energy saving and energy efficiency measures. Examples of projects: - Financing the construction of a photovoltaic farm - Improving the electricity transmission network to reduce bottlenecks and losses	Reduction in greenhouse gas emissions (Teq CO₂/year) Renewable energy capacity installed or rehabilitated (MW) Number of people gaining access to sustainable electricity services Number of beneficiaries of improved quality of electricity service Renewable or recovered energy capacity financed (MW) Energy consumption saved (GWh/year)
 	GBP: Terrestrial and aquatic biodiversity	Biodiversity	The aim of the projects is to conserve and restore biological diversity (ecosystems, species, genetic resources) in order to ensure its resilience, as well as the sustainable and equitable use of this biological diversity, through inclusive local economic development. Examples of projects: - Sovereign loan to restore a national wetland park following a major flood, provide innovative protection for its biodiversity to make it more resilient to climate change, improve its governance and optimise its ecotourism development. - Loan for biodiversity conservation and ecological restoration of a wetland national park - Funding for a forest and biodiversity conservation project, including a local and inclusive development component for riverside communities	Areas benefiting from biodiversity conservation/restoration programmes (ha)

³² The projects follow the bioelectricity doctrine with strict criteria, particularly on sources of supply (e.g. sawmill waste, agro-industrial waste, urban waste, recovery of waste or by-products).

³³ Transmission lines dedicated to the transmission of predominantly carbon-based electricity are excluded, in accordance with the climate mitigation methodology.

SDGs	ICMA SBP/GBP categories	AFD/PROPARCO categories	Sub-categories, eligibility criteria and examples of eligible projects	Examples of reporting indicators
	SBP: Access to essential services	Health	The projects involve support for health policies and services (basic care, infectious diseases, non-communicable diseases, addictions, mental health, sexually transmitted infections, fertility and family planning), the development of health infrastructures, health research and training programmes for health personnel. Target groups: local population, in particular vulnerable populations deprived of access to health services Examples of projects: • Health infrastructure and services (basic health care programmes, laboratories, health centres, hospitals, ambulances, health equipment and supplies); • Health care funding (health insurance, mutual insurance companies, health cover); • Training of healthcare staff; • Mother and child health, nutrition; • Social protection.	Number of people whose access to healthcare has been improved Number of healthcare staff trained Number of people whose access to healthcare has been improved Number of children vaccinated Number of patients
	SBP: Access to basic (social) services	Education	Projects contribute to education policies and programmes (early childhood, primary, secondary, higher and vocational education); the development of school facilities and infrastructure; teacher training and educational research; vocational training and apprenticeships. Target groups: local population, particularly vulnerable population requiring access to education services Examples of projects: • School facilities (school buildings, equipment, supplies, teaching materials); • Support for education policies and programmes (management and direction of schools, steering of systems, support for reforms and support for the management of public finances); • Teacher training, teaching policy (redeployment, management, training); • Using sport to educate, raise awareness and combat inequalities; • Higher education and research (university buildings, student accommodation, vocational courses, partnerships, networking, accreditation of courses); • Vocational training and apprenticeships.	Number of beneficiaries of vocational and technical training Number of general and technical education and training establishments Number of children completing primary education (pupils/year) Number of girls enrolled in technical and vocational education Total number of pupils/students enrolled at the institution Number of trainers and tutors trained (vocational training) (people/year)

SDGs	ICMA SBP/GBP categories	AFD/PROPARCO categories	Sub-categories, eligibility criteria and examples of eligible projects	Examples of reporting indicators
	SBP: Access to basic (social) services	Poverty reduction	The projects are aimed at providing basic social services, reducing geographical isolation and promoting economic development in rural and peripheral areas, as well as rebuilding and rehabilitating infrastructure and post-emergency services. For PROPARCO, projects aimed at providing access to micro-credit Target groups: local population, particularly those with poor access to essential goods and services Examples of projects: • Agricultural development and support for family farms (small-holders) which account for a large proportion of rural poverty, particularly in Africa • Connecting (reducing isolation) of rural areas and providing access to health, education and other basic services (water, sanitation, electricity) • Access to mobility and other services (water, electricity, roads, etc.) in working-class and peripheral areas of major cities in the global south.	Number of people benefiting from better social protection Number of beneficiaries of essential project goods and services Number of micro-credit beneficiaries
	SBP: Employment Generation	Resilient Economy	The projects support public policies aimed at strengthening the fabric of production, the investment climate and fiscal sustainability; developing small and medium-sized enterprises (SMEs) and entrepreneurial ecosystems; promoting financial services for the general public and businesses, as well as sustainable financing models for economic activities. Target groups: VSEs/SMEs/start-ups, women entrepreneurs, companies in the social economy Examples of projects: • Supporting the transformation of production models towards sustainable models by supporting the emergence of social business and helping companies to change their modes of production and governance towards more inclusive, sober and resilient models; • Support for public authorities in steering the productive fabric (regulations favourable to the entrepreneurial ecosystem, PPP frameworks, management of the State's strategic holdings); • Promoting access to financial services for the general public, SMEs, microfinance institutions and women entrepreneurs; • Strengthening financial systems to promote the transition to sustainable financial models and the consolidation of financial systems; • Developing entrepreneurial ecosystems by supporting the emergence and growth of VSEs/SMEs/Start-ups and supporting the structuring of local production sectors.	Number of financial players benefiting from AFD financing Number of companies receiving support for recruitment, improving the quality of jobs or taking gender into account Number of beneficiaries of local financial service Number of full-time equivalent (FTE) jobs supported by AFD Rate of women with access to credit (%) Number of people supported in their efforts to set up their own business or become self-entrepreneurs Number of direct and indirect full-time equivalent (FTE) jobs created or maintained by AFD/PROPARCO (private sector and public companies)
	SBP: Socioeconomic advancement and empowerment	Gender quality	Projects promote the economic, social and civic integration of women, as well as combating discrimination between women and men. Target groups: women Examples of projects: • Support for the economic integration of women.	Rate of women with access to credit Rate of women using a new transport line % of women in management team (CEO, COO, CIO, etc.) or senior management; % of female employees in the company

SDGs	ICMA SBP/GBP categories	AFD/PROPARCO categories	Sub-categories, eligibility criteria and examples of eligible projects	Examples of reporting indicators
	SBP: Socioeconomic advancement and empowerment	Democratic Governance and Justice	Projects are aimed at transforming government operations (e.g. digital) in order to increase the efficiency and transparency of public action; informing citizens about their rights: citizens' access to justice; developing civil protection. Target groups: general population, particularly those with poor access to public services. Examples of projects: - Digital transformation of government operations (e-gov, dematerialisation, digital identity); - Civil protection and management of industrial incidents and natural disasters; - Access to justice for all (infrastructure, training, tools); - Information and awareness of rights (local structures, e-justice, awareness campaigns and human rights).	Number of institutions benefiting from capacity building (institutions/year) Number of formal and informal civil society partners involved in the project
	SBP: Socioeconomic advancement and empowerment	Reduction of social inequalities	Projects aim to improve access to basic social services for disadvantaged groups, support allocation programmes and extend social and medical cover. Target groups: disadvantaged local populations in need of improved access to essential basic services. Examples of projects: - Programme of allowances for disadvantaged groups (widows, the elderly, people with disabilities) to deal with the Covid-19 crisis; - Generalisation of a system of compulsory medical cover.	Number of people benefiting from better social protection
	SBP: Socioeconomic advancement and empowerment	Sport and Culture	Projects contribute to policies and programmes relating to sport, culture and leisure, particularly when they help to reduce inequalities and have an educational purpose. Target groups: local populations with little access to sports, leisure and cultural facilities Examples of projects: - Using sport to educate, raise awareness and combat inequalities; - Support for public policies (e.g. training future sports talent in schools in Rwanda); - Construction/rehabilitation of local infrastructures (a factor in social inclusion, autonomy and self-esteem, particularly for the most vulnerable groups).	Number of beneficiaries of cultural and creative industries projects and initiatives (access, training, support)
	SBP: Affordable basic infrastructure	Water and sanitation	Projects support policies and programmes relating to water governance; the conservation of water resources; water supply and sanitation³⁴; flood prevention; education and training in water supply and sanitation. Target populations: general population (improvement of public infrastructure) and population without access to water and sanitation Examples of projects: - Access to drinking water (production and distribution); - Access to sanitation (collection, transport and treatment) - Flood prevention.	Number of people benefiting from a safe drinking water supply service Drinking water production capacity (m³/day) funded Water treatment (volume of water treated in m³)

³⁴ This includes desalination projects that follow the AFD doctrine/methodological note, which take into account environmental externalities such as emissions linked to energy consumed and brine.

SDGs	ICMA SBP/GBP categories	AFD/PROPARCO categories	Sub-categories, eligibility criteria and examples of eligible projects	Examples of reporting indicators
	SBP: Affordable basic infrastructure	Mobility	Projects support the regulation of transport: roadworks to promote soft mobility in towns and cities, or targeted secondary roads to open up rural areas where there is no alternative form of transport. Target groups: local population, particularly those with little access to transport infrastructure Examples of projects: - Public transport networks (infrastructure and vehicles) to reduce or limit the use of carbon-based transport; - Development of "soft" modes of transport (cycling, walking) and very low-emission vehicles.	Length of new or upgraded intercity road/rail links. (km) Number of beneficiaries of the transport infrastructure/service
	SBP: Affordable basic infrastructure	Digital infrastructure	Projects are aimed at developing telecommunications networks and communication policies; supporting businesses and entrepreneurship in the digital sector; and disseminating digital technology to public services and the general public. Target groups: local population, particularly those with poor access to digital infrastructures (areas not connected to telecommunications infrastructures) Examples of projects: - Development of high-speed telecommunications networks; - Improve the human factors of inclusive access (price, usability, accessibility, etc.); - Supporting entrepreneurial innovation through digital technology; - Supporting the growth of digital start-ups with a positive social and/or environmental impact; - Support for the development of self-entrepreneurship and entrepreneurship; - Using digital technology to optimise public action; - Support for decent employment policies.	Number of people connected to a telecoms network (internet, other) Number of people with access to an Internet service Number of users of communications services
	SBP: Affordable basic infrastructure	Urban development	Sustainable urban infrastructure projects, including waste treatment, public transport, land management, low-cost housing, and emergency services such as fire, rescue and multi-hazard preparedness. Target groups: Local populations in urban areas Examples of projects: - Access to decent affordable housing; - Waste collection and treatment (collection, treatment, recycling, composting); - Sustainable urban infrastructure (construction, rehabilitation and maintenance of facilities and infrastructure that improve people's living conditions, such as public lighting, urban development and markets).	Number of city residents and users whose quality of life will be improved Number of people benefiting from improved access to sustainable urban transport Number of passengers using public transport on the sections financed Waste treatment (volume of waste treated in tonnes)

SDGs	ICMA SBP/GBP categories	AFD/PROPARCO categories	Sub-categories, eligibility criteria and examples of eligible projects	Examples of reporting indicators
	SBP: Food security	Food security	The projects contribute to the development of agriculture, forestry, fisheries and aquaculture; support for local production and development; support for research and training in the fields of fisheries and agriculture, with a view to preserving land and resources and achieving food security. Target groups: farmers and fishermen, food industry Examples of projects: • Fishing and aquaculture; • Breeding; • Agricultural services/agroecology; • Forest ecosystems and silviculture; • Landscape and biodiversity; • Local development and planning; • Irrigated agriculture; • Support for public agricultural and environmental policies.	Number of Ecological Focus Areas (EFAs) whose economic performance has been improved Additional availability of strategic foodstuffs (kg) Volume of food produced or distributed annually (kg/year)

Consideration of the impact on the most vulnerable populations

The contribution of eligible projects to the reduction of inequalities and inclusion is taken into account in the sustainable development rating of the social pillar, more specifically through the prism of equitable, sustainable and effective access to essential quality goods and services, the improvement of living conditions, the strengthening of capacities and real opportunities for decent, sustainable work and income growth, redistributive policies and universal social protection floors, and participation and inclusion in political and social life (among others).

A **+2** rating for this pillar indicates that the project benefits vulnerable populations in particular (**+2**), and a **+3** rating is awarded to operations dedicated exclusively to the most vulnerable populations.

AFD's aim is to increase the number of projects with scores **+2** and **+3** on social cohesion, which means that feasibility studies must include specific studies on the potential impact of operations on these populations, so that they can be structured to target all or some of these disadvantaged populations.



TANZANIA

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1.2 SPECIFIC TREATMENT OF PUBLIC POLICY BUDGET FINANCING

Budget financing is unrestricted balance sheet financing, i.e. the criteria triggering disbursement(s) are not linked to a specific investment but to a business plan or a matrix of commitments (result-triggered financing, through the achievement of "disbursement linked indicators").

For analysing this type of loan, **the sustainable development analysis and opinion is based on three elements of AFD's doctrine on budget funding in foreign countries**, adopted in 2021: (i) **an analysis of the public policy**, which assesses its relevance and credibility in relation to the country's public policies as a whole; (ii) an institutional analysis of the counterparty, which looks at the partner's ability to steer, coordinate and report on the public policy; and (iii) **an analysis of the robustness of the financing package**, through an assessment of the instalment payment plans.

The degree of robustness of the elements identified is then reflected in **the ratings given by the sustainable development analysis and opinion in the sustainable development analysis grids**, corresponding to the six dimensions of sustainable development. Positive ratings (+1 to +3) can be obtained when (i) the analysis of the sectoral, geographical and institutional context is detailed, (ii) the objectives of the operation are clear and coherent, and (iii) targets are set, in dialogue with the counterparty, and preferably positioned as a trigger for payment. However, negative ratings (-1 and -2) are also likely to be given in the event of potential risks induced by public policy. An analysis of the commitment matrix, in relation to the regulatory framework and other projects, is carried out for this purpose.

For example, a Climate FBPP will score +1 on the low-carbon dimension if it includes as disbursement indicators the enactment of laws/strategies/action plans to contribute to the implementation of a country's Nationally Determined Contribution (NDC); if the public policy loan also includes the achievement of disbursement indicators enabling the private sector to also be mobilised in this trajectory, a +2 may be considered; if the financing also includes disbursement indicators relating to the implementation of a pilot project or an investment programme enabling the aforementioned law/strategy/action plan to be implemented, a +3 score may be envisaged if the reductions in greenhouse gas emissions are significant in the sector concerned.

To be included in the SDG issuance pool, FBPP must meet the following eligibility criteria:

- **Score +2 or +3 on one of the four dimensions of biodiversity, climate, social and gender**, always referring to the sustainable development analysis and opinion.

This requirement must provide assurance of the substantial nature of the funding's contribution to at least one of these 4 goals, it being understood that operational teams are asked to maximise their rating on different dimensions at the same time.

- **Minimum +1 score for sustainability of effects and governance framework.**
- As far as environmental and social risks are concerned, FBPP with an environmental and social rating of A³⁵ are excluded.

This automatic pre-selection by the ADD rating is supplemented by **an ad hoc review of all the FBPP deemed eligible**. During this second, more in-depth review, FBPP whose contribution to the SDGs is deemed insufficiently objective will be excluded. This review will be carried out by the following departments (this list is subject to change): DFM = Financing and Market Operations Division / ADD = Sustainable Development Analysis and Opinion Unit / SDD = Sustainable Development Solutions Department / CIN = Citizens and Institutions Division / RRT = Accountability, Responsibility and Transparency Unit / EVA = Evaluation and Learning Department / PAO = Operational Activity Steering Division / AES = Environmental and Social Support Division, SD.

³⁵ Projects are classified according to their potential E&S risks. The E&S ranking determines the level and type of E&S due diligence to be carried out (A: very high risks; B+: high risks; B: moderate risks; C: low risks).

In addition, an external auditor will assess the relevance of the matrix and the "disbursement linked indicators" in relation to the objective of the FBPP as part of the verification of the SDG obligations (see "External verifiers" section).

Examples:

- **A public policy loan from 2019 to a State on the theme of gender equality in access to economic opportunities** incorporating achievement indicators relating to the number of pupils per teacher (target of 60% of municipalities with a ratio less than or equal to 1 in 18 by 2021 vs. 20% in 2018) or the proportion of women working in public entities (45% by 2020 vs. 39% in 2018).
- **A public policy loan from 2022 to a State on the climate theme** incorporating indicators relating to the closure of coal-fired power stations (in 2021), the establishment of national and sectoral greenhouse gas emission reduction targets (for 5 key sectors in 2023) and the adoption of a just transition plan (by 2022).
- **A public policy loan to a State on the theme of just transition** incorporating indicators relating to:
 - (i) the expansion of energy production capacity in the country (with prior action to amend national regulations in order to eliminate obstacles to obtaining licences for small electrical installations, followed by a result indicator focusing on the increase in the number of energy production capacities registered with the national energy regulator);
 - (ii) the adoption of a just transition government framework (with a prior presentation of the framework to the country's Presidency, followed by a result indicator based on the adoption of the framework);
 - (iii) the creation of jobs not linked to the coal industry (with a prior ministerial commitment to create 10,000 jobs not linked to the coal industry in an industrial basin, then a result indicator indexed to the number of jobs created).



MOROCCO

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1.3 SPECIFIC TREATMENT OF FINANCING FOR FRENCH OVERSEAS TERRITORIES

AFD operates in the **French overseas territories**, in particular to finance **infrastructure and local authorities**. Two types of specific funding may be eligible:

- Loans on market terms to finance projects or budget programmes;
- Subsidised loans (PSP-T) to local authorities.

The subsidy mechanism of the PSP-T thus implies **ex-ante identification of specific expenditure and its environmental and social impacts, as well as accountability on the part of borrowers**. Subsidised loans are therefore considered eligible in the Framework. Following the same logic, PSP Vert and PSP Bonifiés loans (previous versions of PSP-T) are considered eligible.

For this type of loan only, a sustainable development score is not a prerequisite for eligibility.

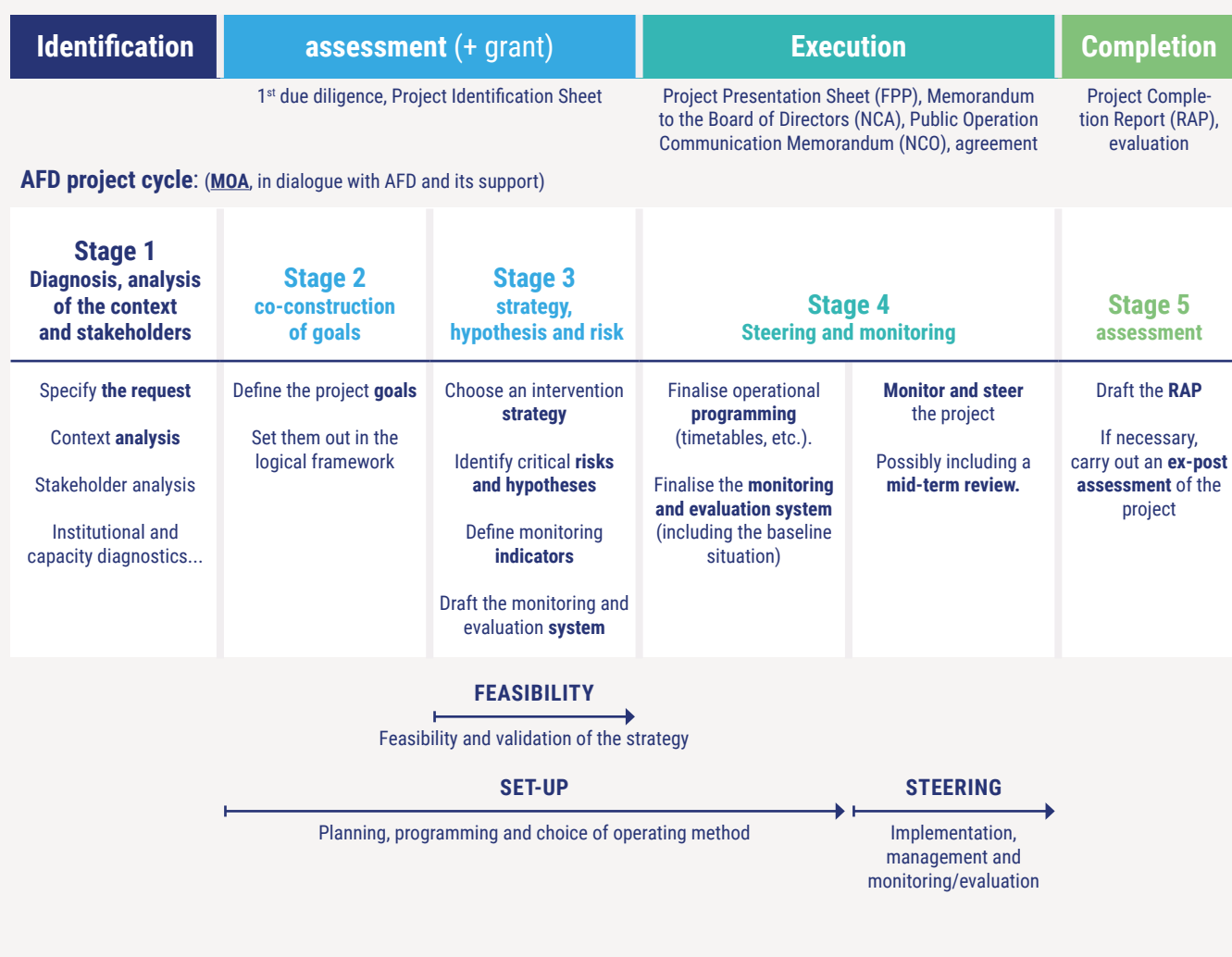


INDIA
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2. Process for Project Evaluation and Selection

In addition to the eligibility process described in the "Use of Proceeds" section, the process for identifying and selecting eligible loans is based on AFD and Proparco's internal governance, which deploys a series of ESG procedures throughout the "project cycle". The body that closes the assessment cycle (the Credit Committee, see Figure 11) verifies that the assessment mandate has been fulfilled and that all the necessary environmental, social and governance procedures have been implemented. During the implementation phase, projects presenting high risks are monitored more closely by AFD teams. A system for managing environmental and social complaints is also available to all via the AFD website. These complaints are then taken into account throughout the life of the project concerned. Ex-post, nearly half of the projects are subject to an independent evaluation (see page 45).

■ Figure 9: Funding cycle of an AFD project



■ *Figure 10: The various analyses carried out during the project cycle*

Project Cycle	Identification	Identification Committee (CID)	Instruction	Credit Committee (CCR)	Grant
a - Managing environmental, social and governance risks Exclusion list The fight against corruption, fraud, anti-competitive practices, money laundering and the financing of terrorism	The operational team provides an initial analysis of ESG risks. AFD has a transversal exclusion list which indicates what it will not fund and which represents a first filter to exclude certain operations.	The team in charge of ESG risk analysis (ESI at Proparco and AES at AFD) determines a risk classification based on the initial ESG analysis.	ESG due diligence is carried out to analyse the counterparty's ability to manage ESG risks and to define the actions needed to eliminate, reduce or offset these risks and impacts. A carbon assessment is carried out. For the riskiest operations, the project owner carries out specific studies (impact study, audit), describing the risks and proposing mitigation measures to be implemented. Due diligence on the quality of the counterparty, its shareholders and its beneficial owner is carried out by the Risk Department (KYC).		Once these steps have been taken, the Group's specialist teams define specific environmental and social clauses and commitment plans or environmental and social action plans, which are included in the contractual financing documentation. The financing agreements signed by the Group include contractual provisions designed to prevent or dissuade any practice prohibited by Group policy.
b- Sustainable development Analysis and Opinion Mechanism	The local agency (the operational team) carries out an initial SD analysis using the project identification form. For each of the six dimensions, it details the context, the impacts of the project and the proposed ratings.	An initial exchange between the operational team and the SD Opinion team takes place on the basis of the SD analysis. The issuer of the SD opinion presents areas for attention but does not draw up a formal notice. The assessment mandate include sustainable development considerations.	The operational team reviews its SD analysis, highlights the positive impacts in the project presentation sheet and revises the ratings if necessary. A provisional SD opinion is drawn up before the Credit Committee meeting (favourable, favourable with recommendation or reserved).	Discussions are held during the Credit Committee meeting on the basis of the provisional opinion. A final SD opinion is given at the end of the Credit Committee meeting.	Nature of the SD opinion (favourable, favourable with recommendations or reserved) is included on the cover page of the note to the bodies, with the full opinion appended.

****System set up within AFD only**

■ *Figure 11: The various analyses carried out during the Proparco project cycle*

	IDENTIFICATION	ASSESSMENT	DECISION	FORMALISATION	MONITORING
	Identification and Decision Committee (IDC), Kick off ↓	Instruction mission ↓	Project Committee and Investment Committee meetings ↓	Negotiation and signature ↓	Annual monitoring ↓
ESG 	Levels of intervention in E&S and G assessment	In-depth or simplified due diligence	E&S and G assessments	Negotiation of E&S and G clauses	Simple or reinforced monitoring
G 	Rapid Risk Screening	Assessment questionnaire	Results matrix + Governance assessment sheet	Clauses, corporate Governance Action Plan	All tools
ES 	Exclusion list, ranking, reputation search	External and/or internal assignments, client exchanges	FNES and E&S summary	Clauses, Environmental and Social Action Plan	External monitoring, Annual Monitoring Report, mission, Indicators



CAMBODIA

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2.1 MANAGING THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS ASSOCIATED WITH FINANCING TRANSACTIONS

Any development project may involve environmental, social and governance risks. Projects are classified according to their potential E&S risks. The E&S classification determines the level and type of E&S due diligence to be carried out. AFD group has general policies to ensure compliance with and promotion of the SDGs in all its activities³⁶. The Group pays close attention to the proper allocation of its funding, as well as to the good governance of the organisations it supports.

Risks are prevented and identified through:

A "general" exclusion list³⁷, updated in 2022, specifies the types of activities that AFD refuses to finance on the basis of environmental or social criteria, ethical or regulatory criteria or criteria arising from its strategic choices, which guide the very constitution of the portfolio. The result of work across the Group, this revision, the initial version of which dates back to 2011, is in line with the logic of alignment with the SDGs by strengthening the subjects of climate change, the protection of biodiversity and human rights. This exclusion list is available at all times on the AFD website. The exclusion list also applies to Group subsidiaries and partner financial intermediaries:

Illegal activities

1	Any equipment, sector or service subject to economic sanctions imposed by the United Nations, the European Union or France, without restriction as to absolute or relative amount
2	Production or activity involving forced labour, child labour or human trafficking
3	Illicit activity involving organs, tissues and products of the human body, or genetic engineering activities prohibited by national bioethics standards in France or the host country, or by European or international standards applicable in this area
4	Trade in, production, breeding or possession of animals, plants or any natural products that do not comply with the provisions of CITES ³⁸
5	Fishing activity using a drift net more than 2.5 km long
6	Research, purchase, promotion or multiplication of genetically modified seeds
7	Production, use or trade of hazardous materials (such as asbestos fibres) and any products (including chemicals, pharmaceuticals, pesticides/ herbicides, ozone depleting substances or any other hazardous products) prohibited from production or use or subject to progressive prohibition under the regulations of the country of destination or internationally
8	Cross-border trade in waste, except that which complies with the Basel Convention 12 and its underlying regulations
9	Diamond mining and marketing in non-Kimberley Process countries
10	Illicit trade or activity likely to facilitate illicit trafficking in cultural property

³⁶ The rules governing the environmental and social complaints management system are available [here](#)

³⁷ AFD Group's exclusion list in foreign countries can also be consulted [here](#)

³⁸ <https://cites.org/fra/disc/what.php>

Activities not aligned with AFD group's commitments to sustainable development

11	Production or trade: (i) related to pornography or prostitution; Production or trade 14: (ii) arms and/or ammunition; (iii) tobacco; (iv) alcohol intended for human consumption (excluding beer and wine); (v) gaming houses, casinos or any equivalent business
12	Production and distribution of, or participation in, media that are racist, anti-democratic or advocate discrimination against a section of the population
13	Operations resulting in the irreversible modification or significant displacement of an element of critical cultural heritage
14	Projects for the construction, extension or renovation of fossil-fired power stations
15	Infrastructure associated with a fossil energy resource production, storage or processing unit (mines, processing units, refinery, storage, etc.) or fossil energy electricity production unit as referred to in point 14 of the list
16	Projects for the exploration, production or processing, or dedicated exclusively to the transport of coal, gas and oil (conventional and non-conventional)
17	Biodiversity: (i) Any financing in (a) Alliance for Zero Extinction (AZE) sites, (b) natural and mixed sites inscribed on the UNESCO World Heritage list and (c) legally protected areas (IUCN categories) and, (ii) Any operation resulting in a negative and irreversible residual impact on a critical habitat; (iii) Any forestry project or any large-scale agricultural project (>100 ha) that does not implement a methodology ensuring zero deforestation
18	Projects whose purpose or approach runs counter to human rights, and in the case of private sector financing, projects that are clearly in contradiction with the United Nations Guiding Principles on Business and Human Rights
19	Projects for which it is known that a forced expulsion within the meaning of the United Nations has taken place on the impact site of the planned project, for which a causal link can be established with the purpose of this project and for which it has been established that it is materially impossible to provide compensation

Financial activities of financial institutions included in AFD group's exclusion list

1	Production of or trade in any illicit product, as well as any activity that is illegal under national or international regulations applicable in the country of destination
2	Production or other activities involving the use of forced labour and/or child labour
3	Trade in, production, breeding or possession of animals, plants or any natural products that do not comply with the provisions of CITES
4	Cross-border trade in waste, except that which complies with the Basel Convention and its underlying regulations

Specific procedures by sector

AFD group also relies on sectoral sustainable development policies, the main ambitions, guiding and strategic principles or instruction practices of which are listed below:

Agriculture/ Food sector	• Zero deforestation target through the French National Strategy against Imported Deforestation (dated November 2018), echoing the Climate Plan to end imported deforestation caused by France by 2030. • AFD country strategies: action plans to combat deforestation for sustainable management projects, to combat deforestation or to restore and implement procedures. • Integrated territorial approach through the development and implementation of territorial policies reconciling nature, climate and development. • Sustainable fisheries: support for policies aimed at maintaining/recovering stocks, environmental certification of fisheries and strengthening fisheries institutions. • No funding for research, purchase, promotion or multiplication of genetically modified seeds under the "food security in sub-Saharan Africa" sectoral intervention framework.
Mining	• Limited number of projects funded. • For operations assessed: careful examination of the sector's institutional environment, governance and environmental impact.
Large dams	• Respect for the environment, natural resources and biological diversity • Compliance with acceptable working conditions • Consideration of issues relating to involuntary displacement and resettlement, • Assessment of carbon footprint and climate impact. Attention is being paid to the GHG emissions associated with the construction and, above all, the flooding of the reservoir. If the dam is located in a tropical zone with a ratio of less than 4 W/ m² (installed power/reservoir surface area), methane emissions are likely to be significant. In this case, a specific study will be requested.
Power	In line with its 100% Paris Agreement commitment, AFD group excludes funding for: • any plans for coal-fired power stations (as approved by its Board of Directors in March 2013); • projects to generate electricity from fuel oil or diesel alone (with the exception of certain hybrid projects) • exploration or production projects, or projects dedicated exclusively to the transport of coal, gas and oil (conventional and non-conventional³⁹); • infrastructure associated with a fossil resource exploration, production or storage unit (mines, processing units, refineries, storage, etc.) or a fossil energy-based electricity production plant, if this plant is deemed ineligible for AFD financing under its Climate and Energy Transition strategies. An infrastructure is said to be associated with this fossil unit if the following two conditions are met: (i) the infrastructure would not have been built in the absence of that fossil unit, and (ii) the fossil unit would not be economically viable without the infrastructure.



COLOMBIA
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³⁹ Unconventional gas covers several types of non-renewable natural gas resources, such as shale gas. It is mined using hydraulic fracturing techniques. Unconventional oil is produced or extracted using techniques other than the traditional oil well method, or involving additional cost and technology due to its more difficult operating conditions.

Human rights due diligence

AFD group operates in countries where human rights are not always fully respected, even if these countries formally adhere to the fundamental conventions in this area. Mandatory due diligence in the field of operations include an assessment of the social risks of the projects financed. The Group is guided by the performance standards of the International Finance Corporation and the environmental and social standards of the World Bank. Human rights issues provide an insight into:

- Working conditions and protection of the workforce (in particular the fight against forced labour and child labour);
- The health and safety of communities affected by projects;
- Land acquisition and involuntary resettlement;
- The rights of indigenous peoples.

The implementation of these standards is accompanied by the **setting up of complaints management mechanisms at project level**, enabling complaints to be collected. The financing agreements signed with the beneficiaries must mention the commitments made by the counterparties to respect the rights of the local populations and reiterate compliance with the fundamental conventions of the International Labour Organisation (ILO). AFD group employees also receive human rights training.

Managing the risks of misappropriation of aid, corruption, fraud, money laundering and the financing of terrorism⁴⁰:

The Group has two mechanisms for reporting allegations and suspicions of prohibited practices: a mechanism for reporting through the hierarchy via the internal permanent control system and a professional whistleblowing mechanism (subsidiary and optional).

The AFD group has adopted a general policy in the form of operational due diligence describing the controls to be carried out at the various stages of projects:

- At the investigation stage: due diligence is carried out on **the quality of the counterparty, its shareholders and its beneficial owner**;
- At the contractual stage: all funding agreements signed by the Group include **contractual provisions designed to prevent or dissuade any prohibited practice (lawful origin of funds, compliance with the economic and financial sanctions of the United Nations, the European Union and France, the possibility of checks and audits by an independent third party)**;
- At the execution stage: monitoring aims to ensure that the operation is implemented in accordance with the contractual provisions and that any risks are managed appropriately. AFD group also reserves the right to carry out **unannounced audits**. Additional due diligence may be carried out on the **economic justification for the financing and knowledge of the third party making the repayment**.



These measures are aligned with SDG 16, which aims to promote peaceful and inclusive societies, ensure access to justice for all and build effective, accountable and inclusive institutions at all levels.

In particular, the Group is contributing to the achievement of targets 16.5 and 16.a aimed respectively at "significantly reducing corruption and bribery" and "supporting, including through international cooperation, national institutions responsible for strengthening, at all levels, the capacity to prevent violence and combat terrorism and crime, particularly in developing countries".

⁴⁰ AFD Group's general policy on preventing and combating corruption, fraud, anti-competitive practices, money laundering and the financing of terrorism is available [here](#).

2.2 GOVERNANCE OF THE ISSUANCE FRAMEWORK: THE THEMATIC BOND COMMITTEE

AFD group has set up a Thematic Bond Oversight Committee (*Comité de Suivi des Obligations Thématiques COSOT*) responsible for the governance of the issuance framework.

The Thematic Bond Monitoring Committee is made up of representatives from :

					
The Executive Financial Department (DEF), including:	The Geographies Department (GEO), including:	The Sustainable Development Solutions (SDD) Department, including:	Innovation, Strategy and Research Department (ISR), including:	The Risk Monitoring Division (DSR):	Proparco, including:
Treasury and Capital Markets Department (TMC); Financing and Market Operations Division (DFM); Financial and Budgetary Steering Department (PFB); Asset and Liability Management (ALM) Unit.	Operational Activity Steering Division (PAO); Three Oceans Department (OCN).	Environmental, Social and Sustainable Development Support Division (AES); Citizens and Institutions Division (CIN); Climate and Nature Division (CLN); Social Links Division (CLS); The Results and development impacts (RID) Unit.	Strategy, Foresight and Institutional Relations Department (SPR); Sustainable Development Analysis and Opinion (ADD) Unit; Strategic Steering and Coherence (PCS) Unit; Accountability, Responsibility and Transparency (RRT) Unit; The Evaluation and Learning Department (EVA).	The Risk Monitoring Division (DSR).	Finance Department (DAF); Support for Sustainable Development Department (A2D); The Impact Measurement (IMP) Unit.

Other departments or divisions may be involved as required.

It will meet at least twice a year to carry out the following tasks:

- **Examine and validate the eligibility of loans included in the portfolio of eligible loans** according to the conditions and criteria for eligibility for contribution to the SDGs, thematic, technical or interrelations between SDGs defined in the "Use of proceeds" section;
- **Validate the allocation of proceeds to eligible loans;**
- Propose the **replacement of loans that must be removed from the portfolio** (either because they are repaid early or because they no longer meet the eligibility criteria);
- Manage any **future updates to the SDG bond Framework;**
- **Review and approve the annual allocation and impact report shared with investors;**
- Liaise with external assessors (Second Party Opinion and auditors).

3. Management of Proceeds

The net proceeds of each SDG bond will be managed by AFD group's Financing and Market Operations division and will constitute a portfolio of SDG bonds. An amount equivalent to the net proceeds of the SDG Bond portfolio will be backed by a portfolio of eligible loans as defined in the "Use of proceeds" section of this framework document and validated by the COSOT.

The Group will maintain a safety cushion to ensure that the net proceeds on SDG bonds never exceed those of the eligible loan portfolio. During the life of the bonds, the net proceeds may be used to refinance new loans that will be integrated into the portfolio of eligible loans or to refinance existing operations.

The Group will endeavour to allocate the net proceeds on bonds to eligible loans within one calendar year of the issue of each bond.

It should be noted that the portfolio of eligible loans will be made up of sub-portfolios, enabling the allocation, monitoring and, if necessary, replacement of all the issuance formats envisaged (climate, social or sustainable).

Monitoring of the matching of the net proceeds of the SDG bonds with the eligible loan portfolio will be carried out by the Thematic Bond Committee.

Amounts raised but not yet allocated are managed by AFD group's cash management team. This liquidity will be managed in cash and money market products and invested in responsible investment funds (SRI), according to the best effort principle.

As the AFD group's business model is to support its partners in sustainable development, the project assessment period can extend over several years. Loans have long maturities, up to 25 years, with amortisation starting after 10 years at the latest. Counterparties benefit from a disbursement period of up to 7 years.



KENYA

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4. Reporting

AFD group undertakes to publish an annual report on its SDG bonds until their maturity. This report presents the allocation of the funds raised as well as environmental and social impact indicators.

The allocation and impact report is reviewed and validated by the Thematic Bond Committee. This report is **audited annually by an external auditor** chosen by AFD group until the issues reach maturity. It is available to investors on the AFD group website⁴¹.

Allocation Report

The Group undertakes to publish a report on the allocation of funds raised through the issuance of SDG bonds.

This report will be published annually and will present at least:

- Total amount of funds allocated to date;
- Breakdown of funding by year of signature;
- Proportion of disbursements made in the new calendar year vs. the stock of disbursements;
- Proportion of loans that have become part of the loan portfolio;
- Total amount of funds awaiting allocation and the type of temporary investments (according to the best effort principle);
- Number of loans in the eligible loan portfolio;
- Breakdown of funds allocated according to eligibility criteria;
- Geographical breakdown of loans.
- Material developments or possible controversies



TURKEY

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⁴¹ <https://www.afd.fr/en/investors-page>

Impact report

AFD group undertakes to communicate on the expected sustainable development benefits and impacts reasonably associated with eligible loans, until the maturity of the bonds.

Where appropriate, and subject to confidentiality, the Group may provide examples of eligible loans.

AFD group uses "aggregate" indicators for its strategic monitoring. These indicators make it possible to **quantify and consolidate** the results of AFD group operations in foreign countries and French overseas Territories. They will be included when available to measure the sustainable development benefits of loans eligible under this Framework. A sample of aggregate indicators is shown in table 5. These indicators are reviewed and updated regularly to adapt to strategic and accountability developments.

As a platform for official development assistance, the Group is obliged to constantly ensure the effectiveness of its actions. Knowledge produced and lessons learnt from assessments are leveraged to redirect projects, strategies and operational tools to improve their quality and boost their impact on development, as part of a continuous learning process. AFD group approved a new Group monitoring and evaluation policy in March 2024.

AFD carries out different types of assessments:

- Project assessments cover the assessment of one or more projects (referred to as a cluster). They provide input for dialogue with stakeholders on results, and thus promote mutual learning. Under AFD's new monitoring and assessment policy, it commits to publishing project assessment reports. Until now, summaries have been published (on opendata.afd.fr, and <https://www.afd.fr/en>);
- Broad-scope assessments cover a theme, a sector, a geographical area, a strategy or a financial instrument. These assessments generally cover a much wider scope and a longer period of time than project evaluations. Their aim is to assist decision-making and strategic and operational thinking in order to improve the quality of AFD-financed operations and achieve development results. These assessments are published on the <https://www.afd.fr/en>⁴² website;
- The aim of impact assessments is to measure the effects of an intervention on populations or ecosystems, to explain the mechanisms that led to these impacts, and to carry out a rigorous analysis of the causal link between the intervention and these effects. Because of the specific nature of the methods used, these assessments generally focus on one aspect of a project, rather than all the results associated with it.

AFD group published its first assessments report in 2019⁴³ and repeated the exercise in 2021 and 2023⁴⁴. The latest edition highlights the 124 projects to be assessed in 2021-2022, as well as 11 thematic, strategic or geographical assessments and 3 impact assessments. It also includes 3 more in-depth studies: access to essential services in Africa; evaluation of the climate dimension; and vocational training. As of 2020, AFD group is committed to ensuring that 50% of completed projects have been assessed.

These assessments may be added to the impact reports.

⁴² For example, the summary and report of the assessment of 15 years of AFD operations on geographical indications can be accessed [here](#).

⁴³ The 2017-2018 assessment report is available [here](#).

⁴⁴ The report on the 2021-2022 assessments is available [here](#).

■ **Figure 12: Example of aggregate indicators according to AFD categories**

ICMA categories	AFD categories	Indicators	Unit
	Cross-functional indicators	Reduction of greenhouse gas emissions	Teq CO ₂ /year
		Number of people whose vulnerability to the impacts of climate change has been reduced	People
		Proportion (by volume) of projects in foreign countries with the goal of promoting gender equality	Percentage
GBP: climate change adaptation and climate change mitigation	Adaptation to climate change	Reduction of greenhouse gas emissions	Teq CO ₂ /year
	Climate change mitigation, renewable energy and energy efficiency	Reduction of greenhouse gas emissions	Teq CO ₂ /year
		Renewable energy capacity installed or rehabilitated	MW
		Number of people gaining access to sustainable electricity services	People
		Number of beneficiaries of improved quality of electricity service	People
		Renewable or recovered energy capacity financed	Megawatt
	Energy consumption saved		GWh/year
GBP: Preserving biodiversity on land and in water	Marine biodiversity	Areas benefiting from biodiversity conservation/restoration programmes.	Hectares
	Terrestrial biodiversity	Areas benefiting from biodiversity conservation/restoration programmes.	Hectares
SBP: Access to basic (social) services	Health	Number of people whose access to healthcare has been improved	People
		Number of healthcare staff trained	People
		Number of children vaccinated	People
	Education	Number of beneficiaries of vocational and technical training	People
		Number of general and technical education and training establishments	Establishments
		Number of children completing primary education	Pupils/year
		Number of girls enrolled in technical and vocational education	Pupils
		Number of trainers and tutors trained (vocational training)	People / year
	Poverty reduction	Number of people benefiting from better social protection	People
		Number of beneficiaries of essential project goods and services	People
SBP: Job creation	Entrepreneurship, Support for VSEs/ SMEs and job creation	Number of financial players benefiting from AFD financing	Financial players
		Number of companies receiving support for recruitment, improving the quality of jobs or taking gender into account	Companies
		Number of beneficiaries of local financial service	People
		Number of full-time equivalent (FTE) jobs supported by AFD	FTE
		Rate of women with access to credit	Percentage
		Number of people supported in their efforts to set up their own business or become self-entrepreneurs	People
		Number of direct full-time equivalent (FTE) jobs created or maintained by AFD (private sector and public companies)	FTE

ICMA categories	AFD categories	Indicators	Unit
SBP: Socio-economic development and empowerment	Gender equality	Rate of women with access to credit	Percentage
		Rate of women using a new transport line	Percentage
	Democratic Governance and Justice	Number of institutions benefiting from capacity building	Institutions/year
		Number of formal and informal civil society partners involved in the project	Partners
	Reduction of social inequalities	Number of people benefiting from better social protection	People
Sport and Culture			
SBP: Essential and affordable infrastructure	Water and sanitation	Number of people benefiting from a drinking water supply service that is managed in complete safety	People
		Drinking water production capacity funded	m³/day
	Mobility	Length of new or upgraded intercity road/rail links.	Km
	Digital infrastructure	Number of people connected to a telecoms network (internet, other)	People
		Number of people with access to an Internet service	People
	Urban development	Number of city residents and users whose quality of life will be improved	People
		Number of people benefiting from improved access to sustainable urban transport	People
		Number of passengers using public transport on the sections financed	People
SBP: Food insecurity	Food insecurity	Number of Ecological Focus Areas (EFAs) whose economic performance has been improved	EFA
		Additional availability of strategic foodstuffs	Kg

For loans eligible for budget support that have undergone a decentralised assessment, this assessment is available on AFD's website and the link will be included in the report.

5. External assessors

AFD group has selected Moody's Investors Services to assess the transparency, governance and compliance of the SDG bond framework. The results of this evaluation are contained in a Second Party Opinion which is available and can be downloaded from the AFD group website⁴⁵.

Any material changes to this Framework that fundamentally alters the eligibility criteria for loans will be subject to review by the provider of the Second Party Opinion. On the other hand, changes to the names of certain programmes or minor changes to methodologies (e.g. SD opinions or measures of contribution to the SDGs) will not be subject to a new review by the provider of the Second Party Opinion.

Independent assessor

Until the bonds mature, an independent assessor will verify annually the following information:

- Allocation of funds to eligible loans;
- Compliance of loans in the pool of eligible expenditure refinanced by the funds raised with the criteria defined in section;
- Use of funds: In the case of FBPP, an external assessor will assess the relevance of the matrix and disbursement linked indicators in relation to the objective of the FBPP (via an exhaustive review of the new FBPP added to the pool each year).

⁴⁵ Link to [investor relations](#)

Notes

About AFD Group

Agence Française de Développement (AFD) Group finances, supports and accelerates the transitions necessary for a more just and resilient world. It thus contributes to implementing France's policy on sustainable development and international solidarity. It is with and for communities that we build, with our partners, solutions in more than 160 countries, as well as in 11 French overseas departments and territories.

Our objective: To reconcile economic development with the preservation of common goods: the climate, biodiversity, peace, gender equality, education and health. Our teams are involved in more than 3,600 projects in the field, which are part of the commitment of France and the French people to fulfilling the Sustainable Development Goals. For a world in common.



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