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ODA AND BEYOND

Toward an integrated approach to financing
for development

THE CASE OF THE AFD GROUP

Introduction

Since 1969, Official Development Assistance (ODA) is a benchmark value used to measure donors' contributions to development. This metric remains strongly pivotal politically and operationally, notably because of its dedicated quantified targets. ODA allows to monitor the quantitative commitment to allocate 0.7% of developed countries' GNI to international solidarity. Over the decades, it has played a central role in structuring international solidarity policies, enabling predictable, comparable and coordinated efforts among donors, and has contributed significantly to progress including for poverty reduction, health, education, infrastructure in developing countries. It remains a cornerstone of the international development architecture and a reference framework that is widely recognized and used by all stakeholders.

However, ODA presents certain structural characteristics that should be kept in perspective. Designed to measure concessional public flows, it does not capture the full continuum of financing for sustainable development, therefore not allowing for a comprehensive assessment of the complementarity between concessional and non-concessional, public and private financing. Conversely, other stakeholders perceive a gradual distortion of the framework: the scope of ODA measurement has expanded over time and now includes some purely domestic expenditures (administrative costs, in-donor refugee costs, student costs, etc.) that have no direct impact on partner countries.

Other statistical frameworks have emerged to broaden the scope of flows increase their quality, and adopt a recipient perspective. On the one hand, climate finance (which includes private flows) has emerged since Copenhagen in 2009 as a reference measure of North-South solidarity; and on the other hand, since 2015, Total Official Support for Sustainable Development (TOSSD) seeks to measure the full range of public flows supporting sustainable development. It represents an important step forward, has an established governance, and is still evolving. However this indicator also has limitations. Without a dedicated political target, it does not carry much political weight and has not yet been enough anchored in public debates on development cooperation. Moreover, TOSSD includes some domestic expenditures related to SDGs (pillar 2) that do not correspond to financial transfers to partner countries.

These reflections are part of a rapidly evolving international agenda. Ongoing discussions (review of the OECD Development Assistance Committee (DAC) and the revision of its mandate in 2027, UN Sevilla platform for action in

2025, the French G7 Presidency in 2026) raise the need to better reflect the reality of financial flows, their impact, the diversity of the objectives they serve and the incentives they set for development and financial institutions.

In this context, and through the AFD Group's case study, it appears necessary to demonstrate and illustrate the relevance of adopting a broader perspective that highlights the usefulness and complementarity of the full range of financial instruments, within a strategic and operational quality framework of dual alignment—both with partner countries' national priorities and with the SDGs. The objectives are threefold:

- › To defend and position international solidarity within the broader set of development finance flows (concessional, non-concessional, public and private);
- › To explain how the articulation of these different flows, in terms of instruments, can amplify impacts on the ground;
- › To contribute concretely to international discussions on reforming development finance, while better repositioning and protecting ODA and concessional resources, and mobilizing private capital for global commons.

The document is structured around three complementary sections:

- › The first section, "ODA in perspective: a broader view of financial flows", provides an aggregated analysis of the AFD Group's financial flows, explaining—through major aggregates—the gap between its overall activity volume and its ODA footprint;
- › The second section, "The 'AFD value' from the perspective of partner countries", shows how the AFD Group's approach distinguishes itself by a logic centered on partner country needs, quality through alignment with the SDGs and national priorities, regardless of accounting categories (ODA / non-ODA);
- › The third section, "Strengthening impacts based on national priorities and the full range of financial instruments: three country case studies", offers a comparative view of the AFD Group's intervention across several partner countries, and of how financial instruments and actors are combined to support differentiated development trajectories.

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Executive Summary

ODA in Perspective: A Broader View of Financial Flows

Official Development Assistance (ODA) remains the primary benchmark for measuring and tracking donors' international solidarity efforts. It serves as a key reference framework within the international development architecture, providing a strong statistical basis for reporting and comparing efforts over time and across donors, and it has played a significant role in structuring international cooperation in support of development objectives in partner countries.

However, designed to capture concessional public flows, it only partially reflects the growing diversity of financing mobilized for sustainable development. It gives limited value to increasingly critical instruments (non-concessional loans, private sector instruments, etc.), while conversely including domestic expenditures with no direct impact in partner countries.

The AFD Group illustrates this gap: in 2024, €13 bn in activity generated only €3.6 bn in bilateral ODA¹. This structural difference between actual activity and ODA can be explained by several factors:

- › **Project timing:** ODA is calculated on the basis of disbursements, whereas projects go through multiple stages before funds are released. As a result, part of AFD's commitments does not immediately translate into recorded ODA, especially when balance sheet is growing.
- › **Scope exclusions:** Certain expenditures are not ODA-eligible, such as activities in French Overseas Territories or delegated funds entrusted by partners.
- › **ODA accounting rules:** Under the grant equivalent method, which often serves as the reference measure for ODA, only a share of loans is recorded, reflecting their concessionality relative to market conditions. Non-concessional financing is excluded, and private sector instruments are only marginally valued.

ODA is also, by nature, a donor-based metric. It measures budgetary effort "at source" but does not fully reflect the resources effectively available to partner countries. These limitations have led to complementary approaches, such as TOSSD, which aim to better reflect the recipient perspective, but which is new, evolving and still can be improved.

These findings do not call ODA into question, but rather suggest a renewed framework combining: a measure of concessional effort (ODA hopefully strengthened and refocused on solidarity); a broader measure capturing all public flows supporting sustainable development in partner countries, as well as mobilized private finance, based on TOSSD Pillar 1 ("Investment in Support of Sustainable Development (ISD)").

The "AFD Value": An ambition of quality to Ensure Dual Alignment of all financial flows

In a context where financing needs to achieve the SDGs are estimated to be up to 20 times higher than available concessional public resources, the AFD Group seeks to mobilize the full continuum of public (concessional and non-concessional) and private flows contributing to sustainable development. Its approach therefore goes beyond the sole logic of ODA provision, the SDGs constituting the ultimate objective.

The AFD Group thinks both in terms of solidarity-based and sustainable investment because its added value rests on a dual alignment: with the SDGs, and with national priorities of partner countries. This approach ensures that financing is aligned with coherent development trajectories, tailored to local contexts while contributing to global challenges.

The AFD Group sets internal quality filters and ex-post impact measurement procedures, and mobilizes a comprehensive range of financial and non-financial instruments—grants, concessional and non-concessional loans, guarantees, private sector financing and technical cooperation—adapted to country needs and focused on maximizing ambition. This diversity enables the Group to support structural transformations across highly differentiated contexts, regardless of ODA/non-ODA classifications.

Finally, the Group's model is based on partner ownership, supported by robust tools for impact analysis, monitoring and evaluation, as well as systematic transfer of project procurement to national authorities. This ensures quality of financing and effective contribution to sustainable development outcomes, prioritizing results over compliance with a single metric.

¹ Measured in grant equivalent

Enhancing impacts based on national priorities and the full range of financial tools: 3 illustrative case studies

Three country case studies concretely illustrate the relevance of a broader approach to development financing, through a diverse range of financial instruments.

Benin – Inclusive structural transformation and human development

In a low-income country such as Benin, the AFD Group's intervention relies primarily on concessional financing, complemented by private sector support and institutional strengthening.

The Group focuses on a limited number of sectors that are strategic for the Government (education, energy, culture, urban development, agriculture in the case of Benin), with the aim of supporting economic and social transformation.

Over 2020–2024, 61% of AFD Group disbursements qualify as ODA, reflecting a model still centered on concessionality—essential in this context—but already structured around the complementarity of instruments.

Vietnam – Systemic transitions and low-carbon transformation

In this middle-income country, the Group's intervention is based on a diversified set of instruments, including sovereign and non-sovereign loans, private sector financing and EU delegated funds.

Key thematic priorities include energy transition, climate resilience and infrastructure transformation, in line with the Government's long-term vision.

ODA now represents only 31% of AFD Group disbursements, reflecting a shift towards a transition financing model.

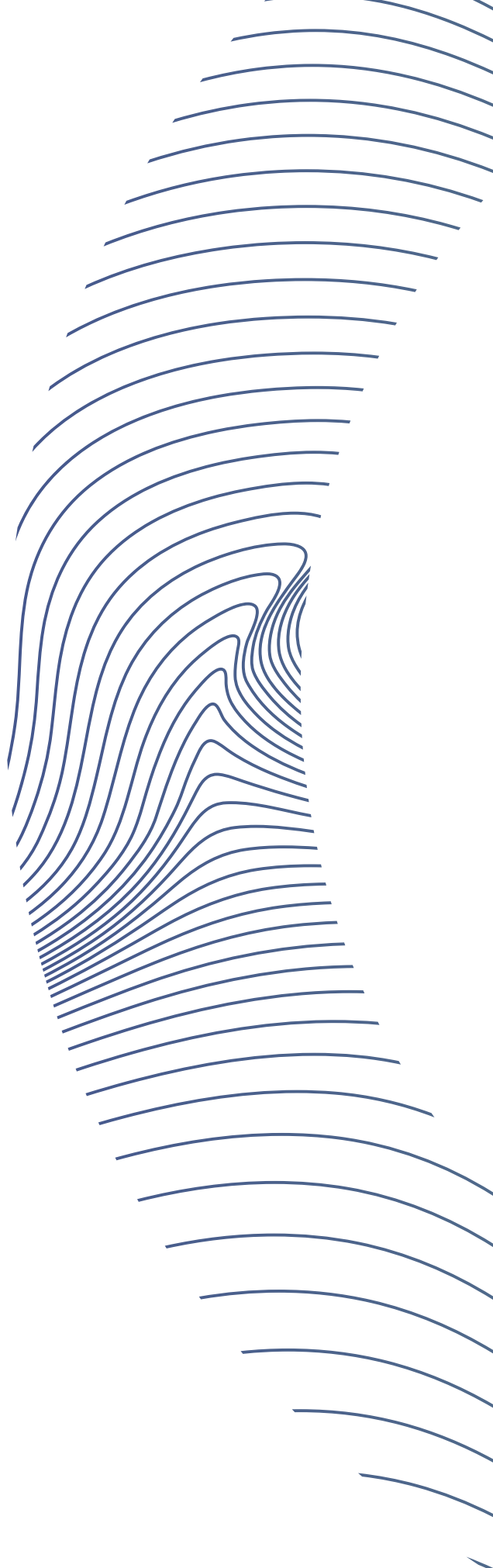
Colombia – Policy support and financial mobilization for territorial, climate and social transitions

In this upper-middle-income country, the model relies largely on non-concessional financing, budget support, and strong engagement with the private sector and national financial institutions.

The Group's interventions focus primarily on climate transition, territorial development and the structuring of financial systems.

With only 25% of disbursements qualifying as ODA, the Group's activity fully illustrates a development finance model that goes way beyond aid.

► **These examples show that the effectiveness of development finance depends less on the volume of ODA than on the combination of instruments,** their alignment with national policies, and their ability to mobilize additional resources.





1

**ODA in perspective:
A broader view
of financial flows**



1.1. ODA measurement and accounting

Official Development Assistance (ODA) was adopted in 1969 by the OECD Development Assistance Committee (DAC) as the reference standard for assessing international efforts for development. The formalization of this concept enabled the harmonization of previously fragmented practices by establishing a common metric capturing the contributions of developed countries. From the outset, ODA was conceived both as a measurement tool and as an instrument of political coordination, facilitating the setting of collective objectives and good practices, as well as the monitoring of international commitments.

ODA represents a financial support provided by DAC member countries to eligible low- and middle-income countries and territories, as well as to multilateral institutions and international NGOs. To be eligible to ODA, resource flows must:

- › Originate from public bodies, including States and local authorities, or from bodies acting on their behalf;
- › Have as their main objective the promotion of economic development and welfare in developing countries, and be provided on concessional terms.

ODA is not limited to grants. It may also take the form of loans provided on concessional terms, allowing beneficiary countries to access financing under more favourable conditions than those available on the market (e.g. lower interest rates or longer maturities), as well as private sector instruments such as guarantees or equity investments. ODA can be either bilateral or multilateral. Bilateral aid is provided directly by a State to a beneficiary country, while multilateral aid is channeled through institutions such as the United Nations or the World Bank, which finance development programmes.

In addition, some domestic expenditures within donor countries may also be reported as ODA, such as costs related to refugee hosting, scholarships for foreign students, or administrative costs¹. While French ODA mainly consists of loans and grants directed towards eligible countries and multilateral organizations, domestic expenditures account for more than 20% of French ODA in 2024.

Following the grant-equivalent reform completed in 2018, ODA now better measures the effective contributions made by donors, particularly grants and the grant element of concessional loans. Grants represent a greater budgetary effort and, when eligible, are fully eligible (1 euro for 1 euro) as ODA. By contrast, only a portion of loans—the grant element—is counted, depending on their level of concessionality compared to reference rates.

The grant element is calculated by comparing the terms of a concessional loan with those of a market loan. It measures the “distance” from reference rates: the more favorable the loan conditions (low interest rates, long maturities, etc.), the higher the grant element. However, the reference rates used for these calculations have remained unchanged for several years and do not reflect the evolving market conditions. To be eligible as ODA, bilateral sovereign loans must therefore have a minimum grant element of: 45% for least developed countries (LDCs) and other low-income countries; 15% for lower-middle-income countries; 10% for upper-middle-income countries; 10% for multilateral institutions.

Since 2023, the reform of private sector instruments (PSI) has adapted the ODA measure to a development finance landscape increasingly characterized by the growing role of private actors and hybrid instruments. These instruments include private sector loans, guarantees, equity investments, mezzanine finance and repayable grants². They are eligible as ODA if they are directed towards low- and middle-income countries and are additional—financially and/or in value, as well as in terms of development impact. They are also accounted for on a grant-equivalent basis rather than net flows, thereby harmonizing the treatment of public and private sector instruments while taking into account their specificities (notably through differentiated thresholds and calculation of the grant equivalent). In 2024, France only reported €244 m of PSI as ODA, of which €202 m through the AFD Group.

¹ Administrative costs related to the management of development cooperation programmes.

² Loans to the private sector and equity investments were already accounted for as ODA (on a net flow basis), but the reform extended ODA eligibility to mezzanine financing and bilateral guarantees, which were previously only accounted for upon call and not upon issuance. Discussions are still ongoing regarding the possible inclusion of guarantees to multilateral development banks upon issuance.

1.2. The AFD Group within the French development cooperation landscape

€13 BN
in AFD Group activity

€14 BN
in French ODA

€4 BN
in AFD Group ODA

€4 BN
in budget for the ODA public budget...

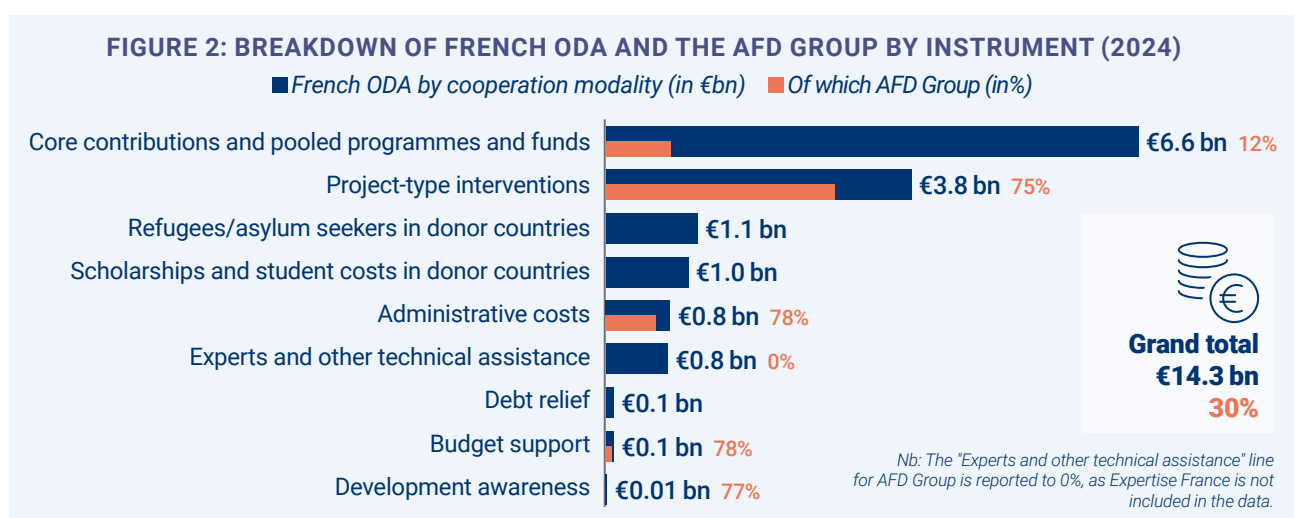
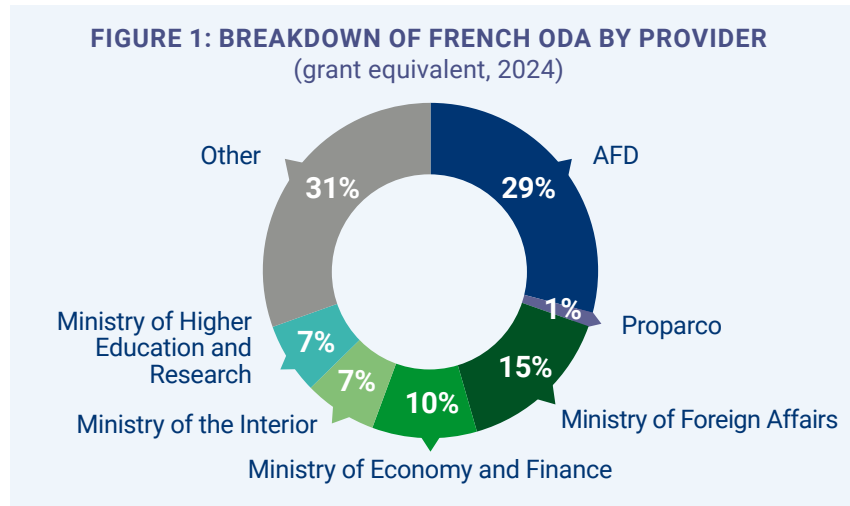
... The plurality of figures may appear confusing: what do they represent and how are they connected?

1.2.1. What is the Group's position within French ODA?

The AFD Group is one of several actors within the French development cooperation ecosystem that contribute to the country's ODA amount¹. Within this ecosystem, the AFD Group plays a pivotal role in bilateral ODA, delivering the majority of its implementation through a wide range of instruments, including grants (project aid, budget support,

technical assistance, debt reduction and development contracts—C2D), concessional and non-concessional loans, as well as equity investments and guarantees.

With €4.3 bn in ODA²—including €4.1 bn from AFD and €200 m from Proparco³—out of a total of €14.3 bn in French ODA in 2024, the AFD Group is the largest contributor to French ODA (30%), alongside the Ministry for Europe and Foreign Affairs (15%) and the Ministry of Finance (10%).



1 Unless otherwise specified, all ODA amounts in this publication are expressed on a grant equivalent basis

2 This figure includes multilateral ODA. The Group's bilateral ODA amounts to €3.6bn

3 Throughout the paper, Expertise France is not included in the ODA and activity data of the Group, as its model as an implementing agency differs significantly from AFD and Proparco, which act as finance providers. Given this specific mandate, Expertise France reports only a limited amount of ODA (around €65m in 2024), corresponding for instance to technical assistance financed by the Ministry for Economy and Finance but implemented and reported by Expertise France.

1.2.2. With which resources?

It is important to distinguish ODA, measured as a statistical indicator according to the OECD's reporting directives, from the budget allocated to development policy (see box below). France's development policy is financed through 24 budgetary programmes, including those within the main "ODA mission" as well as others whose primary purpose is not necessarily development aid¹. Three main programmes constitute the ODA mission: Programme 110, which subsidizes AFD loans; Programme 209, which finances project grants and NGO grants; Programme 384, the "Solidarity Fund for Development"².

In 2024, budgetary resources amounted to €4.8 bn within the ODA mission, and €8.3 bn when considering all expenditures under the broader framework of the 24 budgetary programmes. Of this budget, the AFD Group received €1.7 bn in payment appropriations, including €480 m under Programme 110 and €991 m under Programme 209.

Beyond public budget resources, the AFD Group primarily finances its activities through capital markets.

In 2024, it raised €8 bn through bond issuances brought by central banks (45%), commercial banks, insurers and pension funds (30%), and asset managers (25%), with 56% issued as SDG bonds. The Group also received €0.8 bn in delegated funds from partners such as the European Union, the Green Climate Fund and the Global Partnership for Education.

BUDGET RESOURCES FOR DEVELOPMENT AND THE ODA METRIC

ODA measured according to OECD reporting directives generally differs from the budgetary allocations devoted to development aid, which can create confusion when interpreting these figures.

ODA is measured based on disbursements and should therefore be compared to payment appropriations (PA), which reflect actual financial flows, rather than commitment appropriations (CA), which reflect planned activity volumes.

Even when comparing PA with ODA volumes, differences may remain:

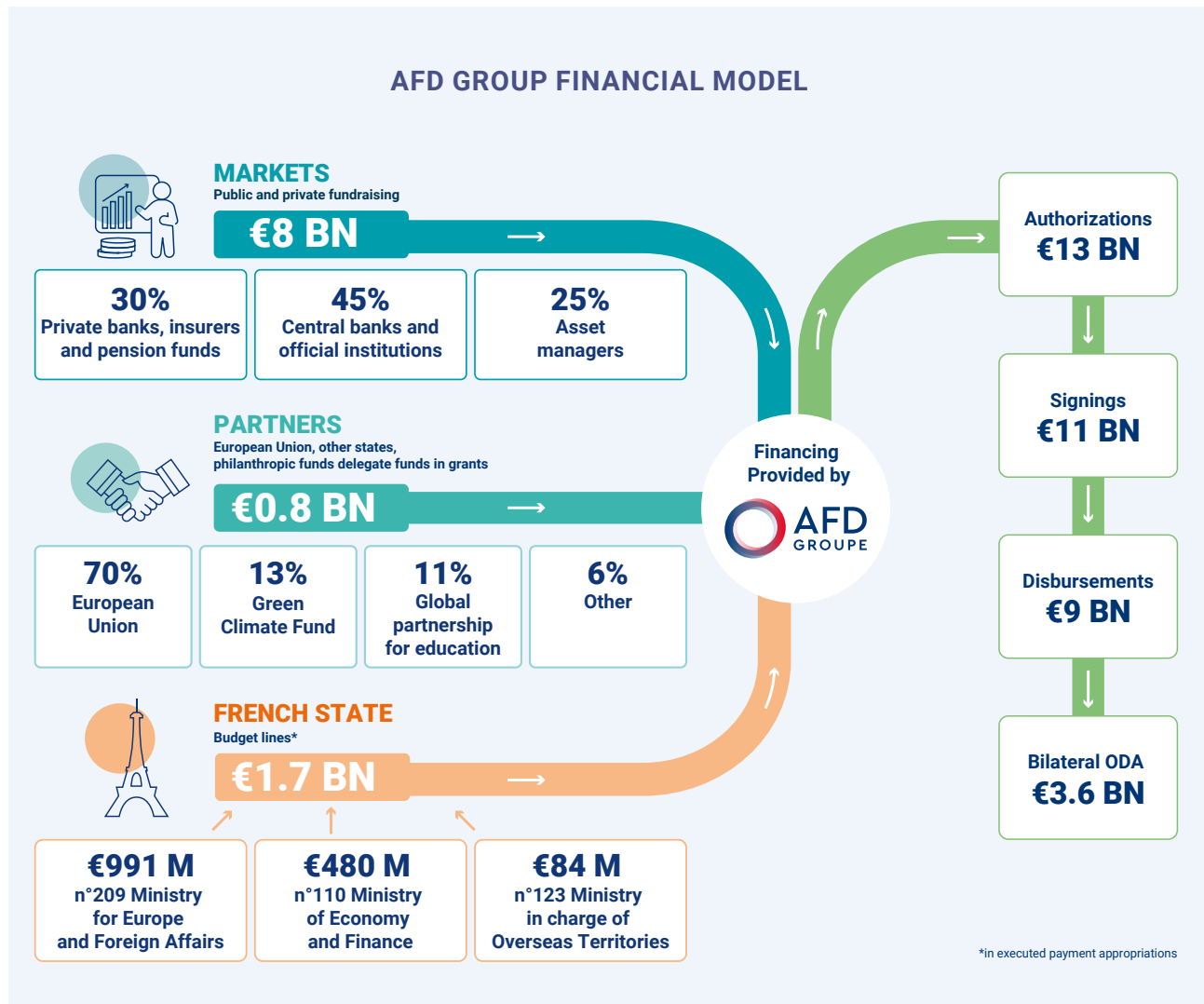
- › **For grants, budgetary expenditures are generally fully counted as ODA**, provided they meet OECD DAC eligibility criteria. However, in some cases, only a portion is counted—for example, contributions to multi-lateral organizations whose activities are only partly directed towards developing countries.
- › **Differences between PA and ODA amounts mainly concern loans and arise from two factors:**
 - **Timing effects:** ODA is recorded when loan disbursements occur, while budgetary expenditures follow a different schedule. For example, interest subsidies under Programme 110 are paid by the State to AFD over time, in line with repayments from beneficiaries, to cover the difference with a repayment at market rates.
 - **Accounting rules:** ODA uses a grant-equivalent measure, which differs from the actual cost of subsidies. Because reference rates are fixed while market rates fluctuate, discrepancies may arise. During the low-interest period (2018–2021), some market-rate loans were counted as ODA; conversely, rising rates have since narrowed this gap.

Source: AFD and cross-cutting policy document "French Development Cooperation Policy," 2026 Budget Bill

¹ The main programs contributing to this cross-cutting policy, alongside the ODA mission programs, include Program 150 "Higher Education and University Research" (€1.2 bn in payments executed in 2024), Program 303 "Immigration and Asylum" (€656 m in payments executed in 2024), and Program 851 "Treasury Loans to Foreign States to Facilitate the Sale of Goods and Services Supporting the Development of France's Foreign Trade" (€237 m in payments executed in 2024).

² Created in 2025

All these financial resources—market financing, State budget contributions and delegated grants—enabled the Group to commit €13 bn to sustainable development in 2024, approximately three-quarters of which were loans. This activity also mobilized €12 bn in additional investments through co-financing projects with AFD partners.



1.3. From business activity to ODA: The AFD Group beyond ODA

Of the €13 bn in commitments made by AFD, only €4.3 bn (including multilateral representing approximately €9bn in disbursements, ODA) are ultimately recorded as ODA, of which €3.6 bn in bilateral ODA; while the Group received €1.7 bn from the State. How to explain this gap?

Four main factors account for these differences:

i) Type of flow: from authorizations to disbursements

A development project follows several stages before effective implementation. After appraisal, which assesses feasibility, risks and programming, the project is submitted for approval. If approved, it results in an authorization, i.e. a formal decision to allocate financing. Historically, AFD has managed its activity based on this notion of authorization, which relates to the notion of budget commitment appropriations (CA).

Following authorization, the project is formalized through a financing agreement signed by AFD and the counterpart, within a year after authorization. At this stage, the OECD considers the project “committed” in statistical terms, which differs from the operational notion of authorization used for operational management. The amount is reported as ODA in commitments.

The project then enters the implementation phase, and funds are disbursed progressively, often over several years.

These “disbursements” are used to calculate ODA in grant equivalent, which underpins the 0.7% target. While commitments reflect donor intentions and policy targeting, disbursements reflect actual implementation. For this reason, the DAC measures ODA efforts based on disbursements.

ODA figures should therefore be compared to disbursements, which amounted to approximately €9 bn in 2024.

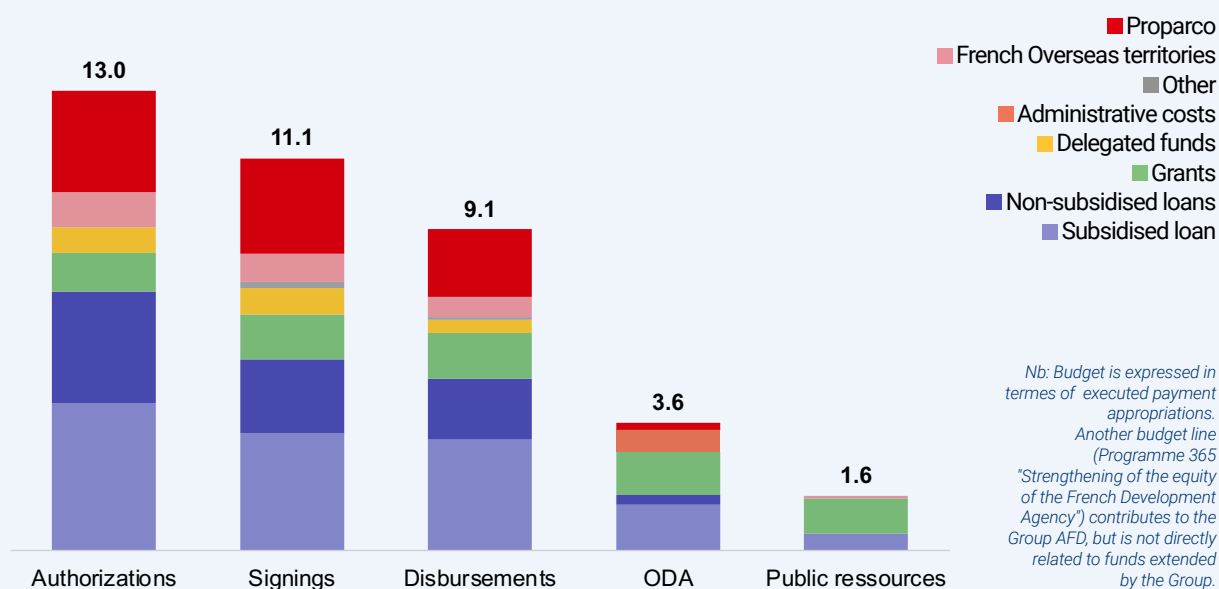
ii) Geographical scope: exclusion of overseas territories from ODA

The AFD Group has also been active for over 80 years in French Overseas Territories, representing just under 10% of its total activity. However, these territories are not eligible for ODA (except Wallis and Futuna). Of the €560 m disbursed in Overseas Territories in 2024, only €0.2 m for Wallis and Futuna is counted in the Group’s ODA.

iii) Origin of flows: exclusions of delegated funds from ODA

Funds delegated to AFD Group by partners are not counted as AFD Group’s ODA, even though they generate activity. Instead, they are reported by the original donor. This rule ensures data comparability and avoids dual counting when a financial resources transits through an implementing actor (i.e. Expertise France).

FIGURE 3: AUTHORIZATIONS TO THE AFD GROUP’S BILATERAL ODA IN 2024 (in €BN)



iv) At comparable scope: differences due to ODA accounting methods

When comparing disbursements to foreign states only (excluding overseas territories), the main differences stem from the ODA accounting methodology itself. Indeed, the reporting directives both (a) give little or no value to some AFD Group flows, and conversely (b) count some flows that the Group does not include in its own activity volumes.

a. Limited or no recognition of certain flows in ODA

The first gap relates to the very scope of ODA, which only includes loans deemed concessional under OECD DAC rules. When a loan is extended on terms that do not meet these criteria—for example because it is non-concessional—it may still bring a full contribution to sustainable development financing in terms of quality and impact (see part 2), but it is not recorded as ODA. Instead, it is reported separately under the category of Other Official Flows (OOF). In other words, part of the AFD Group’s financing activity, despite being useful and transformational for partner countries, falls outside the ODA metric by design. During periods of low interest rates, some loans that did not benefit from budgetary subsidies could nevertheless, at the time they were signed, be considered concessional enough to qualify as ODA (see box above). ODA generated by AFD loans is therefore mainly linked to disbursements of subsidized loans, but may in some cases also stem from disbursements of non-subsidized loans¹ (see Figure 3).

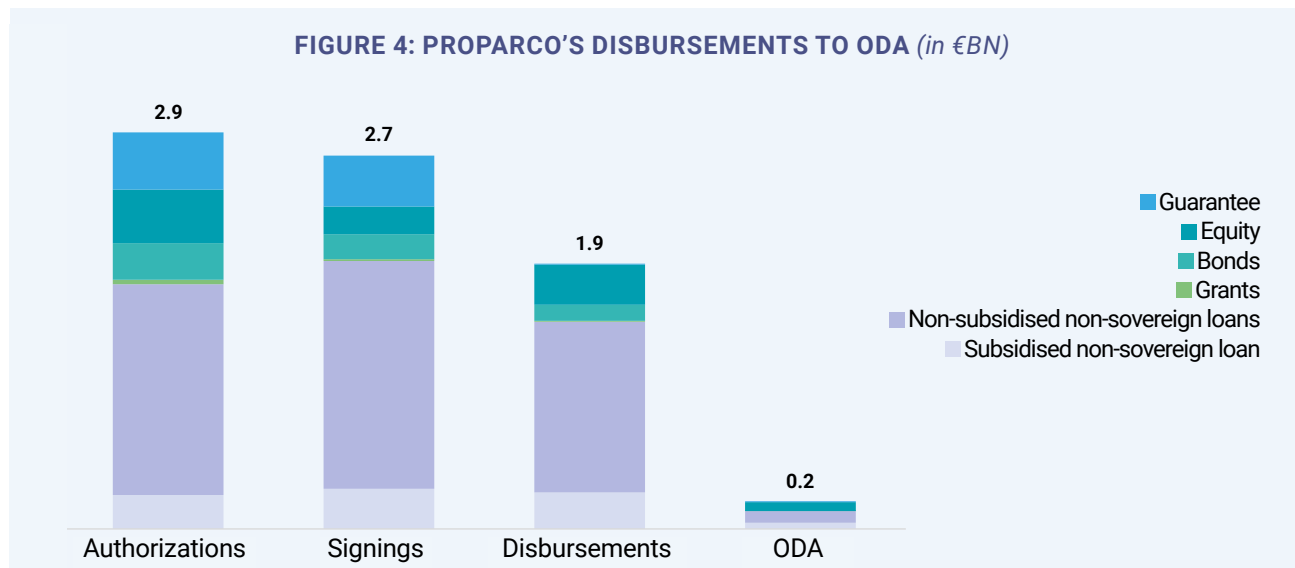
The second gap lies in the logic of grant-equivalent methodology itself (see 1.1), which values loans according to

their degree of concessionality. By definition, this method only partially values the loan within ODA. It is intended to approximate the donor’s budgetary effort, without being fully equivalent to the actual resources allocated to subsidizing loans, particularly because of fluctuations in market rates.

The third gap concerns private sector instruments. The accounting rules remain cautious and result in only limited recognition of these instruments in ODA and related incentives. Proparco’s activities, as the Group’s private sector body, therefore generate very little ODA: of nearly €2 bn in disbursements in 2024, only €0.2 bn is reportable as ODA (see Figure 4). The main contributors are loans and equity investments, which generated approximately €120 m and €60 m of ODA respectively. By contrast, bonds held by Proparco are not reportable as ODA at all, and guarantees² are only marginally recognized. Of €372 m in guarantees signed in 2024, the private sector instrument accounting method results in only €2.6 m being counted as ODA. This amount is even lower than the guarantees effectively called in 2024 (€3.5 m).

b. ODA eligibility of some flows not reflected in AFD Group activity

Conversely, some items that are counted as ODA are not reflected in the AFD Group’s activity volumes. This is notably the case for administrative costs, which may be included in ODA when they are not accounted for elsewhere. In 2024, these amounted to approximately €620 m for the Group, without being considered part of its operational activity volumes.



¹ However, "non-subsidized" sovereign loans benefit from a form of indirect concessionality. AFD's pricing aims for balance, not profit, which distinguishes it from commercial banks. Furthermore, AFD does not charge a risk margin for its sovereign counterparties: this risk is provisioned by AFD's reserve account, which is funded partly by the French government and partly by a fee component of sovereign loans to only the largest emerging economies. Moreover, since AFD finances itself on the bond markets under favorable conditions close to those of the French government, it effectively allows its clients to benefit from a form of concessionality linked to its status as a public development bank.

² Since the reform, bilateral guarantees can be accounted for as soon as they are issued and not only when they are called upon, but the new accounting method leads to a low valuation of these guarantees in ODA.

1.4. What is the exact measure of AFD performance?

AFD Group Snapshot in 2024

Bilateral ODA
€3.6 BN

Climate Finance
€6.3 BN

Total Activity (authorizations)
€13 BN

Co-financing
€12 BN

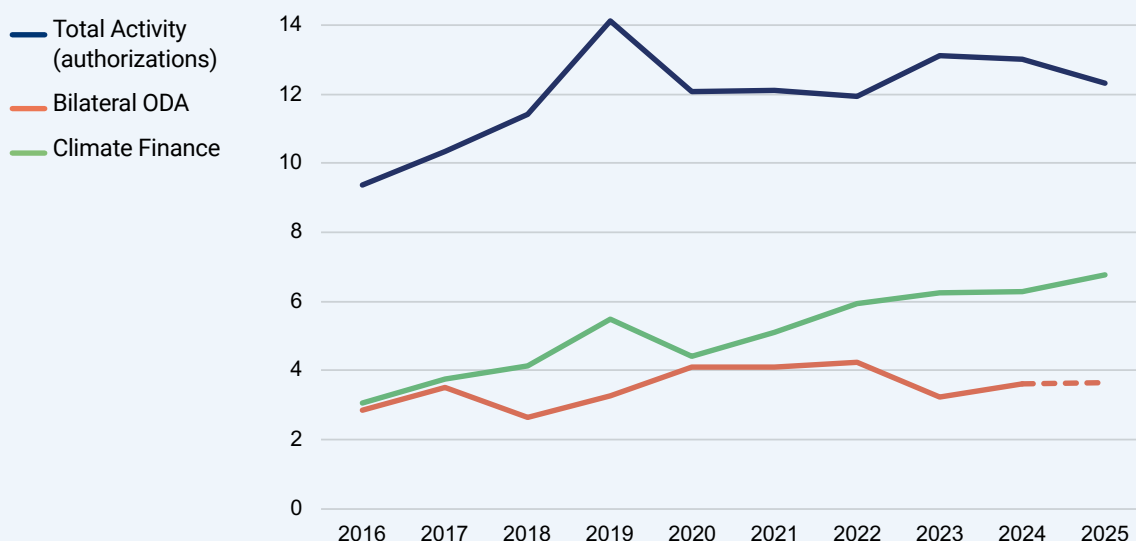
AFD Group performance is best understood through a set of complementary metrics, each capturing a different dimension of its activity. While ODA remains a central indicator of international solidarity, additional aggregates help reflect both the scale of financing provided and the Group’s capacity to mobilize resources.

In 2024, this can be illustrated through four key orders of magnitude: €3.6 bn in bilateral ODA, €6.3 bn in climate finance, €13 bn in total activity. This activity also led to 12 bn in additional investments through public and private co-financing projects with AFD partners (cf. 1.3). These figures highlight the Group’s role not only as a direct provider of financing, but also as a platform for structuring and leveraging broader financial flows.

Over the period 2016-2025, all indicators point to a gradual expansion of activity. Commitments increased from €9.4 bn in 2016 to €13 bn in 2025. Bilateral ODA increased from €2.8 bn in 2016 to €3.6 in 2024, while climate finance, which is less dependent on concessional resources, more than doubled. Overall, these trends reflect a parallel upward evolution of different financing streams, supporting the scaling up of development interventions without foreclosure effect.

Such a dashboard, potentially limited to four key volumetric indicators, raises important questions for AFD regarding the incentives it creates. It also highlights the need for a more encompassing metric that can better capture and value the full spectrum of public and private flows mobilized for sustainable development, as the SDGs and climate agenda – despite current headwinds – remain central and widely shared international benchmarks addressing persistent global challenges.

DEVELOPMENT FINANCE METRICS – AFD GROUP (€BN)



1.5. ODA: A metric primarily built from the donors' perspective

By design, ODA is built from the perspective of donors. Its logic is reflected in the way flows are recorded “at source”, i.e. at the moment resources are mobilized and according to the costs borne by the donor. Contributions to multilateral organizations, for example, are recorded when they are paid by the donor, regardless of how and when they are ultimately used in partner countries, creating a bias with bilateral contributions accounted when disbursed.

This approach presents limitations when the objective is to understand the resources effectively mobilized at country level. From the perspective of recipient countries, the flows actually available may differ significantly from the amounts reported as ODA, due to several factors: implementation delays, intermediation costs, or the inclusion of expenditures that do not result in actual cross-border transfers. This contributes to criticisms regarding the gap between reported ODA and resources effectively received.

These limitations have led to reflections aimed at better integrating a “recipient perspective”, centered on flows that are effectively transferred and for actual use of partner countries. The TOSSD framework, particularly its pillar I, has sought to move in this direction by capturing all public flows directed towards developing countries, regardless of their level of concessionality. Furthermore, it transcends the traditional divide between Northern donors and Southern recipients, by including South-south cooperation. However, its scope also includes, through pillar II, expenditures that are not transferred to partner countries. While this reflects the broader effort towards sustainable

development, it may reduce the readability of the indicator from a recipient perspective.

In sum, from the donor's perspective, ODA measures official financial effort, whereas from the recipient's perspective, what matters is the funding effectively received—including through loans at near-market rates or private resources. ODA is therefore situated within a donor-centered perspective of development finance: it reflects public solidarity expenditures, not the full set of resources mobilized for partner countries. This distinction highlights the **need for a complementary reading to capture the full continuum of development finance, which extends well beyond solidarity measured by its budgetary cost.**

In this context, AFD is working through the FiCS coalition to better consider the recipient perspective within development financing. Indeed, country platforms (CPs) provide a nationally-led framework to address the challenge of coherence and legitimacy of investment programs in partner countries, acting as an anchor of national sovereignty. They aggregate project pipelines, align them with national priorities, coordinate diverse sources of finance, and measure financial flows and impacts for greater transparency. FiCS is supporting these CPs, and underscores the importance of National Development Banks (NDBs) playing a central role in these operational hubs, given their unique ability to translate national priorities into the origination of bankable project pipelines.

1.6. Rethinking development finance

This analysis, based on the AFD case study, highlights a structural gap between the measurement of ODA and the reality of financial flows mobilized in support of sustainable development. While ODA remains an essential tool for capturing donors' budgetary effort and a key reference for international solidarity, its political and strategic scope tends to weaken as its content becomes more heterogeneous and as the expectations placed upon it multiply. By aggregating expenditures of very different natures, sometimes including domestic costs, ODA, if considered as the only reference metric, can blur the readability of the actual effort directed towards partner countries and weaken its understanding in public debate. Moreover, it only partially reflects the diversity of instruments mobilized and the actual volumes deployed in support of sustainable development.

Based on the AFD Group economic model, ODA thus struggles to capture the profound transformations currently reshaping the development finance landscape, especially in emerging countries: the growing role of emerging economies as donors, the increasing importance of global public goods, the diversification and fragmentation of financial instruments, and the rising significance of non-concessional and private financing. In this context, maintaining ODA as the sole reference metric leads to overestimating its relative weight, to overburdening its scarce resources, and to underrepresenting the diversity of effective financing levers.

From an AFD perspective, these findings call for an evolution with ODA as a starting point, by refocusing concessionality on its core purpose of solidarity, while embedding it within

a broader and more coherent measurement architecture. It would thus be possible to distinguish: on the one hand, ODA to measure the effective concessional effort of donors; on the other hand, a complementary metric—for example, "Sustainable Development Investment (SDI)"—that would capture the full range of international public contributions to sustainable development and climate action, whether in low-income or middle-income countries, as well as the private financing mobilized through these public flows, both concessional and non-concessional. This metric could be based on pillar I of TOSSD.

The objective is therefore to move beyond a single, partial reading of development finance and towards a framework that clearly articulates these two perspectives, in order to better reflect the full continuum of financial flows.

Finally, and perhaps most importantly, **building a more comprehensive framework for development finance is not only about better measuring flows, but also about creating the right set of incentives for all actors,** in alignment with the SDG framework and the objective of "leaving no one behind." The growing SDG financing gap—now estimated at over USD 4 trillion annually—makes it clear that ODA alone cannot bridge the divide between needs and available resources. Therefore, a broader measurement of both public and private finance mobilized, combined with the setting of ambitious targets—without necessarily implying significantly higher costs for taxpayers—could provide a credible starting point to address this structural mismatch between financing needs and supply.

In this perspective, AFD and other public development banks, notably within the FiCS community, advocate for a redefinition of the Financing for Development (FFD) framework. This would entail revisiting the rules governing the allocation of concessionality, designing appropriate incentive structures, and developing accounting mechanisms capable of capturing progress not only in quantitative terms (volumes of finance mobilized) but also in qualitative terms (the degree of alignment of financial flows with sustainable development objectives). Such an evolution would help shift the focus from isolated commitments to systemic impact, better reflecting the transformative ambition underpinning the SDGs.



2

**The Value of the AFD Group:
An ambition of quality and a
set of tools to ensure a dual
alignment of financing**

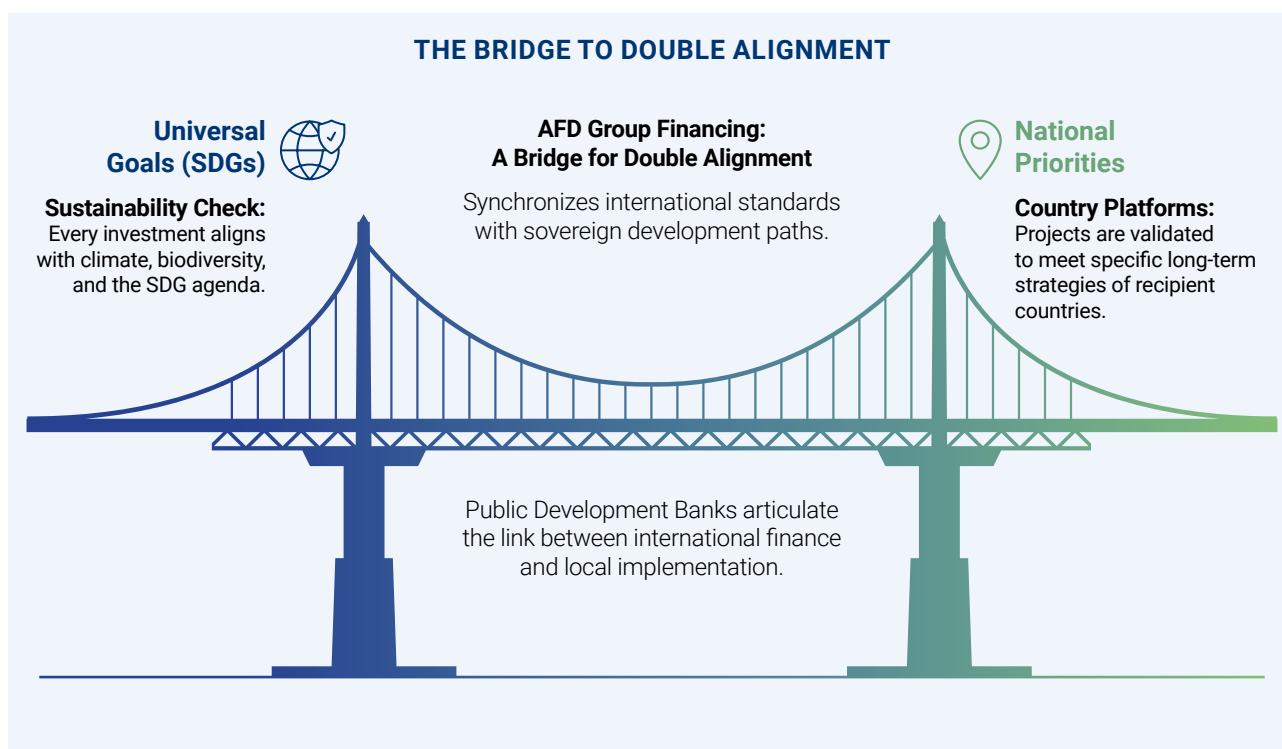


2.1. A financing approach tailored to each country's sustainable development challenges

The AFD Group's objective is to provide its partners with resources—financial, technical assistance, and knowledge—in order to contribute to the sustainable development of the countries in which it operates, based on their specific contexts and sovereignly defined priorities. The AFD Group does not therefore operate on the basis of global volumetric objectives in terms of “ODA production”. Quality and impact to reach the SDGs are the central purposes of its action, and ODA is a reference metric—essential but not sufficient—for assessing efforts in this direction. The growing gap between the financing required to achieve the SDGs and the actual level of concessional public resources available (a gap estimated at

1 to 20) justifies, from the Group's perspective, the need to mobilize the full continuum of financial flows—public (both concessional and non-concessional) as well as private—that effectively and transparently contribute to sustainable development.

The Group's added value therefore does not only lie in its contribution to traditional development finance metrics, but rather in its overall activity, guided by an ambition of quality and impact through dual alignment, which seeks to reconcile—within the international development system—national development trajectories and global sustainability objectives.



2.2. A dual alignment at the core of the AFD Group's strategy

In order to translate this ambition into practice, the AFD Group has adopted a strategy that embodies this specific value proposition.

The Group's strategic framework

The 2025–2030 Strategic Orientation Plan is structured around several commitments that clearly articulate the Group's ambitions in terms of value added for its partner countries:

- › Pursuing a dual alignment
 - **with major universal objectives** endorsed by the vast majority of States (climate, biodiversity, gender, and more broadly the entire SDG agenda), within a framework of strong sustainability of development models, seeking ecosystem integrity, reduction of inequalities, and shared prosperity;
 - **with the national priorities of sovereign States**, as expressed in their development strategies and long-term trajectories, in a posture of attention, respect and responsiveness;

- › **Adopting a differentiated approach across three geographical mandates**, by adapting its instruments to local contexts, demands and needs: 1) supporting sustainable, inclusive economic and social development in the most vulnerable countries, (where at least 60% of the financial resources allocated by the French State are concentrated); 2) supporting a just transition in middle-income and emerging countries;
- › **Acting as a mobilization platform**, bringing together in France, in Europe and internationally the forces for change in support of partner countries, through three primary and complementary channels: financial mobilization; citizen mobilization; mobilization of knowledge, technologies and expertise;
- › **Delivering on the promise of Group offering a seamless range of solutions**, by deploying an enhanced and attractive AFD–Proparco–Expertise France comprehensive offer, providing all local actors (States, public enterprises, local authorities, private sector, civil society) with access to financing and technical support opportunities geared towards quality and impact.

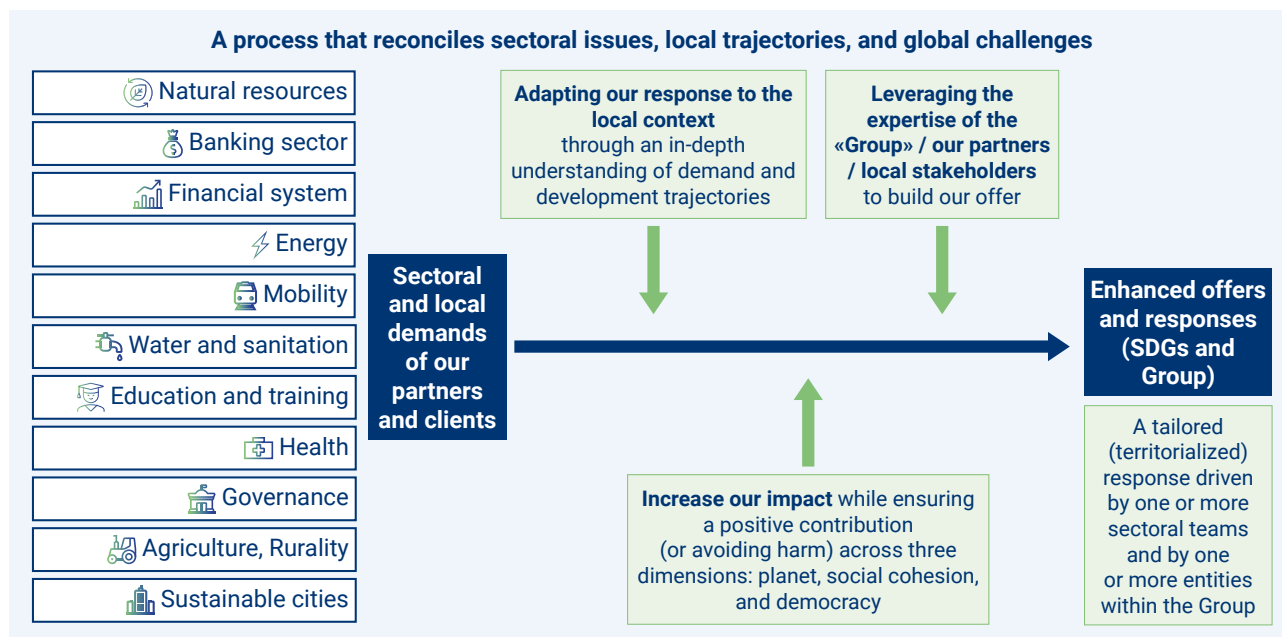
Country strategies built on dual alignment

In line with the Group's Strategic Orientation Plan, country intervention frameworks incorporate the national development strategies of partner countries, which serve as the foundation for designing the Group's offer in response to these priorities.

An impact framework combining local demand and global objectives

In practical terms, this dual alignment is embedded in the operational activities of project financing through a clearly articulated theory of quality and impact: operations are designed based on requests from clients, viewed through the lens of sustainability and the Group's strategic ambitions. They generate development outcomes that are measured and monitored by AFD, and thus contribute to broader impact objectives.

A process that reconciles sectoral issues, local trajectories, and global challenges



2.3. A comprehensive set of tools to ensure the quality of this dual alignment

By adapting to contexts and needs, the AFD Group commits in practical terms to: 1) increasing the share of its financing that delivers transformational and systemic impacts; 2) maximizing co-benefits and positive synergies between its three cross-cutting priorities; 3) ensuring that its interventions do no significant harm to any of these priorities under any circumstances.

To this end, the Group has developed a set of tools systematically implemented in its operational activities.

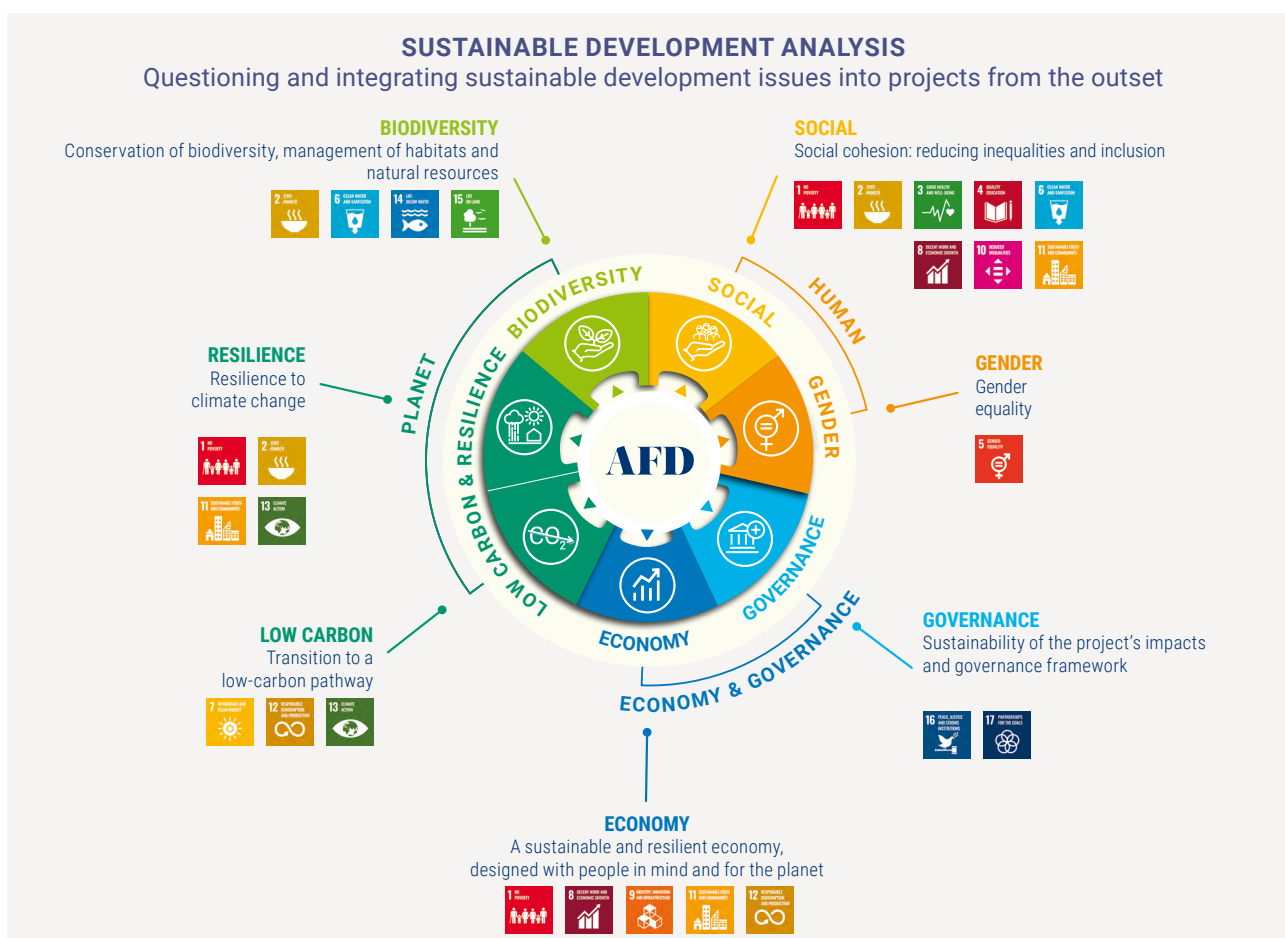
An analytical framework to qualify expected impacts

Implemented at AFD in 2014 and extended to Proparco and Expertise France in 2023, the **“Sustainable development analysis framework”** contributes to the qualitative piloting of financed operations. The Group assesses the expected impacts of each operation using a common analytical grid adapted to the specificities of each entity. This approach ensures that financed projects contribute positively to

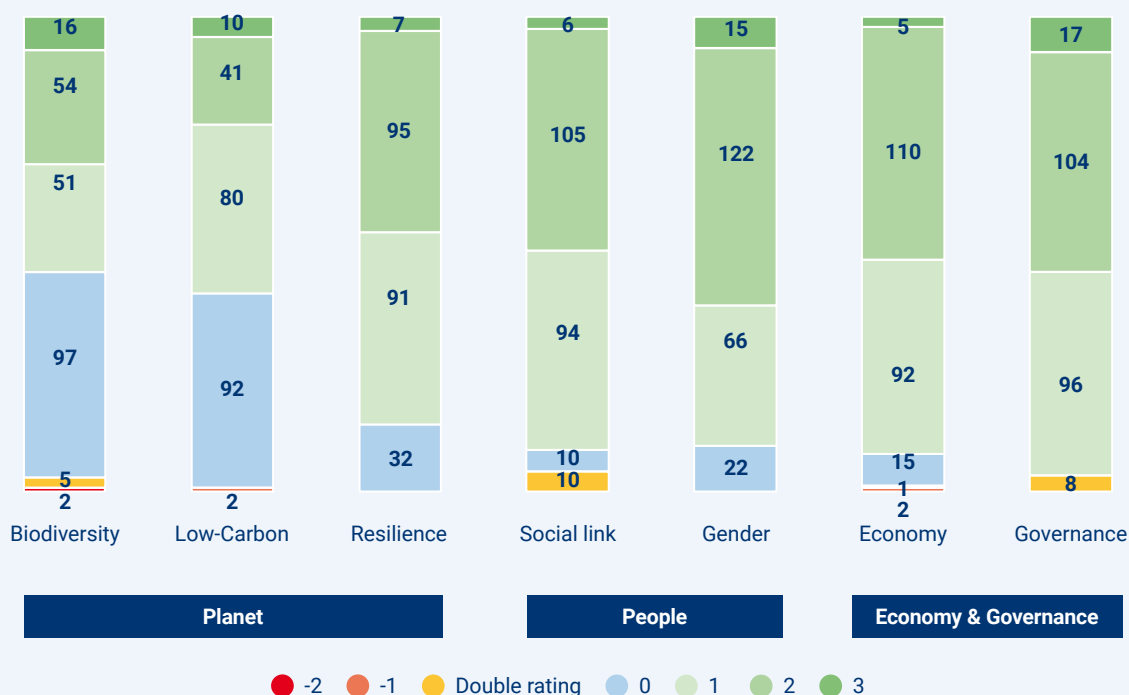
sustainable development, avoid negative impacts, and foster synergies across SDGs.

The analysis covers seven dimensions: biodiversity preservation and natural resource management; transition towards low-carbon trajectories; resilience to climate change; social cohesion and reduction of inequalities; gender equality; sustainable and resilient economic development; democratic and inclusive governance. For each dimension, impacts are assessed according to their magnitude: negative impacts: significant (-2) or residual (-1); neutral impacts (0); positive impacts: moderate (+1), significant (+2), or structural/transformational (+3).

More than ten years of practice, across all teams and covering over 2,500 projects, have enabled continuous refinement of this methodology and a deeper understanding of synergies and trade-offs across sustainable development dimensions.



RATINGS OF SUSTAINABLE DEVELOPMENT ASPECTS OF PROJECTS GRANTED BY AFD IN 2024 (number of projects per rating)



A mechanism for monitoring impact

The Group's impact monitoring framework also allows for alignment both on national priorities and sustainable development outcomes. During project appraisal, indicators are defined jointly with clients and stakeholders to support the operational steering of projects. This dialogue ensures that monitoring systems are both realistic and adapted to the capacities of partners.

Two types of result and impact data are collected annually:

- › **for newly approved projects:** development commitments, corresponding to the expected future results of financed operations;
- › **for completed projects:** actual, measured results and impacts.

Ex-post evaluation of results and impact

At project completion, collected results feed into analysis and evaluations that support learning from past interventions. At AFD, evaluations are decentralized—conducted close to the field—and carried out by independent third parties.

Since 2023, **a sustainable development analysis at project completion** has complemented traditional evaluation approaches. The expected impacts identified at project approval are compared with actual results, enabling a better understanding of what worked well and what challenges arose during implementation, particularly regarding sustainable development dimensions.

Finally, the knowledge generated and lessons learned from these evaluations are then used to adjust projects, strategies and operational tools, in a continuous learning process aimed at improving quality and amplifying development impact.

In addition to evaluations, AFD conducts capitalization exercises, which analyse practices and experiences from interventions in order to generate knowledge to be shared with partners and clients.

2.4. The Group's intervention design: empowered partners, proximity to clients

Beyond this set of tools, the very fundamentals of the Group's intervention model ensure strong alignment with local contexts, guarantee partner-led implementation by design and ultimately support the clients' transformation.

A network of regional and local agencies at the heart of the system

AFD operates one of the most extensive bilateral networks in terms of geographical coverage (Africa, Asia, Latin America, Oceania), enabling it to tailor its tools and approaches to each country's development trajectory. Its network of 85 agencies and 17 regional offices, present in 167 countries and 12 Overseas Territories, allows for a fine understanding of local realities and the design of financing solutions closely aligned with partners' needs. This network is also characterized by a strong presence of national staff from host countries within local agencies. Initially an AFD network, it is now evolving into a fully integrated Group network with Proparco and Expertise France.

Funds transferred to partner countries, reliance on national procurement systems

Countries do not contract loans—even concessional ones—to finance activities that are not aligned with their official national strategies. As a historically banking actor, with an activity largely based on lending, AFD is naturally positioned to ensure that its financing responds to national priorities.

In practice, this orientation is reflected in the **systematic transfer of project ownership** to national authorities, which are responsible for procurement processes and the selection of contractors. At the same time, the Group requires local authorities to align with international standards of transparency and performance where national procedures would fall short; and in contexts where the State is not able to effectively implement thorough public policies, the Group may rely on other actors, i.e. Expertise France, civil society, etc to deliver development projects.

These practices embody the Group's support for local financial systems and procedures, ensuring both strong alignment with partner needs and the maximization of sustainable development outcomes.



3

**Strengthening impact
through national priorities
and the full range
of financial instruments**



This section provides a comparative analysis of the AFD Group's interventions across several partner countries, with the aim of illustrating concretely **how the combination of financial instruments—complementing ODA resources—and actors supports differentiated development trajectories and transitions**. These combinations depend in particular on the level of development of the countries concerned, which determines both the degree of concessionality allocated and their financial capacity.

In a context marked by the transformation of the development finance landscape—characterized by the diversification of funding sources and the emergence of new needs linked to climate, economic and social transitions—the key issue is no longer solely the volume and pricing of ODA received by a country, but also the coherence, complementarity and quality of financial flows mobilized at national level.

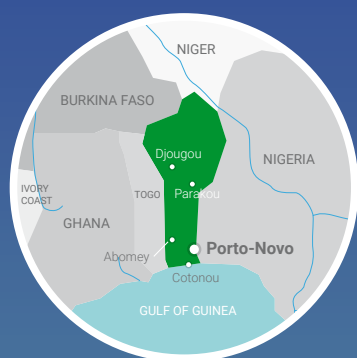
The case studies presented illustrate how the AFD Group, through its three entities, is positioned within this evolving landscape by mobilizing a broad and diversified set of

instruments - concessional and non-concessional financing, public policy-based support, private sector financing, and partnerships with national financial institutions. They also show that the effectiveness of these interventions increasingly depends on their ability to articulate with partner countries' national strategies, domestic financing, and interventions by other donors.

The comparative analysis of these country cases highlights **the diversity of intervention models, depending on levels of development, national priorities, institutional structures, and the maturity and financial robustness of implementing entities**. It thus illustrates, in operational terms, the approach at the core of the Group's strategy and action: the ability to combine, in a coherent and differentiated manner (with close attention to the quality, impact, quantity and pricing of its instruments), the full spectrum of financial flows—public, private, concessional, non-concessional and domestic—is now a key determinant of the impact of development policies.

3.1. Benin:

INTEGRATED MOBILIZATION OF AFD GROUP INSTRUMENTS TO SUPPORT INCLUSIVE STRUCTURAL TRANSFORMATION IN A LEAST DEVELOPED COUNTRY (LDC)



43 AFD projects under
Implementation
(loans and grants)
for a value of
€861.4 M

€735.7 M
AFD exposure

Climate co-benefits
26.3% (since 2019)

Gender **64%**
(since 2019)

3.1.1. Development challenges: a dynamic trajectory facing persistent structural issues

Over the past decade, **Benin has embarked on a trajectory of economic transformation marked by strong reform momentum and improved macroeconomic fundamentals.** This trajectory is shaped, in particular, by the Government's Action Program (Programme d'Action du Gouvernement "PAG"), which aims to modernize the economy, strengthen infrastructure and accelerate human capital development. However, significant challenges remain. Benin ranks 185th out of 218 countries in terms of GDP per capita¹. Its growth model remains weakly diversified, highly exposed to regional trade dynamics, and characterized by a high level of informality. Infrastructure needs—particularly in the energy sector—remain substantial, as do challenges related to youth employment, vocational training, and the resilience of rural areas. These challenges are compounded by increasing vulnerabilities to climate and security risks in the sub-region.

In this context, the key stake for technical and financial partners, and particularly for the AFD Group, is to support a structural transformation of Benin's economic model, combining investments, reforms and private sector development.

3.1.2. A structured dialogue with the State at the core of the AFD approach

Present in the country since 1956, **the AFD Group's intervention in Benin is based on close alignment with national priorities**, in line with its intervention logic. The Government Action Programme (PAG) serves as the central reference framework for all interventions. It structures the dialogue between AFD and Beninese authorities, particularly with sectoral ministries and institutions responsible for planning and public finance.

This dialogue is reflected in:

- › a co-construction of projects based on national sectoral priorities;
- › an articulation between investment financing and policy-based support;
- › a strong reliance on national project ownership, fostering projects appropriation.

AFD positions itself within a long-term partnership approach, aimed at supporting structural reforms while strengthening public policy implementation capacities. It is the country's third largest financial partner, after the World Bank and the African Development Bank, and the leading bilateral donor.

¹ Source: IMF, World Economic Outlook, October 2025

3.1.3. A combined mobilization of AFD Group instruments

The AFD Group's activity in Benin reflects a **complementary mobilization of concessional instruments and tools aimed at private sector development**, adapted to a low-income country context. Between 2020 and 2024, AFD committed €525 bn (an average of €105 bn per year) and disbursed €421 bn (an average of €84 bn per year). AFD's activities in Benin, fully reportable to the OECD DAC, generated €256 bn in ODA under the grant equivalent method over the same period. Consequently, 61% of the financial flows received by Benin from AFD during this period counted as ODA.

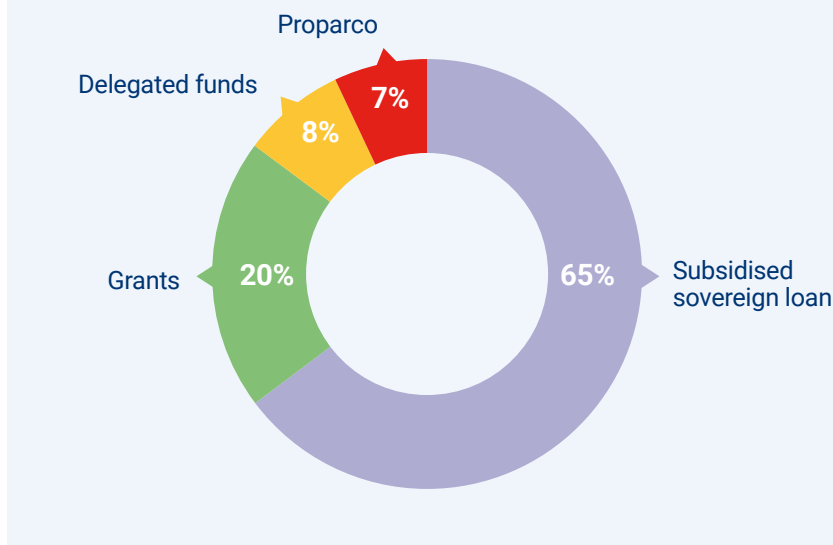
Structure of Commitments

Over the recent period (2020–2024), the AFD Group's activity in Benin is characterized by:

- › predominance of **concessional sovereign financing** (grants and subsidized loans), forming the core of the intervention;
- › **sectoral concentration** on key structuring areas (energy, education, culture, urban development, agriculture);
- › **significant volumes of commitments**, reflecting the Group's leading position among bilateral donors in the country.

Financing is primarily directed towards public investment projects, with limited use of non-sovereign instruments, although these are expected to expand in the future.

BENIN - STRUCTURE OF AUTHORIZATIONS GROUP 2020/2024



A Group approach

The AFD Group's approach combines several complementary intervention modalities:

- › **AFD** focuses primarily on sovereign financing through concessional loans and grants, as well as policy-based support.
- › **Proparco**, with a local office established in 2025, operates in a more targeted manner, supporting the private sector—especially SMEs. This includes providing credit lines or portfolio guarantees in partnership with local financial institutions, notably under the Choose Africa program¹.
- › **Expertise France**, when mobilized, complements these interventions with technical assistance, supporting sectoral reforms and institutional capacity building. This includes, for example, support for Benin's cultural and fiscal policies.

This combination allows for the articulation of infrastructure and public policy financing, private sector development, and capacity building — three essential dimensions for transformational impact.

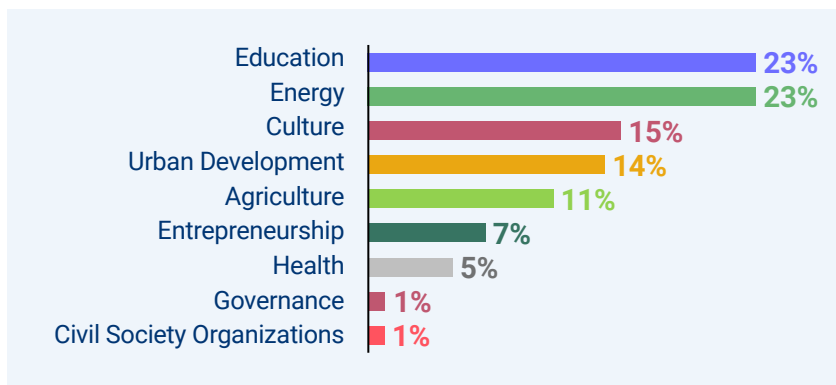
Diversified co-financing, particularly with African regional development banks

The AFD Group adopts a strong partnership approach and coordinates with other actors, notably through co-financing projects with the European Union (approximately €80 m in delegated funds); the World Bank (€94 m); the Islamic Development Bank (€89 m); the European Investment Bank (€68 m); the West African Development Bank—BOAD—(€ 60m); the African Development Bank (€57 m)

¹ Through Choose Africa, the AFD Group (AFD and its private-sector subsidiary Proparco) provides a full range of tools to finance and support African start-ups, micro-enterprises, and SMEs at different stages of their development, including through local partners backed by the Group.

3.1.4. A thematic concentration aligned with the challenges of an LDC

The AFD Group's intervention in Benin focuses on a limited number of strategic sectors—education, energy, culture, urban development and agriculture—within a broader objective of economic and social transformation.



The energy sector is a major focus area, as only 41% of the population has access to electricity, and less than 12% in rural areas. AFD-financed investments aim to expand access to electricity, particularly in rural areas, improve network reliability and develop renewable energy. Proparco complements this approach with a first investment planned in 2026 in solar power plants.

1/10 person in Benin has access to electricity thanks to projects financed by AFD

The equivalent of **20%** of the national annual consumption is produced by photovoltaic solar power plants

Electricity networks extend across half of Benin's departments

The education sector and vocational training represent another major focus. Currently, only two out of ten children complete lower secondary school, and 75,000 young people enter the labour market each year with limited employment opportunities. Since 2015, €175 m has been committed through grants and subsidised loans to improve youth employability, strengthen the link between training and employment, and reduce gender inequalities in secondary education.

1,000 classrooms built for **50,000** students enrolled in school

12 technical high schools under construction

8 university partnerships

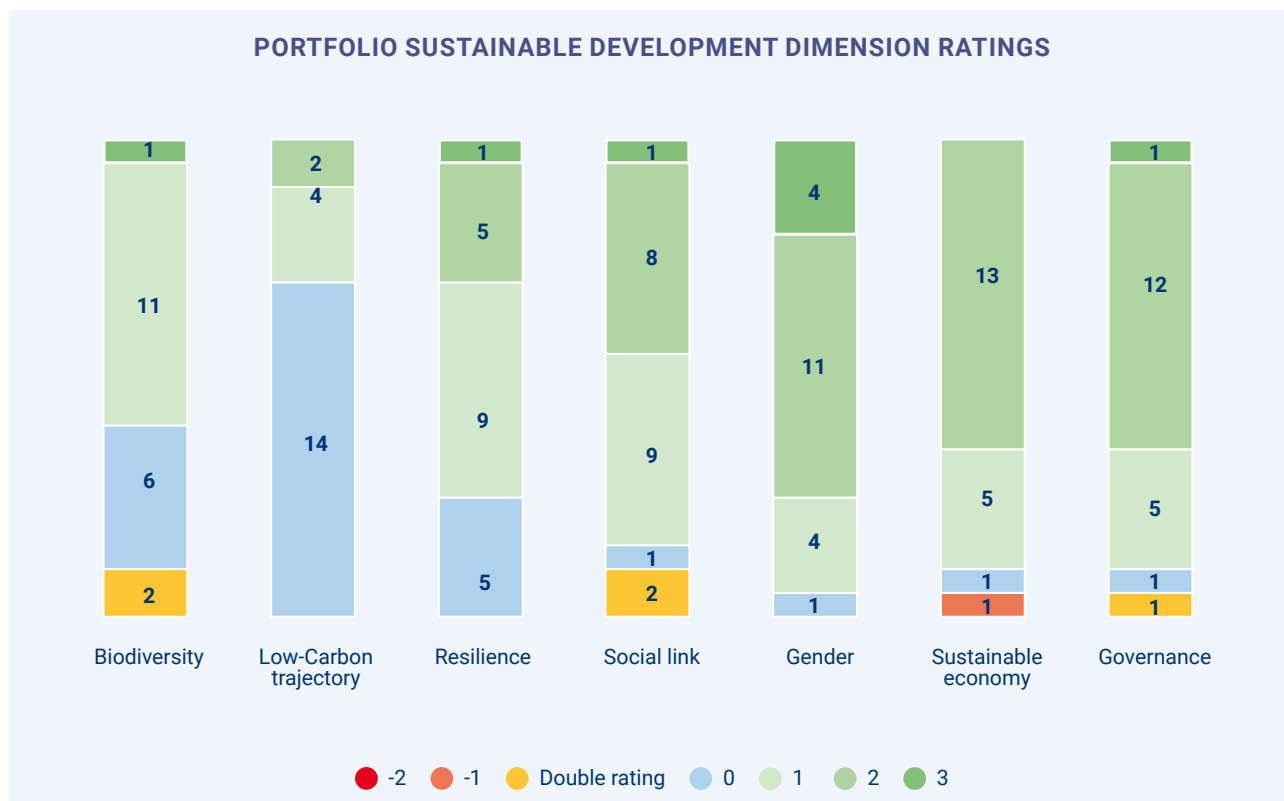
3.1.5. A strategic partnership with the Caisse des Dépôts et Consignations of Benin

A structuring feature of the intervention model in Benin lies in the relationship with the Caisse des Dépôts et Consignations du Bénin (CDCB). As a rapidly developing public financial institution, the CDCB is playing an increasingly important role in financing domestic development. The partnership with the AFD Group allows the CDCB's to strengthen long-term financing capacity, notably by supporting reflection on the mobilization of domestic resources through the **support facility for West African deposit and consignment funds**, which mobilizes a €3 m grant and is implemented by Expertise France.

The CDCB is also a partner in the multi-country DIASDEV (Diaspora and Development) project, implemented by Expertise France together with the Forum of West African Deposit and Consignment Funds, with a view to facilitating the mobilization of diaspora savings to finance economic development. The CDCB is also a partner in Choose Africa in Benin, acting in a fiduciary role and supporting the creation of equity funds. Finally, it has signed a partnership with Proparco to facilitate the financing of strategic enterprises.

3.1.6. Sustainable development impacts, particularly on the social and gender pillars

The sustainable development analysis and opinion framework shows that, for 20% of projects in Benin, significant impacts (score +2) are expected on at least one dimension of each of the three pillars of sustainable development¹, and for 55% of projects, on two of the three pillars. These impacts primarily concern the human development pillar—particularly social cohesion and gender—and the economy-governance pillar, notably thanks to grant envelopes.



¹ The seven dimensions of AFD's sustainable development framework are grouped into three main pillars: the environmental pillar (biodiversity, low-carbon trajectory, resilience); the social pillar (social cohesion and gender); and the economic and governance pillar. Projects that aim to have significant impacts on at least one dimension of each of the three pillars are classified as "nexus projects."

3.2. Vietnam: SUPPORTING PUBLIC POLICIES THROUGH INSTRUMENTS ADAPTED TO A LOWER-MIDDLE- INCOME COUNTRY



29 AFD projects under
Implementation
(loans and grants)
for a value of
€999 M

€1.29 BN
AFD exposure

Climate co-benefits
85% (since 2019)

Gender **26%**
(since 2019)

3.2.1. Development challenges: an emerging economy facing transition challenge

Over the past two decades, **Vietnam has experienced rapid economic transformation**, characterized by sustained growth, steady industrialization and strong integration into global value chains. This dynamism has led to a significant reduction in poverty and the emergence of a growing middle class.

However, **this development trajectory is accompanied by major structural challenges**. The growth model remains resource- and energy-intensive, heavily dependent on coal and exposed to significant climate risks. Infrastructure needs—particularly in energy, water and transport—remain considerable in order to achieve the objective of becoming a high-income country by 2045.

In this context, Vietnam has entered a new phase of development, marked by the need to reconcile economic growth, energy transition, climate resilience and the upgrading of its productive model. This trajectory is central to the commitments made under the Just Energy Transition Partnership (JETP).

3.2.2. A strategic dialogue structured around transitions

Present in the country since 1994, the **AFD Group maintains a deep sectoral dialogue with Vietnamese authorities**, based on a long-term partnership and close alignment with national priorities. These priorities aim at both institutional transformation—through a more streamlined central administration and strengthened decentralized levels—and economic transformation, driven by major infrastructure investments in connectivity, energy transition and the digital economy, with the objective of reaching high-income status.

Climate issues are central in Vietnam, both because the country—ranked among the top 20 greenhouse gas emitters—has committed to carbon neutrality by 2050, and because it is among the countries most exposed to climate change impacts.

AFD has therefore been strongly involved in implementing the Vietnam JETP, signed in 2022, under which France has committed to invest €500 m over five years. This strategic alignment was further reinforced by the signing of the Comprehensive Strategic Partnership between France and Vietnam in October 2024, which provides for strengthened cooperation in priority sectors for Vietnam including energy transition, climate adaptation, vocational training, health and sustainable urban development.

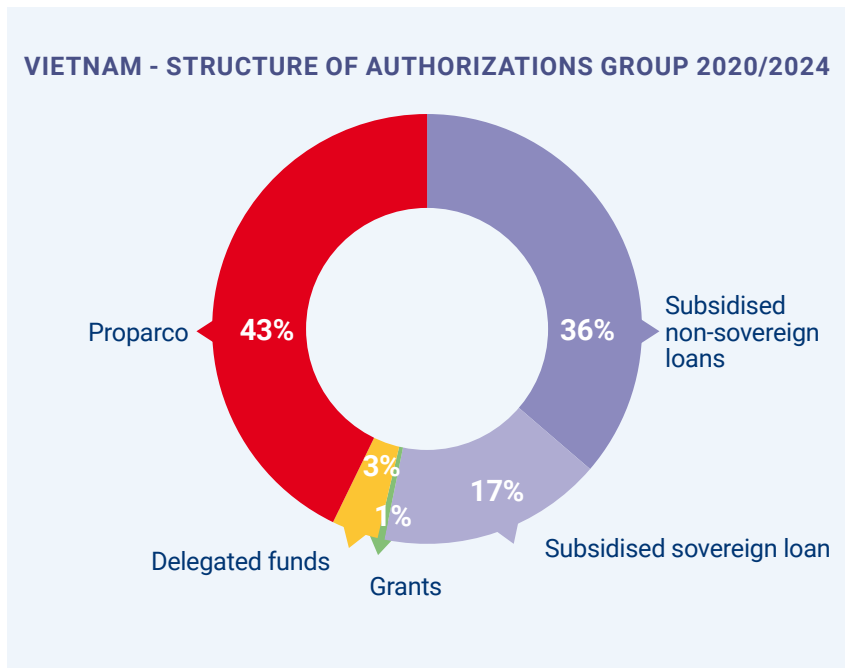
3.2.3. Diversified instruments adapted to an emerging country

Structure of commitments

The AFD Group operates in Vietnam through both sovereign and non-sovereign loans. Over the recent period, the Group committed €1,126 m (approximately €225 m per year), disbursed €614 m (approximately €123 m per year), and generated €190 m as ODA. Thus, 31% of the AFD Group financing in Vietnam qualify as ODA measured in grant equivalent.

The structure of commitments is characterized by:

- › a strong increase in **subsidized non-sovereign instruments**, primarily for energy transition financing (energy infrastructure with national electricity company (EVN) and green credit lines with public banks);
- › the continuation of **subsidized sovereign loans** for financing sustainable infrastructure (water, climate, transport) and climate adaptation projects at provincial level (coastal erosion, saline intrusion, flooding);
- › a strong footprint of **private sector financing through Proparco**, which committed €500 m in loans over the past five years;
- › the combination of these instruments with **grant-based tools and, in particular, EU delegated funds**. Since 2017, AFD has positioned itself as a lead actor within Team Europe, structuring co-financing through EU facilities. AFD currently manages €90 m in EU delegated funds, mainly in the form of facilities supporting its key sectors (energy, water, and soon transport), by financing technical assistance and feasibility studies alongside AFD loans, with strong leverage effects.



This structure reflects an intervention logic tailored to Vietnam's needs, oriented towards financing transitions rather than basic social needs, in line with the differentiated approach for a lower-middle-income country. Since 2017, when Vietnam modified its borrowing framework, AFD has demonstrated its ability to operate directly at provincial level (through sovereign loans retroceded under a "one project, one province" approach), building on strong sectoral legitimacy developed through long-standing policy dialogue in areas such as water management, urban resilience and coastal protection. This positioning has made AFD the only donor operating sovereign lending at the provincial level in Vietnam.

An integrated Group approach

The intervention in Vietnam mobilizes all entities of the AFD Group:

- › **AFD** primarily finances large-scale sovereign projects, particularly in transport and climate adaptation, but also non-sovereign public operations supporting energy companies and public banks;

- › **Proparco** plays an increasing role in financing the private sector, through green credit lines, renewable energy projects and green industrial infrastructure, helping mobilize private investment for transitions;
- › **Expertise France** provides administrative and facilitation support to most of AFD projects and is preparing two EU-delegated projects (vocational training and circular economy).

Extensive co-financing with the donor ecosystem, particularly in Asia

AFD adopts a strongly partnership-based approach with other donors operating in Vietnam. Since 2013, €460 m has been committed by AFD in co-financing, contributing to large-scale projects with total co-financing exceeding €1.9 bn. Key partners include the Asian Development Bank (€300 m), JICA (€300 m), the European Investment Bank (€200 m), the World Bank Group (€200 m).

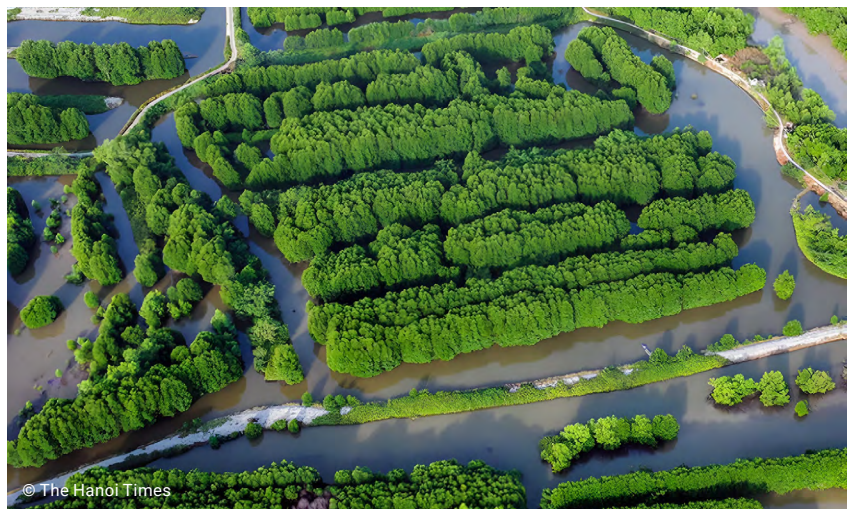
3.2.4. Sectoral focus: supporting Vietnam's major transitions

Historically active in agriculture, rural and urban development, the AFD Group has, since 2015—and in line with a 100% Paris Agreement alignment mandate—focused on key sectors supporting Vietnam's transition towards a low-carbon and climate-resilient economy.

The **energy transition sector** is a major focus area. AFD finances projects aimed at developing renewable energy, improving energy efficiency and supporting the gradual phase-out of coal. A flagship project is construction of the Bac Ai pumped storage hydropower plant (+1.2 GW) developed with EVN, in a context of rapidly growing electricity demand. Included in the Vietnam Just Energy Transition Plan (JETP), the project is also emblematic in its design, combining €160 m in AFD Group financing with co-financing from JICA and Team Europe (EIB / CDP / KfW), through a blended loans and grants approach supported by the EU (ETEF facility).

The Group is also strongly engaged in **supporting climate resilience at territorial level, particularly in water-related issues**. AFD supports 15 provinces and cities of Vietnam in adapting to climate change through projects addressing flooding, saline intrusion, coastal erosion, but also integrated water resource management and resilient urban development. Between 2021 and 2025, AFD will have approved 10 new projects benefiting Vietnamese provinces, totaling €300 m in loans, all accompanied by international technical assistance co-financed by the EU through the WARM facility managed by AFD.

AFD is also supporting the development of decarbonized people and goods transport systems, including through support to rail infrastructure and sustainable urban mobility. As part of Vietnam's new development



era (*Ky Nguyen Moi*), the country aims to expand major connectivity infrastructure. AFD supports Hanoi city through financing of metro Line 3, with two sovereign loans totaling €159 m, co-financed by the French Ministry of Economy and Finance (€335 m), the EIB and the ADB.

3.2.5. Supporting public institutions to green the financial system

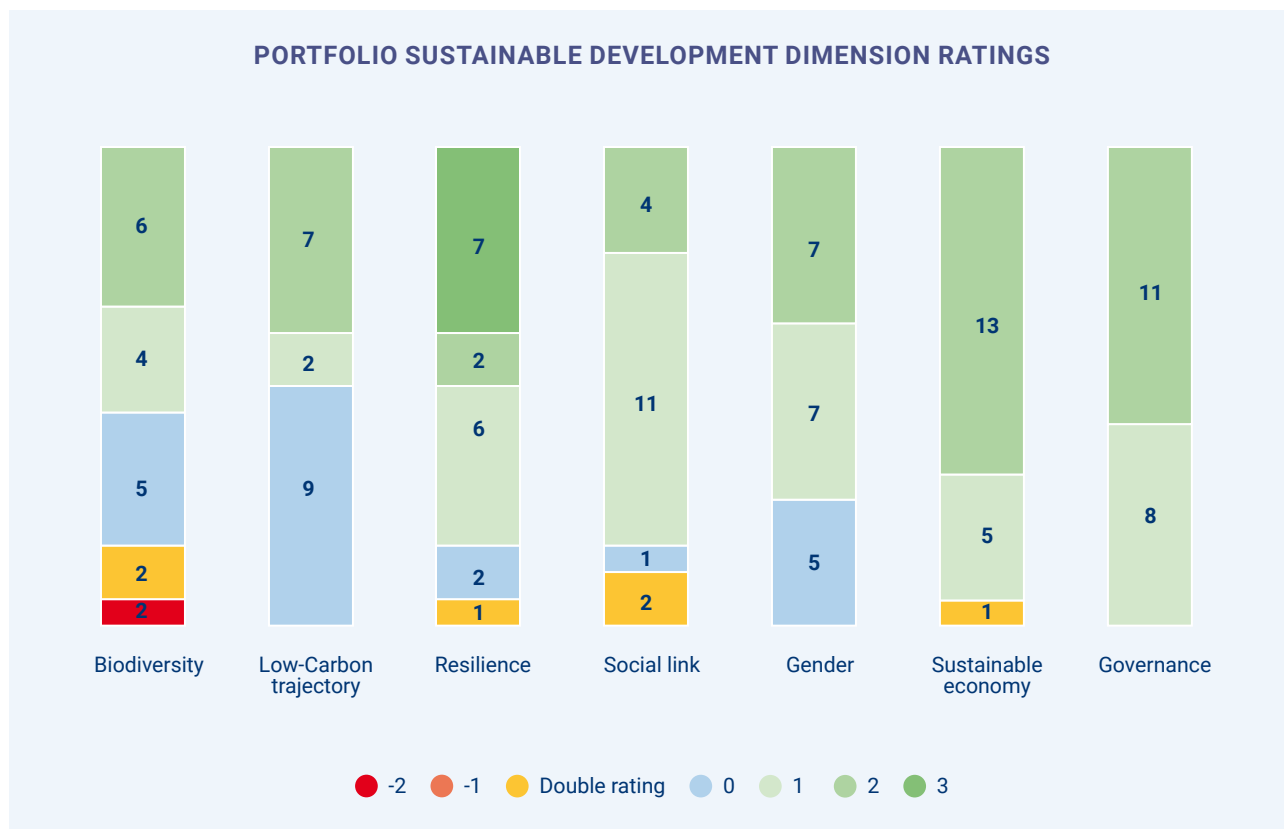
To contribute to the greening of the financial system, two green credit lines totaling €142 m have been extended to BIDV, a public commercial bank, to finance renewable energy projects developed by the private sector.

In parallel, **AFD supports Vietnam’s climate ambitions through public policy dialogue**, mobilizing French and European expertise, study tours, peer exchanges and knowledge production. Since 2025, several programmes have been implemented, including GEMMES-2, which aims to improve the Vietnam climate projections, to model energy transition pathways towards carbon neutrality by 2050, and assess social impacts on employment and natural resources. Sectoral dialogue also includes support for greening public finance (carbon markets, green bonds, environmental taxation), promoting sustainable investment in the banking sector, and supporting ministries in resilient urban planning and water governance. This dialogue will be further strengthened in energy, transport and adaptation.

3.2.6. Impacts structured around climate resilience challenges

The AFD Group’s portfolio in Vietnam is distinguished by a strong focus on climate issues, consistent with the commitments of the Paris Agreement and those made by Vietnam. Analysis in terms of sustainable development highlight a significant contribution to environmental transitions (particularly regarding climate change adaptation) and co-benefits, notably in terms of territorial development.

37% of projects qualify as “nexus”, with significant impacts (+2) across all three pillars of sustainable development; and 48% of projects show significant impacts across two pillars. Impacts are particularly concentrated on the planet and economy-governance pillars.



3.3. Colombia:

AN INTERVENTION MODEL COMBINING PUBLIC POLICY SUPPORT AND FINANCIAL MOBILIZATION IN AN UPPER-MIDDLE-INCOME COUNTRY



20 AFD projects under
Implementation
(loans and grants)
for a value of
€1.52 BN

€2.37 BN
AFD exposure

Climate co-benefits
72.2% (since 2019)

Gender **87.4%**
(since 2019)

3.3.1. A relationship structured around territorial, climate, and social transitions

As an upper-middle-income country, **Colombia has undertaken significant reforms aimed at strengthening green growth, improving social inclusion and reducing regional disparities.** Despite notable progress, the country continues to face strong territorial inequalities, significant environmental pressures and marked climate vulnerabilities.

In this context, the AFD Group, present in Colombia since the early 2010s, supports the country in a development trajectory seeking to reconcile ecological transition, territorial cohesion and social inclusion, in close alignment with the priorities of Colombian authorities.

The Group's activity takes place in a context where mobilized financing is predominantly non-concessional. It is based on a positioning centered on public policy support, investment dynamics structuration and the mobilization of a wide range of financial and technical instruments.

3.3.2. A structured strategic dialogue with the State and local authorities

With nearly €3 bn in commitments since 2010, Colombia is among the top five exposures of the AFD Group. The Group's activity is based on close dialogue with national and local authorities, within a framework shaped by sustainable development and green growth policies. This dialogue is grounded in national green growth strategies, territorial development policies and the country's climate commitments.

In practice, this dialogue translates into a strong articulation between national and subnational levels; extensive support to public policy implementation (green finance, social policies); and co-construction of projects with national and local institutions. Alongside the World Bank, the Inter-American Development Bank (IDB), CAF and KfW, AFD is one of the five main international lenders with which the Colombian State works, positioning it as a key partner in the country's transitions.

3.3.3. A diversified intervention model combining sovereign, non-sovereign and budget support instruments

Structure of commitments

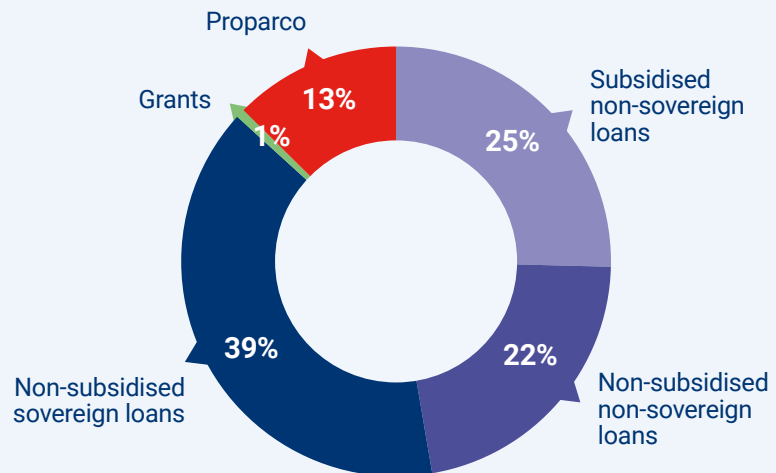
Over the period 2020–2024, AFD committed to €2,054 m (approximately €411 m per year) and disbursed €1,257 m (approximately €251 m per year). For the same period, the Group’s activity in Colombia generated €325m as ODA, notably because the grant-equivalent metric only partially captures certain of these non-concessional flows (as defined by the OCDE). As a result, 25% of the flows received by Colombia from the AFD Group qualify as ODA. The Group’s activity in Colombia therefore largely falls outside ODA, within a broader investment logic supporting sustainable development.

The structure of commitments in recent years is characterized by:

- › a **combination of sovereign and non-sovereign loans, mostly non-concessional**, consistent with Colombia’s upper-middle-income status and its limited eligibility for concessional resources;
- › a **significant share of public policy-support financing**, particularly in climate, territorial development and social policies;
- › a **strong level of non-sovereign activity** (corporates and public banks) and direct sub-sovereign lending (loans without sovereign guarantee) supporting large municipalities’ projects;
- › the absence of grants since 2023.

This model reflects an approach adapted to an emerging country, based on sustained dialogue with authorities, mobilization of significant financial volumes, and articulation

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between financing and technical assistance. These financings, although mostly non-concessional, enable the support of large-scale reforms and high-impact public policies, particularly in climate action and territorial development. The development of non-sovereign financing—particularly in local currency in recent years—constitutes a distinctive feature of AFD’s positioning in Colombia compared to other development banks present in the country, enabling intervention closer to the needs of territories and public actors.

A fully mobilized Group approach

Colombia represents a particularly advanced example of integrated AFD Group activity:

- › **AFD** mobilizes sovereign financing (budget support, territorial project financing) as well as non-sovereign financing through public or financial institutions;
- › **Proparco** provides financial support to the private sector, particularly in electromobility, infrastructure and health sectors, and mobilizes capital for green and inclusive projects;

- › **Expertise France** has made Colombia its main country of intervention in Latin America, implementing three national projects (gender equality, health) and nine multi-country projects including Colombia, six of which are financed by the European Union.

Extensive co-financing, with the IDB as a key partner

Over the past ten years, co-financing has mobilized approximately €1 bn in total, including €700 m from the Inter-American Development Bank (IDB), €200 m from KfW and €15 m in delegated funds from the European Union.

3.3.4. Sectoral focus: climate, territorial development and inclusion

Since 2016, AFD has supported Colombia's green growth and climate transition strategy, notably through several loans to the Colombian State, totaling €870 m and complemented by technical cooperation initiatives. This work contributed to the formulation of the country's carbon neutrality strategy by 2050, whose objectives are now enshrined in the climate law adopted in 2021. AFD has also developed research programmes with several Colombian universities to assess the long-term economic and financial impacts of the energy transition, and accompanies cities and public enterprises in their low-carbon trajectories.

The Group also supports territorial development and cohesion. Four public policy-based loans between 2010 and 2025, totaling €720 m, aim to strengthen decentralization policies and support the implementation of the Peace Agreement, particularly addressing territorial inequalities. The most recent loan (€200 m) supports the implementation of Colombia's comprehensive rural reform, a key component of the Peace Agreement with the FARC, aimed at reducing rural disparities, tackling multidimensional inequalities and eradicating extreme rural poverty.

AFD is also a direct partner of several major Colombian cities in support of their sustainable and inclusive development strategies. Following an initial €250 m non-sovereign loan to the municipality of Medellín—supporting connectivity between peripheral neighborhoods and the city center—AFD has continued its engagement with large municipalities (Baranquilla for sustainable urban development, climate change adaptation, biodiversity, environmental protection, disaster risk management and social inclusion; and Bogotá for



its urban development plan on gender inequality and climate mitigation and adaptation).

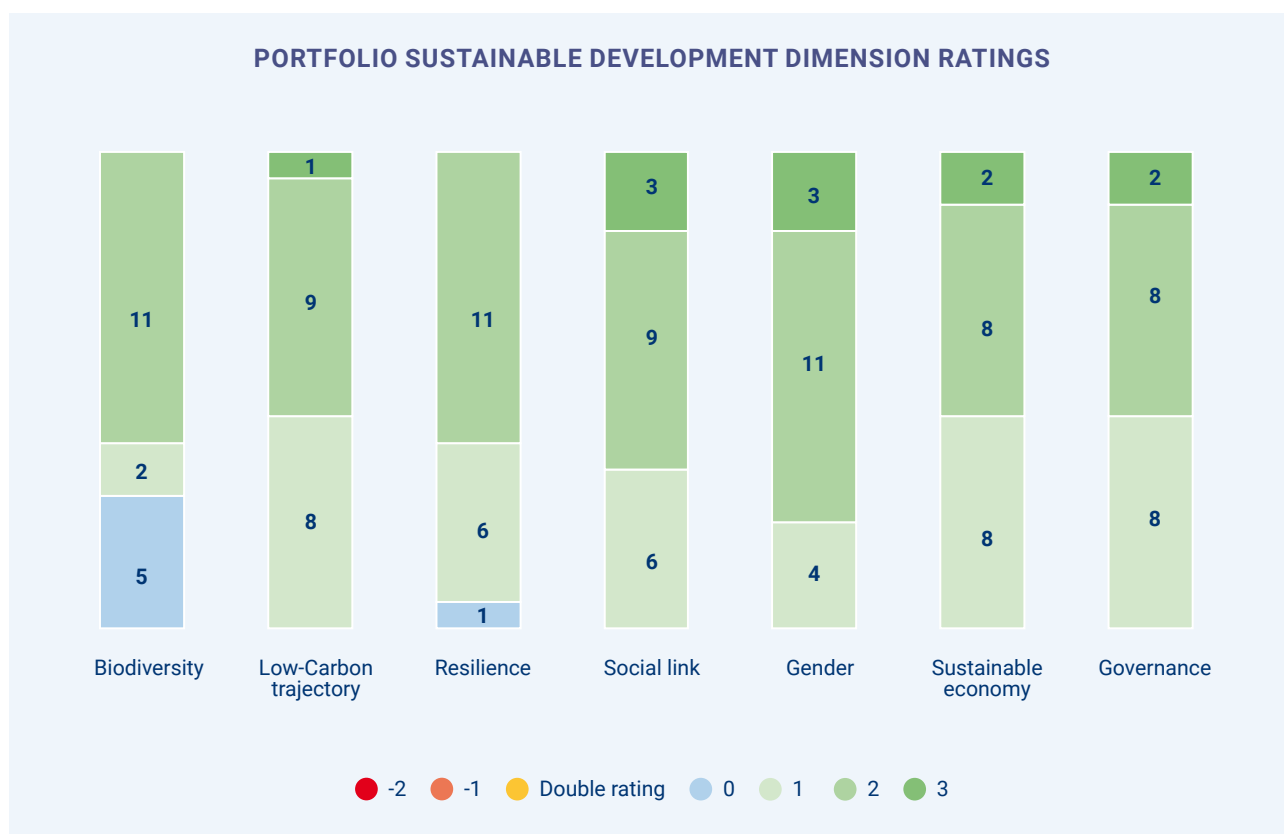
3.3.5. Strong partnerships with national public development banks to accelerate just transition

A key feature of the Colombian model lies in the close collaboration with national public financial institutions, including FINDETER (territorial development bank), Banco Agrario (agricultural bank) and Bancoldex (SME financing bank). In 2024, AFD granted Bancoldex a \$100 m loan combined with €1 m in technical assistance, aimed at supporting its internal transformation to scale up financing for climate mitigation and adaptation projects, as well as biodiversity-positive investments with Colombian companies.

3.3.6. A portfolio strongly oriented towards climate and territorial impacts

The AFD Group's portfolio in Colombia is characterized by a strong orientation towards climate transition, combined with significant focus on territorial and social impacts. Sustainable development analyses highlight higher-than-average impacts compared to the overall AFD portfolio, particularly for biodiversity (60% of projects with significant or transformational impacts, compared to 25% across the Group) and low-carbon transition (55% of projects, compared to 20% globally).

61% of projects qualify as "nexus", with significant impacts across all three pillars; and 34% of projects show significant impacts across two pillars. Impacts are exceptionally well balanced across the three pillars of sustainable development, reflecting the Colombian authorities' capacity to pursue integrated development policies.



3.4. Comparative conclusion

DIFFERENTIATED INTERVENTION MODELS, A COMMON PRINCIPLE: FLOWS COMBINATION

The analysis of the country case studies highlights the diversity of the AFD Group's intervention models, reflecting the variety of development trajectories and needs of partner countries. This approach aims to maximize the availability of ODA resources in order to enhance a leverage effect.

In low-income countries, such as Benin, interventions rely primarily on concessional financing, focused on access to essential services, human capital development and strengthening public capacities. The combination of flows is reflected mainly in the articulation between external financing and the gradual strengthening of national financial institutions, as illustrated by the structuring role of “Caisses des dépôts”.

In middle-income and emerging countries, such as Vietnam and Colombia, the model evolves towards greater diversification of instruments. Non-concessional loans, public policy-based financing and private sector interventions play an increasing role. The combination of flows operates through a more complex articulation between sovereign and non-sovereign financing, and the mobilization of domestic financial systems, in an approach supporting economic transformation and climate transitions.

Beyond these differences, several cross-cutting lessons emerge:

- › the growing role of national financial institutions as a key factor to anchor financing in domestic economies and strengthen their efficiency;
- › the diversification of financial instruments as an essential condition to address increasingly complex challenges, in particular in middle-income countries;
- › the need to articulate international financing with domestic resources, as well as the central role of donor coordination in maximizing impact of interventions.

These elements converge towards a shared conclusion: it is no longer only the volume and pricing of financing that determines effectiveness, but the way in which it is combined, sequenced and aligned with national dynamics and deliver impact at scale. The country case studies thus illustrate the ongoing transition from an aid-centered model to a broader development finance model, based on the complementarity of instruments and actors within a single quality framework.



Toward a world in common

AFD Group finances and drives the transition to a fairer, safer and more resilient world, working with its partners to support communities all over the world. Drawing on the complementary strengths of its entities – Agence Française de Développement for public financing, Proparco for responsible private investment, and Expertise France for technical expertise – the Group is ideally positioned to meet all sustainable development challenges.

Working in over 160 countries, including France's Overseas Territories and Departments, the Group adapts its operations to the realities on the ground, actively supporting local initiatives. With over 4,000 projects, whose objectives are aligned with the Sustainable Development Goals (SDGs), AFD Group works on behalf of the French people, together with all stakeholders committed to economic development and the preservation of common goods: climate, biodiversity, peace, gender equality and global health. Working by your side, toward a world in common.



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