



AFD Climate Strategy

*ADFIAP Annual Assembly
Oman, Feb 20, 2019*

AFD Climate Strategy

- Who we are
- Our climate strategy
- Our tools to support this strategy
- What we have learned
- How we support our DFI partners

A group of seven people are posing with a yellow GONG excavator in a tropical setting. The excavator is the central focus, with its arm extended to the left. The word "GONG" is visible on the arm. The people are dressed in casual work clothes, including t-shirts, shorts, and safety vests. One woman in a blue top and red pants stands in the foreground. The background is filled with palm trees and a mountain range under a clear sky.

Who we are

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AFD: A GLOBAL NETWORK FOR DEVELOPMENT



France's bilateral development-policy platform.

At the heart of a genuinely solidarity-based investment policy. A new ambitious course set by the PR: Achieve 0.55% of GNI earmarked for development by 2022



3,600 projects supported



2,500 staff



A tool for “a world in common”. Financing development means working to help all, to prevent crises and build shared prosperity. A strong track record in project's financing in both public and private sectors, at a regional / local level



109 countries of operation



85 local offices



The agency that connects, in both directions, the actors of change. A link for action between France, Europe, and the world: the choice of openness to the world (speech by the PR in Ouagadougou in Nov, 2017)



80 nationalities



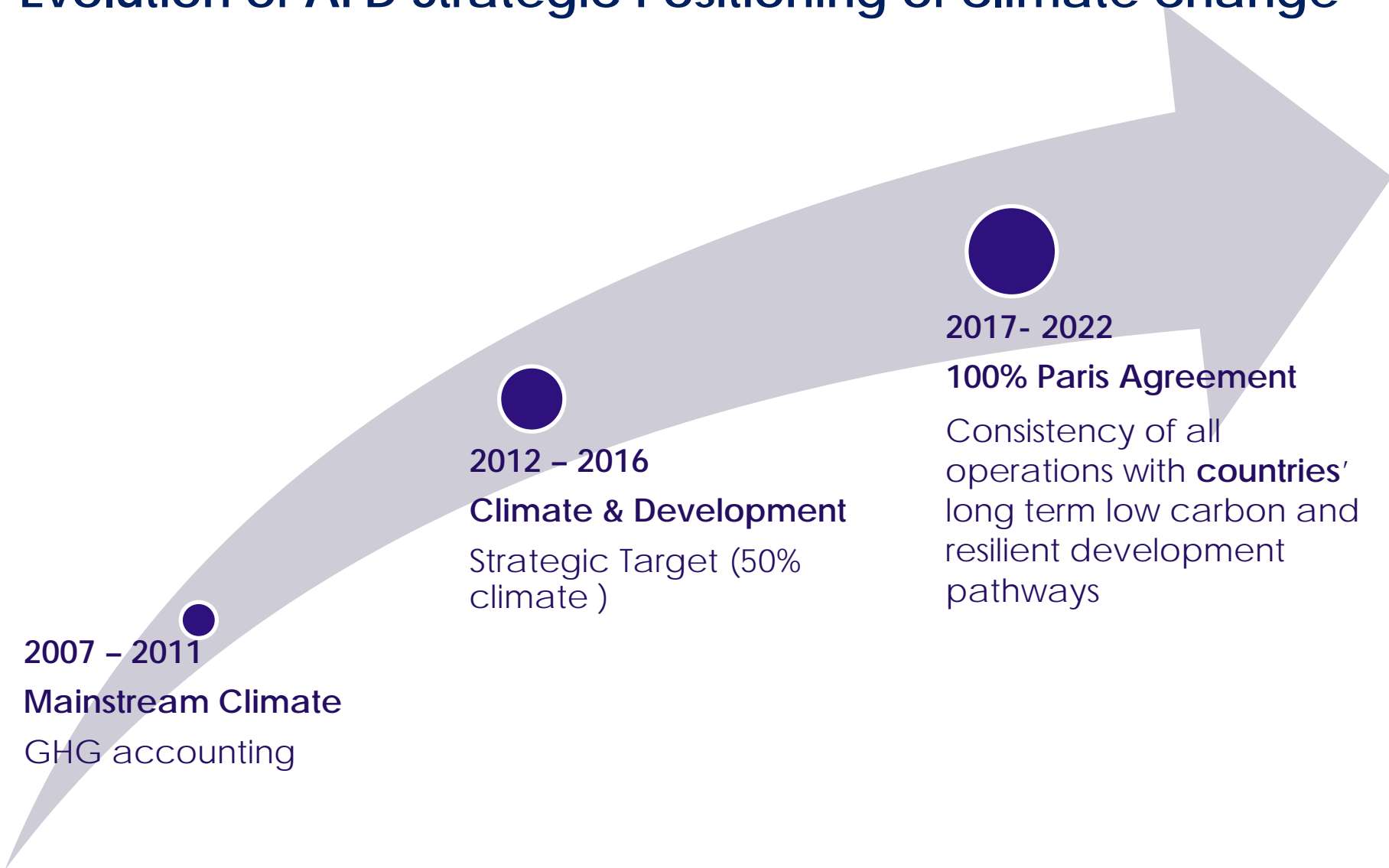
EUR 10,4bn - commitment (2017)

A photograph of a worker in a white hard hat and a high-visibility yellow vest with reflective stripes, standing in a field of solar panels. The worker is looking at a panel. In the background, there are more solar panels and a white container. The image has a blue tint.

Our climate strategy

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Evolution of AFD Strategic Positioning of climate change





Strategic objective 1 : 100% Paris agreement



Demographic and social

Towards a fairer world, via ambitious health and education policies



Energy

Towards sustainable energy, at an affordable price for everyone



Local and ecological

Towards a world of sustainable communities, by protecting natural resources and controlling urbanization



Political and civic

Towards shared prosperity in a safer world



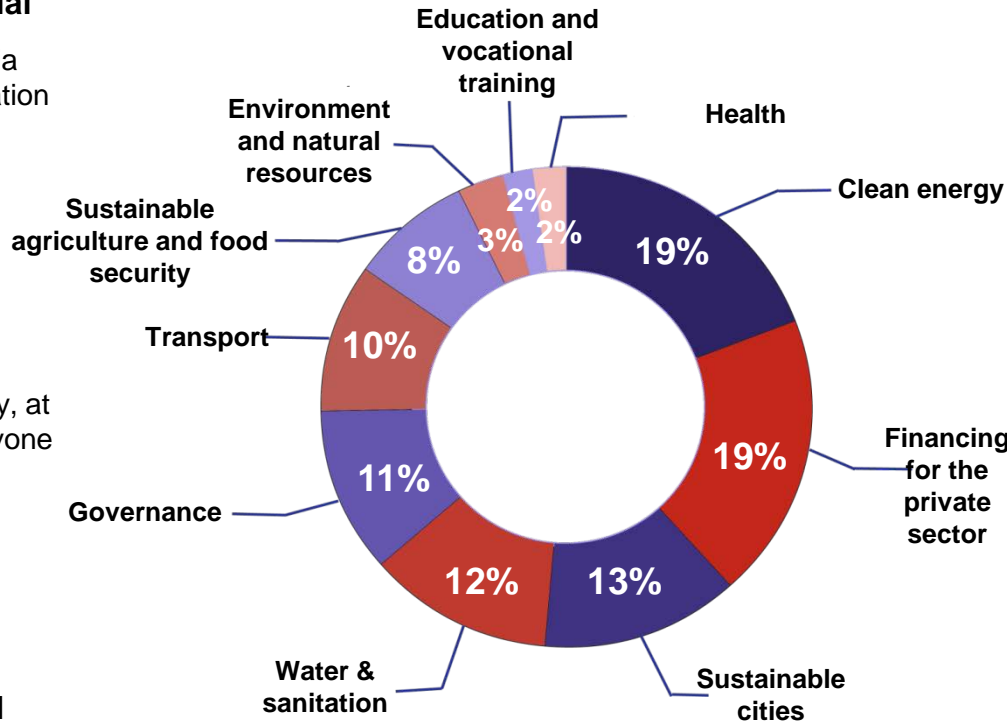
Economical and financial

Towards diversified economic models and financial systems



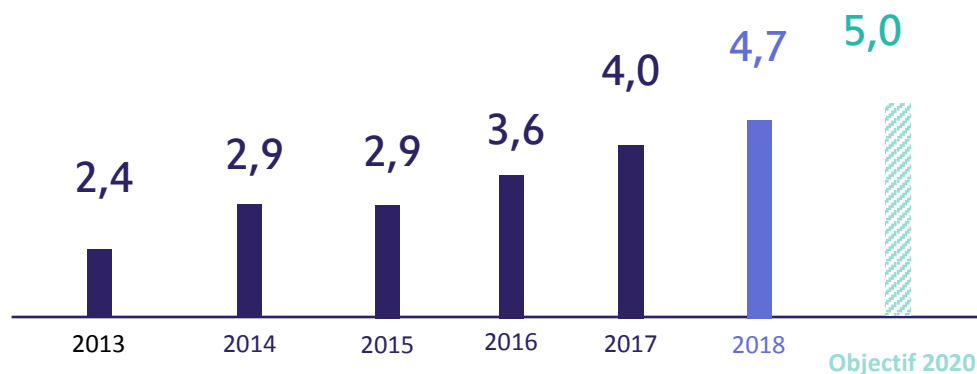
Digital and technological

Towards technologies that benefit everyone



Strategic objective 2 : increase climate finance

- **By 2020: € 5 Bn /y of climate financing, including €1,5Bn for adaptation**
 - In 2017: € 4 Bn (€ 687 m in Asia), of which € 850 m in adaptation
 - In 2018 (tbc): €4,7 Bn, of which €1,6 Bn in adaptation



Yearly Climate Finance since 2013 in € Bn

- **50% of « climate projects »**
 - Objective on annual commitments since 2012 for operations in foreign countries (always reached)
 - Extended to the whole group, ie including Proparco and French overseas territories

Strategic objective 3 : Contribute to the redirection of financial flows

The example of AFD-GCF Programme « Transforming Financial Systems for Climate (TFSC) »

- Recent program approved by the GCF (Oct 2018)
- Fully aligned with the priorities of our most recent corporate strategy (POS IV) : 100% Paris Agreement, Africa, non-sovereign, partnerships
- Compliant with GCF's expectations towards AFD: Africa, Adaptation, Leverage effect on the private sector.
- Paradigm shift through the shifting of financial flows towards local finance institutions and project developers with so far limited access to climate finance

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AGENCE FRA



GREEN CLIMATE FUND



AFD
AGENCE FRANÇAISE
DE DÉVELOPPEMENT
INTERNATIONAL

GCF- AFD PROGRAM

Transforming financial systems for the climate

+ 750

millions \$ in financing
including 280 M\$ contribution of the
Green Climate Fund

17

beneficiary countries
with a strong focus on Africa

2

financial instruments
loans and technical assistance

Objectives: support the transformation of local financial systems to address climate change



Expected impacts



36
millions of tCO2eq avoided



200 000
direct beneficiaries

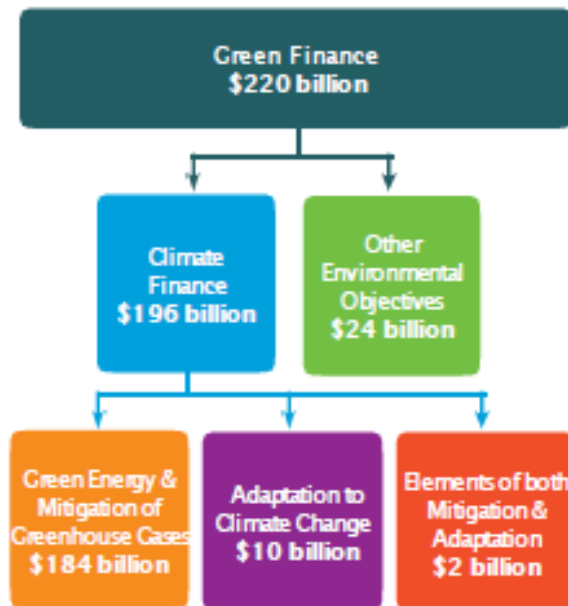
Strategic Objective 4: Co-construct solutions and standards

Develop a new strategic approach to partnerships with the view to enhance AFD's role, contribution and influence





Figure 1: IDFC Green Finance 2017 by theme (rounded)



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24 members
USD 4 trillion
total assets

USD 850
billion annual
commitments



CLIMATE ACTION WITHIN FINANCIAL INSTITUTIONS

PRINCIPLE 1:

COMMIT
to Climate
strategies

PRINCIPLE 2:

MANAGE
Climate
Risks

PRINCIPLE 3:

PROMOTE
Climate
Smart
Objectives

PRINCIPLE 4:

IMPROVE
Climate
Performance

PRINCIPLE 5:

ACCOUNT
for your
Climate
Action



MAPPING REPORTING
INITIATIVES AND
UNDERSTANDING
IMPLEMENTATION
CHALLENGES



SPREADING
A CLIMATE STRATEGY
INTO
A WHOLE
ORGANISATION



CLIMATE
RISKS:
APPROACHES,
TOOLS,
METHODOLOGIES



CITY-LEVEL CLIMATE
SMART APPROACHES
AND
FINANCIAL
INSTRUMENTS



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AGENCE FRANÇAISE DE DÉ

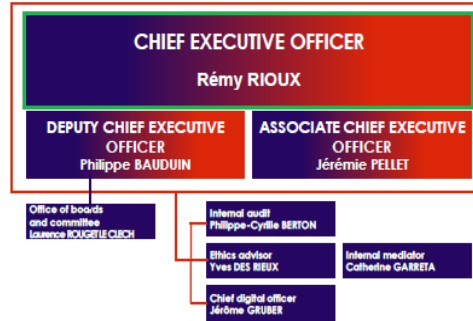
A group of seven people are posing with a yellow GONG excavator in a tropical setting. The excavator is the central focus, with the brand name 'GONG' visible on its arm. The group consists of six men and one woman, all dressed in casual work attire. They are standing on a dirt path with large rocks, surrounded by lush tropical vegetation and palm trees. The background features a large, rocky hillside under a clear sky. The overall scene conveys a sense of teamwork and industry in a natural environment.

Our tools to support this strategy

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CLIMATE FINANCE IN THE AFD'S ORGANIZATION

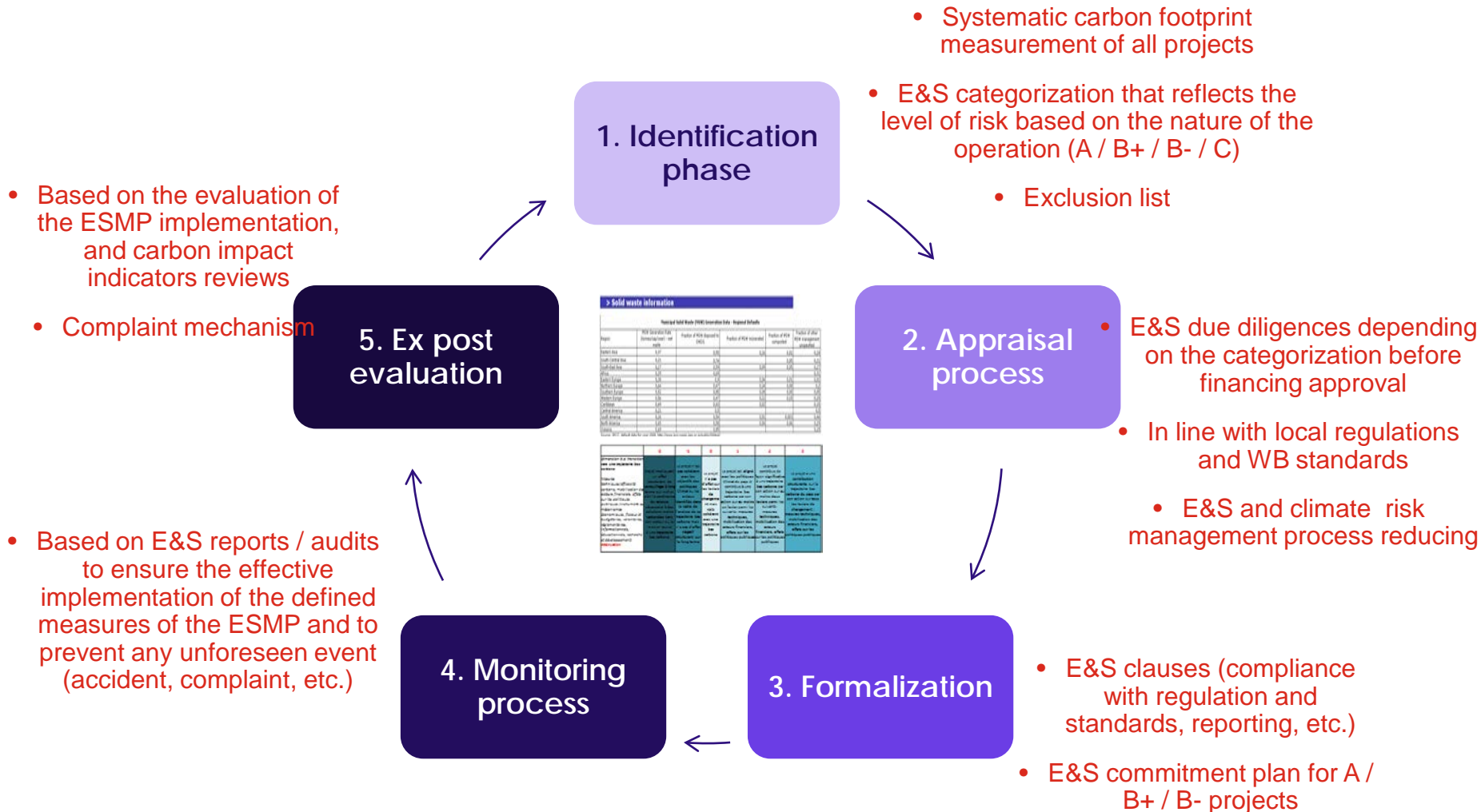
A cross-functional organization to deal with climate-related issues



OPERATIONS Laurence BRETON-MOYET	INNOVATION RESEARCH AND KNOWLEDGE Gaël GIAUD	STRATEGY, PARTNERSHIPS AND COMMUNICATION -	FINANCE Françoise LOMBARD	ADMINISTRATION Françoise PARMANTIER	HUMAN RESSOURCES Châteline HARNÉ	RISKS Sandrine BOUCHER
Climate Change (CU) Damien NAVIZET	Innovation Unit (INN) Jean-Marc UGER	Strategy, Foresight and Official Relations (SPR) Nicolas BLANC	Finance Projects and Administration Unit (APF) Loïc LOHEZIC	Public Procurement (DCP) Brigitte BERTHELOT	Careers planning and employment (GCR) Julien SELLAN	Credit review Unit (SOP) Laurent DURIEZ
Operations Management Unit (PAG) Julie MARSAUDON	Secretariat of the French Facility for Global Environment (FFEM) François-Xavier DUPORGE	Communication (CMN) Mathilde SCHNEIDER	Financial Information and Cross-Functional Activities Unit (IFA) Simon PIERRE-ROGGE	Business Efficiency Unit (CEM) Marie-Paule SICHONNIER	Training and skills development (FCD) Anne ANGBAULT	Operational Risk Monitoring and Compliance (CPC) -
Vulnerability Unit (CCC) Charles TELLIER	Economic Assessment and Public Policy (ECO) Vincent CAUPIN	Partnerships (DPA) Thomas MELONIO	Financial Assistance Management (GAC) Rafan RAFFATIN	Legal (JUR) Fénelope DUTET	Remuneration, social safety and exploitation (RFE) Stéphane HLUSSIKO	Disbursements verification (DCV) Bruno BOCCO
Sub-saharan Africa (AFR) Jean-Pierre MARCELLI	Evaluation and Knowledge capitalisation (EVA) Nathalie LE DENMAT	European and International Partners (PIE) Veronica CHABROL	Accounting Support Control (CAC) Aurore PIGNOT	Legal operations division (JOF) Nicolas MOUNIER	Performance, Human resources cost control and pay Unit (PGS) Minh Bui	Financial Risk Management (DRK) Yann MARTRES
North-Africa and the Middle-East (MED) Marie-Hélène LOISON	Knowledge Department on Sustainable Development (VALI) Pierre ICARD	Local Actors and French Private Sector Engagement (TEE) Marie-Pierre BOURZAI CHERIF	Financial Commitments Management (GEP) Flora REISSB-IT	Legal corporate division (JIL) Géraldine KANENGISSER	Legal and social report Unit (EJS) Sophie LE MOUILLIC	Financial risk monitoring (DSR) Oleg KOURTCHINSKY
French Overseas Provinces (OMR) Bertrand WILLOCOQUET	Sustainable Development Campus (CAM) Virginie DELEUSE PIZZO	Administrative and Financial Unit (CAF) Vincent THEVENOT	Financial Steering and Strategic Management Control (PFG) Benoît LEHANNEUR	Documents checking Unit (CSA) Nathalie BOURGETTEL	Transversal human resources project, HRIS, communication Unit (PRH) Delphine CARRÉE	Credit risk evaluation (DRK) Lamine SOU
Disbursement Support Unit (CSV) Audey JOSQUIN PETIT	Urban development, Town Planning, Housing (VIL) Anne ODDIC		Budget and Cost Analysis (BAC) Virginie COSTE-CHAREYRE	IT, Buildings and Logistics Management (DMU) Jean-Christophe PECKRESSE		Prudential supervisory Unit Reynald MATHIEU
Asia (AS) Réli GENEVEY	Transportation and Mobility (MOB) Lisa BREUIL		Group Financial and Prospective Management Control (CGP) -	Support function and Application life-cycle management (SFI) Jean-Jacques GÉTRIC		
Latin America and the Caribbean (ALC) Hervé CONAN	Demographic and social transition (SOC) Marie-Pierre NICOLLÉ		Middle office Unit (MOF) Sylvie SYROTA	IT project support (EPI) Olivier MOREAU		
	Education, training and employment (EDU) Véronique SAUVAT			Cross-function (PAT) Dominique DREXLER		
	Health and social protection (SAN) Christophe BAQUET			Building and logistics management (GLI) Emmanuelle ALBARRIC		
	Energy and Digital Transition (ENU) Rima LE COGUIC			New services, digital and IT architecture (SNA) Raphaël MOUNIER		
	Energy (EGE) Mathilde BORD-LAURANS			Asset, people and IT Security (SEC) Renoud FALUOMI		

CLIMATE FINANCE IN THE AFD'S PROCESSES

Climate-related issues within the project cycle



Compatibility criteria analysis (1/2)

Low carbon development compatibility criteria

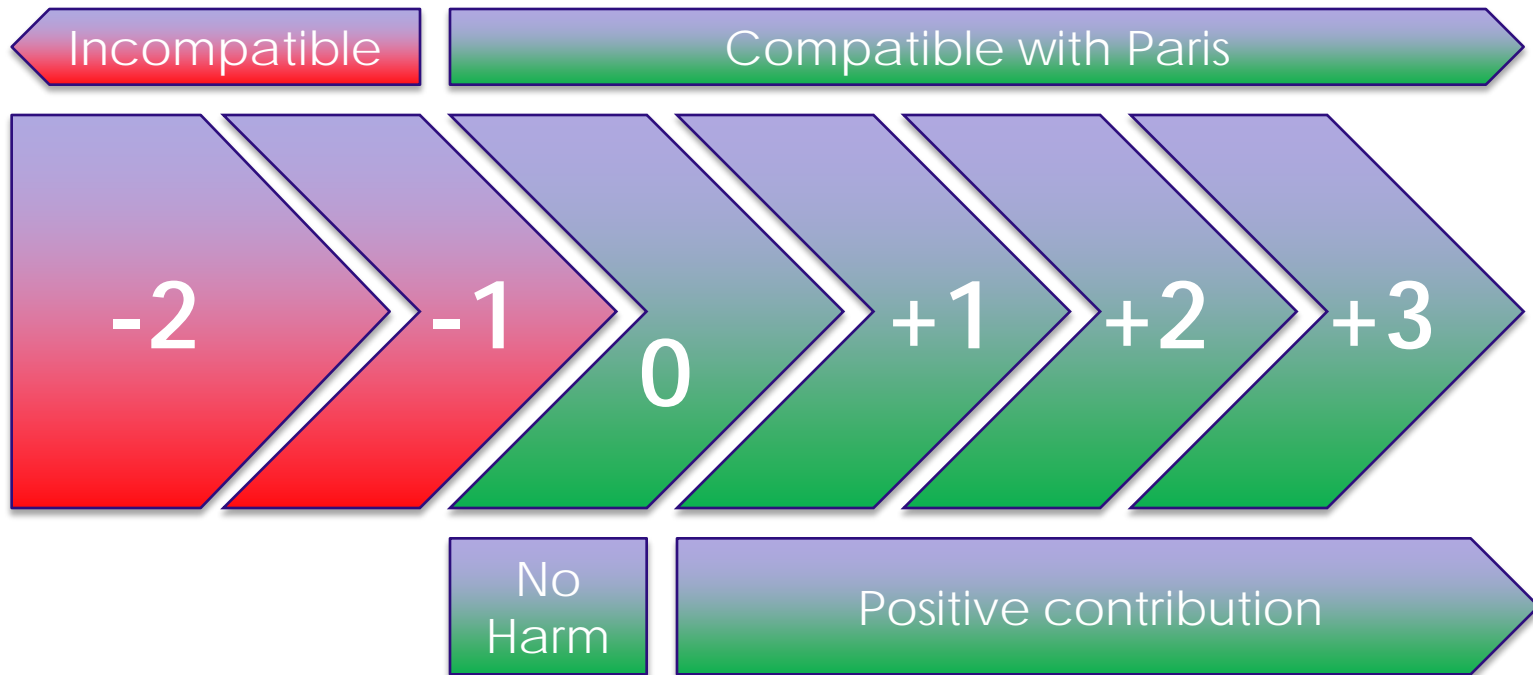
Alignment with low carbon policies in place	Consistency with Public policies, NDCs and major issues identified in country; neutral or negative
Effects on public policies	Reglementary , norms, institutional measures ; neutral or positive
Mobilisation of financial and private actors	neutral or positive
Technical/sectoral virtuous knock-on or on the contrary lock-in effects	Virtuous knock-on or on the contrary lock_in effects; Positive, neutral or negative

Climate resilient compatibility criteria

Impact on vulnerability	Responses to vulnerability; lock_in effects; neutral or negative
Alignment with national adaptation policies	Positive, neutral or negative
Management of uncertainty	Flexibility ? neutral or positive
Transformational effect	Strengthening of capacities: technical, institutional; planning and governance; neutral or positive

Compatibility criteria analysis (2/2)

Consistency of each Project is rated on a scale from -2 to +3



The analysis is informed by the country's context.

<https://www.afd.fr/en/sustainable-development-analysis>

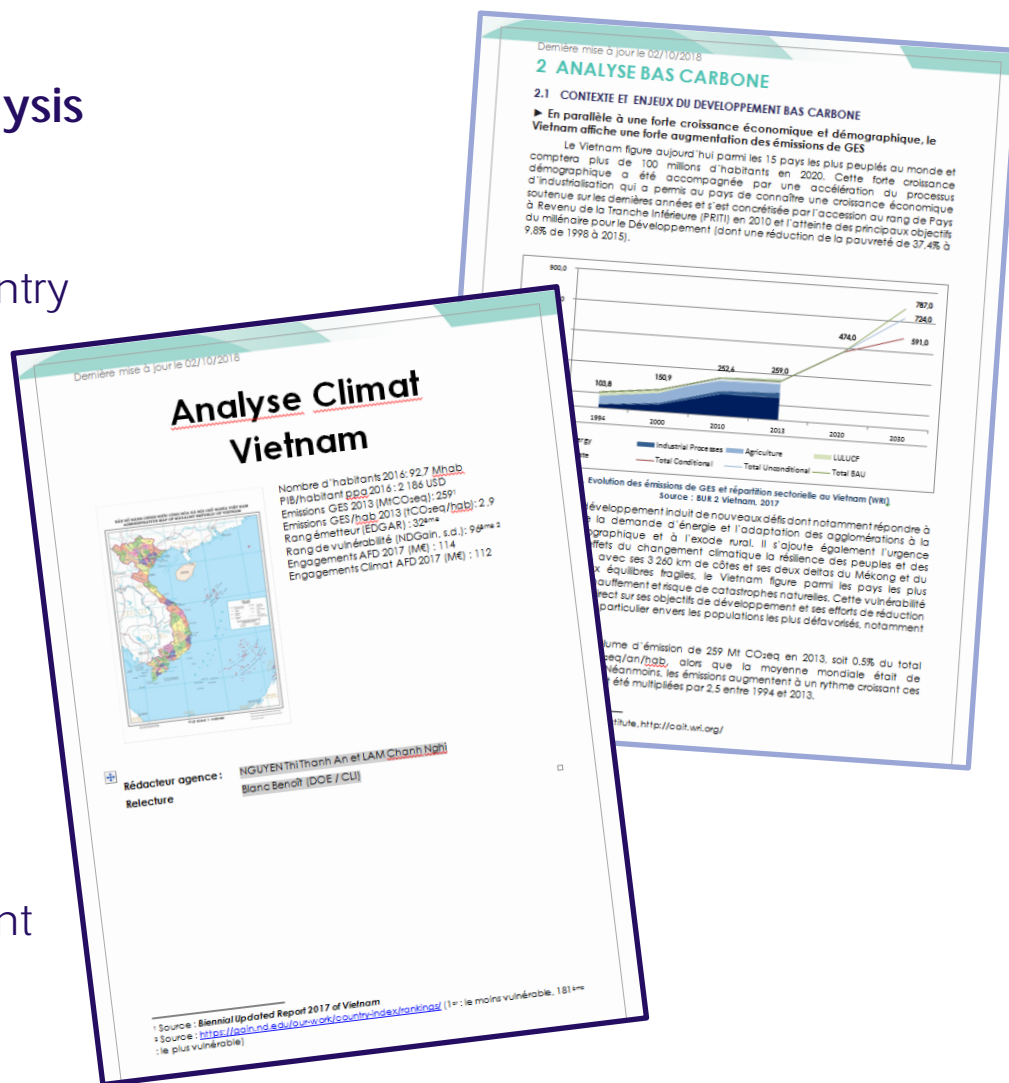
Operational modalities for “100% Paris Agreement”

- Country specific context analysis (Climate perspective)

- ~100 analysis by 2019
- For project analysis and country strategies

- Compatibility criteria

- Low carbon development compatibility
- Climate resilient development compatibility



Ex-ante GHG impact assessment tool

- **Systematic carbon footprint measurement** of all projects directly financed by AFD
 - « Climate » projects (emissions reductions)
 - Emissive projects (> 10 ktCO₂/year)
 - Strongly emissive projects (> 1 MtCO₂/year)
- **A carbon footprint tool** for 27 pre-defined types of projects
- **A methodology for quantifying GHG emissions**, in line with international standards
- **Harmonization of carbon-footprint measurement approaches** with several other international donors (IFC, EBRD, IDB...)

The AFD Carbon Footprint Tool for projects

User's Guide and Methodology

Carbon Footprint Summary and Results

Project Name: []
 Sector: []
 Region: []
 Project Duration: []

Project Emissions

Category	CO2e (t)	CO2e (kt)
Construction	100000	100
Operation	200000	200
Decommissioning	50000	50
Total	350000	350

Reference Emissions

Category	CO2e (t)	CO2e (kt)
Construction	100000	100
Operation	200000	200
Decommissioning	50000	50
Total	350000	350

Total emissions by sector over time - Impact of energy and CO2 prices

GHG emissions by sector over time - Impact of energy and CO2 prices

Checklist

La mesure de l'empreinte carbone d'un projet consiste à compter les émissions de gaz à effet de serre (GES) associées à la construction, à l'exploitation et à la démolition d'un projet de barrage. Ce calcul est réalisé sur une durée de 100 ans par défaut.

Phase du projet	Catégorie bilan carbone	Origine des émissions	Impact	Variables	Impact
Construction	Clearing	Défrichage (uniquement sur les surfaces non boisées)	Faible	Variabilité selon la région, le climat et la végétation	Le surface défrichée et le type de forêt
	Other pre-construction emissions	Émissions de GES engendrées par la dépendance de la matière organique suite à l'aménagement de retenue	Moyen	Émissions variables (selon le climat)	Le surface royale suite à la construction du barrage et l'état du site est fait
Fonctionnement (durée de vie)	Electricity / Heat consumption	Production d'électricité par les mix énergétiques du pays (scope 2)	Faible	Variabilité selon mix énergétique du pays	Quantité d'électricité produite annuellement par le barrage
	Construction Energy Consumption	Géométrie (pourcentage d'énergie par les engins de chantier)	Moyenne	Émissions variables de CO ₂ pendant le chantier	Quantité de carburant consommée pendant le chantier
Construction	Construction Materials	Production des matériaux de construction (acier, ciment, pierres de carbones...)	Moyenne	Quelques milliers de CO ₂ pendant le chantier	Quantité de matériaux utilisés pendant la construction
					CO ₂ pendant le chantier

27

Project selectivity for mitigation

	Category 1 (SSA, LDCs, priority and poor countries in crisis)	Category 2 (Middle Income Countries)	Category 3 (Countries with Green and Inclusive Growth mandate)
MITIGATION projects & projects with NEGLIGIBLE climate impact (between - 10kt _{eq} CO ₂ /year and 10kt _{eq} CO ₂ /year)			
EMISSIVE project (between 10t _{eq} CO ₂ /year and 1Mt _{eq} CO ₂ /year)			
HIGHLY EMISSIVE projects (more than 1Mt _{eq} CO ₂ /year)			

A photograph of a worker in a white hard hat and a high-visibility yellow safety vest inspecting a large solar panel array. The worker is wearing a light-colored polo shirt with a logo on the sleeve. The solar panels are mounted on a metal frame in an open field. In the background, there is a white container or building and another solar panel array. The image has a dark blue overlay.

What we have learned

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A few lessons after one year of practice of this new climate strategy

- **Paradigm Change?**

- Beyond hitting targets (climate finance): Doing things right (100%) rather than doing the right things (50%)
- Acknowledge the uncertainty of a qualitative approach: GHG accounting is not the only criterion
- Merely asking the question brings new ideas
- Requires strong internal engagement

- **A frontier topic**

- Directly contributes to the thinking around « Alignment »
- The idea that we should avoid investing « against » the goals of the Paris agreement is getting traction

A group of seven people are posing with a yellow GONG excavator in a tropical setting. The excavator is the central focus, with its arm extended towards the top left. The word "GONG" is visible on the arm. The group consists of six men and one woman. One man is sitting in the excavator's cab, another is standing on the side, and others are sitting or standing around the base of the machine. The background is filled with palm trees and a mountain range under a clear sky. The overall scene is brightly lit, suggesting a sunny day.

How we support our DFI partners

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CLIMATE FINANCE AND AFD (1/3): A BROAD RANGE OF INSTRUMENTS TAILORED TO OUR FI PARTNERS' NEEDS

With regional / national public FIs

- A tailored approach for multi / regional / national public FIs
 - Strong partnerships developed for decades in Asia, Latin America and Africa
 - A peer-to-peer approach to contribute to the redirection of financial flows and learn together
 - Credit facilities with substantial amount and favorable terms and conditions to promote investments in mitigation/adaptation projects
 - Dedicated TA programs designed for addressing our partners' needs
 - Strong interaction with peer learning initiatives (Mainstreaming Initiative's members, IDFC working group on climate finance, etc.)

With local / commercial FIs



- Sustainable Use of Natural Resources and Energy Finance
 - Over 42 programs implemented
 - Some 50 local banking partners
 - Over €2,5bn of loans allocated by AFD (€1,2bn disbursed)



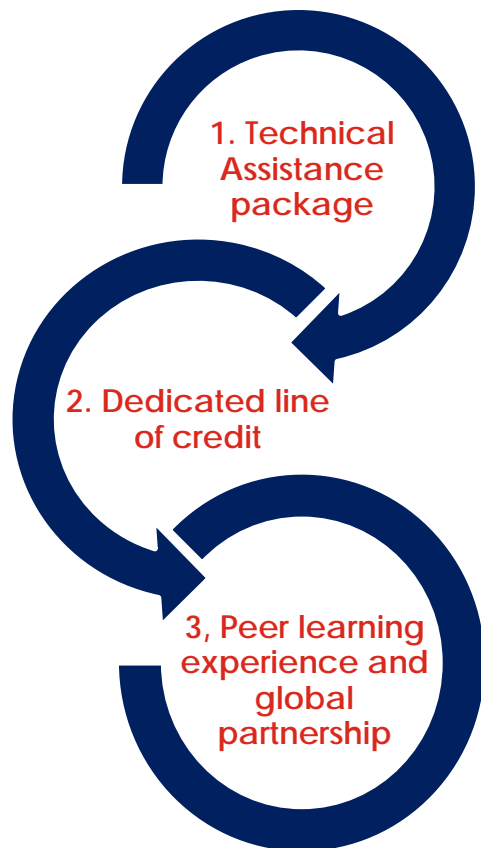
- Agricultural and Rural Finance Financial
 - Financial services tailored to the specific features of rural activities
 - Over €0,8bn of loans allocated on 52 projects with LFIs





CLIMATE FINANCE AND AFD (2/3): AN EXAMPLE OF PARTNERSHIP TO SHIFT INTO A GREEN DEVELOPMENT BANK

AFD intends to build strategic partnerships with public development banks, with a partner-oriented approach and dedicated financial tools to fit with partners expectations. Example:



• Credit facility terms and conditions :

- Amount: from €20M, depending on the Bank's needs
- Currency: € or \$
- Maturity: from 5 to 12 years
- Grace period: from 0 to 4 years
- Appraisal and commitment fees
- Drawdowns: based on a detailed work plan
- Pricing: depending on the Bank's cotation and the development's goals (concessional / not concessional)
- Multi-sectorial approach or sectorial-based approach (climate, agriculture / rural, financial inclusion, etc.)

• TA terms and conditions / example for climate finance :

- Increasing awareness of the Bank's management
- Screening the current Bank's portfolio
- Support the Bank's climate strategy definition and implementation to scale up green financing
- Developing and marketing dedicated financial products
- Establishing an environmental and social risk management system
- Increase the access of Asian governments and private sector to suitable climate policy advisory, resources and technical assistance



CLIMATE FINANCE AND AFD (3/3): A SAMPLE OF SUCCESSFUL PARTNERSHIP CASES BETWEEN AFD AND DEVELOPMENT FIS

Some examples of our current operations

Areas for further work



- **West African Development Bank (WADB)**
 - Amount: €75M loan + TA component grant
 - Access to energy promotion in line with public policies in the West African Economic and Monetary Union
 - WADB: triple accreditation World Environmental Fund, Adaptation Fund, Green Climate Fund



- **Brazilian National Bank for Economic and Social Development (BNDES)**
 - Amount: €165M loan + TA component grant
 - RE and EE promotion in line with public policies
 - TA component to develop the expertise of both Brazilian and French FIs in the areas of green energy and energy management



- **SUNREF program in South Africa**
 - Amount: €120M + €60M loans + €0.7M TA grant
 - Local FIs partners: Nedbank,, ABSA, Industrial Development Corporation, Co-operative Bank
 - 120 projets funded (EE + RE projects)
 - -370 000 tons of CO2 / annum / -400 GWh / electricity consumption / +60 MW RE capacity



- Evaluation and capitalization
 - With a focus on impacts regarding climate issues
- Supporting our partners in strengthen their climate finance strategy, their intervention capacities and their funding strategy
 - TA programs 2.0
 - Guarantees / insurance products
 - IDFC climate finance facility
 - Climate Bonds issuance
 - GCF accreditation
- Shaping together the future of climate finance
 - Cofinancing climate operations
 - Peer learning initiatives

An aerial photograph of a large electrical substation. The scene is dominated by a long, straight concrete path that runs through the center, flanked by gravel-covered areas and various electrical equipment. On the left and right sides, there are numerous metal structures, including tall pylons and complex frameworks for power lines. In the foreground, a worker wearing a yellow hard hat and a light-colored uniform is walking along the central path. The sky is overcast, and the overall atmosphere is industrial and functional.

Thank you!
@AFD_France
@Biddiscombe_L

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