



Governance

ACTIVITY REPORT

2023

AFD Group is investing in an institutional, political and civic environment conducive to fair, sustainable development. It uses its financing to support quality public services that (re)build trust between people, governments and institutions. The group works alongside governments, civil society, local authorities and businesses and other actors driving change, innovation and transformation in their territories. While our governance activity focuses primarily on Sustainable Development Goals (SDGs) 16 and 17, it also contributes to the achievement of other SDGs, such as numbers 5, 10, 11, 12 and 13.

AFD has governance projects in some 50 countries, mobilizing grants and loans for a cumulative volume of commitments of €7.8 billion since 2016. Our organization aims to consolidate this portfolio by pursuing related issues such as environmental and climate justice, a fair transition and climate governance. We seek to ensure that governance always helps to accelerate social and environmental transitions.



AFD Group's governance strategy

In an international environment that has been heavily impacted by climate and environmental crisis, worsening social inequality and democratic backsliding, AFD Group wants to make governance a tool to transform societies, consolidate public action and accelerate transitions.



**Further
information**

Our governance activity revolves around four key themes:



Contributing to more open and inclusive societies

Promoting vibrant democracies, transparent public action, open civic spaces and the right to reliable information to foster inclusive public policies that work to reduce inequality.



Strengthening the rule of law and public action

Accompanying transitions in administrations and delivering public services at all territorial levels, guaranteeing access to the justice system and reducing the risks of catastrophes.



Supporting funding for sustainable development

Promoting transitions and sustainable development through better management of public finances and the mobilization of all potential investors, such as diaspora communities.



Contributing to macroeconomic stability and crisis responses

Offering emergency funding when requested by the French government in response to economic, social, environmental and security crisis.

The Group's approach

With the integration of Expertise France in early 2022, AFD Group now has additional tools to support all its partners.

Expertise France leverages AFD's financing to provide French and European know-how in support of sustainable public policies.

37.6

**million euros committed with Expertise
France to address governance issues**

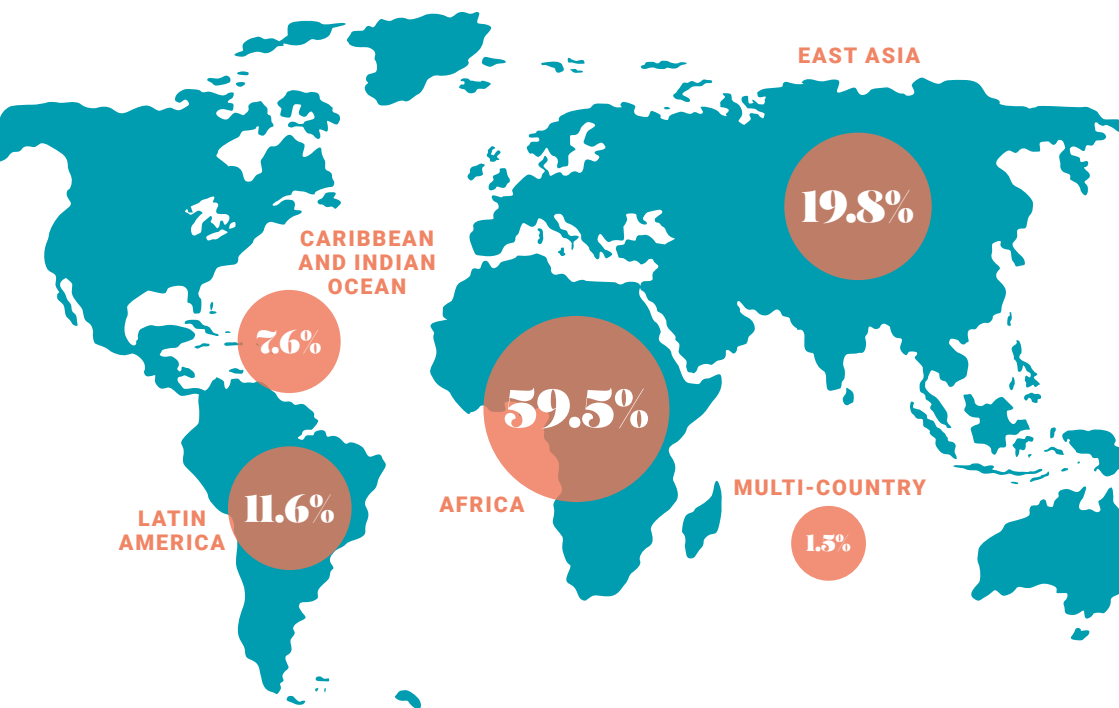
Our governance activity in 2023

AFD Group's governance activity saw strong growth in 2023, reaching nearly €2 billion in new commitments.

€1.8
billion

for 108 new projects in the field
of governance in 2023, representing 14.3%
of AFD Group's commitments

Breakdown by region*



63%

of projects help
reduce gender
inequality*

67%

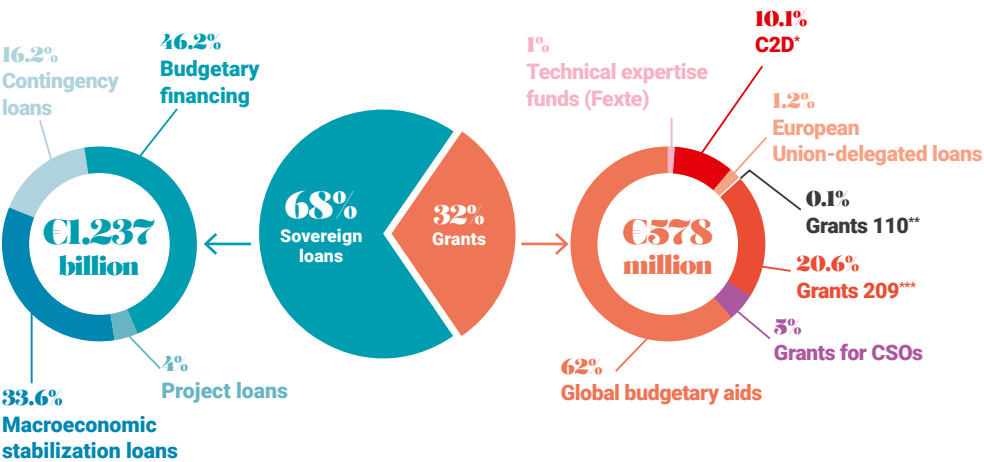
of projects help to fight
climate change and
protect biodiversity*

98%

of financing encourages civic
participation, democracy, the rule
of law and human rights*

* Activities other than macroeconomic stabilization carried out exclusively by the governance division.

Breakdown by financial tool

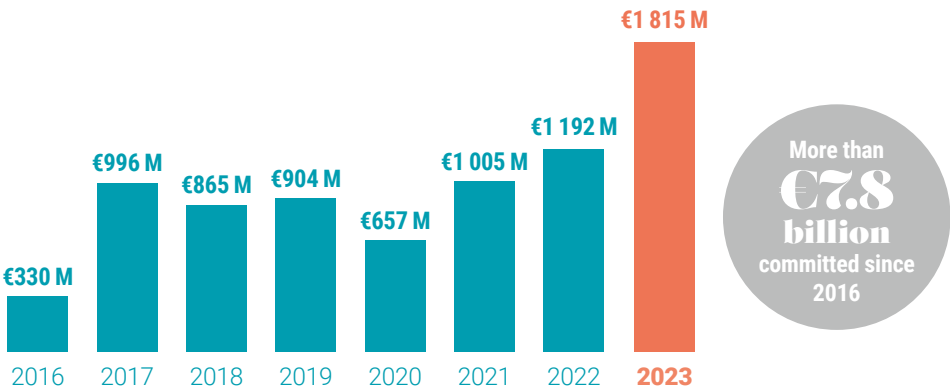


*Contract for debt reduction and development

**Grants from the French Treasury

***Grants from the French Ministry for Europe and Foreign Affairs

Our commitments in recent years



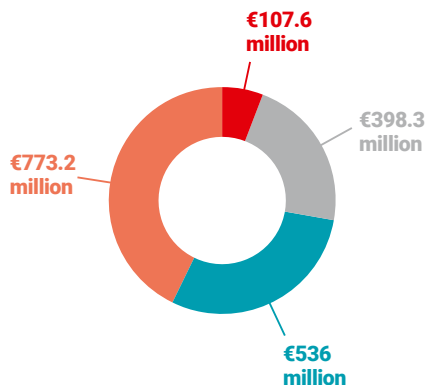
Areas of intervention and partnerships

AFD mobilizes all instruments at its disposal in support of governance, both in grants and loans.

To go beyond a state-centric vision, AFD works with all actors involved in managing and regulating resources, interests and authorities (civil society organizations, local authorities, communities, citizen and professional groups, public and private businesses).

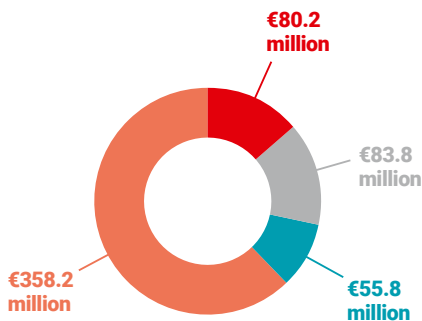
Grants and loans

(Breakdown by theme)



Grants

(Breakdown by theme)



- More open and inclusive societies
- Rule of law and public action
- Financing for sustainable development
- Macroeconomic stabilization and crisis response



In the interest of complementarity, AFD **works in close collaboration with other financial partners**, such as the European Union, the World Bank, the IMF, the Inter-American Development Bank, KfW and the Swiss Agency for Development and Cooperation.

Over €800 million mobilized by other donors in addition to AFD's support

Contributing to more open and inclusive societies



Our ambition is to contribute to the emergence of fair, inclusive societies that respect freedoms. AFD promotes constructive dialogue between public authorities and citizens, transparency in public action, open civic spaces and the right to reliable information. It supports a social contract that protect individual freedoms and contributes to peace processes. Its work helps to reduce inequality, including gender inequality, and strengthen factors of inclusion, especially young people, migrants and displaced peoples, as well as promoting peaceful coexistence.

€107.6 million committed

**Citizen participation
and democratic processes**

**Media and the right
to information**

**Social cohesion
and reducing inequality**

Burundi

Civil society driving development

Local associations and the authorities in Burundi still have trouble engaging in dialogue and working together, despite a legal framework that allows for it. AFD's financing will help to bolster the structure and framework initiatives for state and civil society dialogue, as well as helping CSOs professionalize. These organizations will receive funds for their initiatives in support of women and young people as well as for their priority needs and research and advocacy activities.

■ **Grant from EU-delegated loans (€7 million)**

**The project's
target SDGs**



Strengthening the rule of law and public action



We aim to support effective, transparent and accountable public action that serves the public interest. AFD supports the transformation of public administrations that guarantee rights and freedoms, the implementation of public policies and access to public services. It focuses on central and decentralized administrations, as well as local authorities and public services, with the aim of meeting all the needs of the population in a fair and qualitative way.

€398.3 million committed

Rule of law, access to justice and respect for human rights and the rights of living beings

People-centered, modern and effective public action

Reduced risk of catastrophes and crisis management

India

Reducing the risks of catastrophes

Himachal Pradesh is highly vulnerable to climate change; its economy and populations are weakened by the natural hazards that result from this. This program will help reinforce Himachal Pradesh's institutional disaster management measures, develop an early warning system and strengthen emergency services.

Priority public infrastructure (such as hospitals and public buildings) will be renovated, and nature-based solutions will be promoted to improve resilience to disasters. A contingency component will allow for resources to be made available in cases of catastrophe.

■ **Budgetary funding in the form of loans (€80 million)**

■ **Technical support grants (€1 million)**

The project's target SDGs



Financing for sustainable development



Our aim is to support governments and local communities in budgeting, mobilizing and leveraging their financial resources in support of sustainable development. They are on the front lines of funding for development, and can orient the work of the private sector, including diaspora communities, toward more sustainable developments. AFD provides the technical and financial support needed to make public finances a strong lever for funding transitions.

€536 million committed

Quantifying
and budgeting
for transitions

Mobilizing internal
resources
and budgetary
execution

Orienting private
resources, including from
diaspora communities,
to sustainable investments

Rwanda

Ecological management of public finances

To reach carbon neutrality by 2050, Rwanda must align its public investments and spending with its climate agenda. Built in synergy with the IMF, AFD's financing will be disbursed as and when certain reform indicators are met. A program of technical support from Expertise France will help to bolster the authorities' skills in terms of green budgeting, sustainable public contracts, green public investment and the greening of the financial system.

- **Budgetary financing in the form of loans (€50 million)**
- **Technical support grants (€3 million)**

The project's
target SDGs



Stabilization and crisis response



AFD intervenes on the request of the French government to provide emergency funding in response to crisis (economic crisis, droughts, conflicts, etc.). This funding, generally in conjunction with other donors, allows for quick injections of the liquidities needed to stabilize a crisis.

€773.2 million committed

Republic of Zambia

Reducing the budget deficit to fight food insecurity

The drought and climate disruptions have severely impacted grain production, placing 2.3 million Zambians in a state of food insecurity. Following the debt default in 2020, a memorandum of understanding was reached in 2023 between Zambia and its bilateral creditors on the restructuring of its sovereign debt.

AFD granted Zambia emergency budget financing of €16 million on the request of the French government. This funding will help to reduce its budget deficit and respond to the ongoing food crisis. Indeed, €4 million will be allocated to funding the government's school cafeteria program to fight infant malnutrition and to encourage children to stay in school.

■ Global budget support in grants (€16 million)

The project's
target SDGs

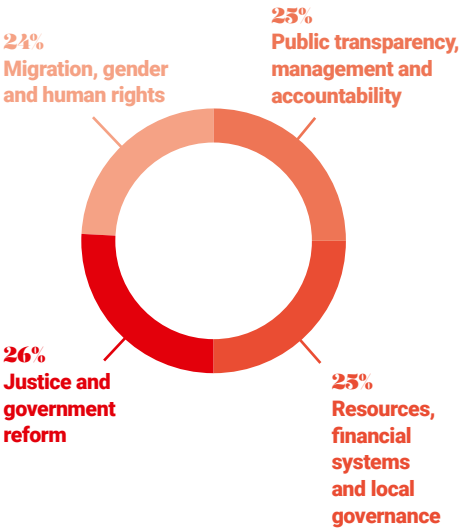
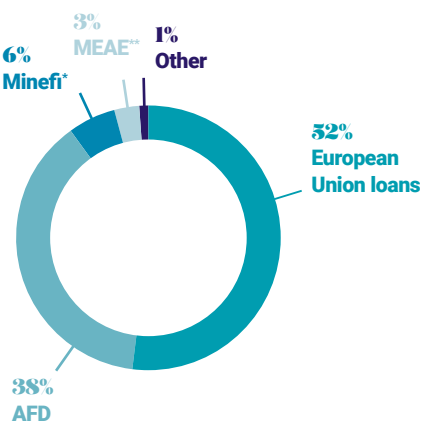


Expertise France's governance activity

Now a part of AFD Group, Expertise France is the group's operator in charge of technical coordination projects in the broad field of governance, including the management of public finances, migrations, gender, human rights, justice, local and central government reform, and disaster risk reduction.



To carry out its mission, Expertise France mobilizes above all the French public ecosystem, including central government departments (including the Treasury, Digital Technology, Public Transformation, Ministry of Justice, Administration and Civil Service.). It also mobilizes auditing bodies (such as the Court of Auditors and the Inspectorate General of Finance.), educational institutions (National School for the Judiciary, National Institute of Public Service), the National Assembly, the Senate and French local authorities.



* Ministry of the Economy, Finance and Industry

** Ministry for Europe and Foreign Affairs

For a world in common

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

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



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