



Climate

ACTIVITY REPORT

2023

AFD Group's climate strategy

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1 Activities fully in line with the Paris Agreement

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- Taking climate change into account in **all sectors and projects**
- Supporting partner countries' low-carbon and resilience **trajectories**
- **Ensuring that projects** are consistent with the expectations of the Paris Agreement

2 Increase climate financing

Each year, **at least 50% of the Group's financing** in foreign countries goes to projects with climate co-benefits. In 2023, 63% of the Group's financing was dedicated to projects with climate co-benefits, making AFD a major contributor to France's climate finance objective.

3 Influence standards

Since 2021, AFD has published the report by the Task Force on Climate-Related Financial Disclosures (TCFD) to illustrate how the Group complies with **the best international standards** for taking climate-related risks into account in its governance and its choice of the operations it finances.

● **Find out more:**
Download the 2023 report



4 Redirecting financial flows

The Group has stepped up its strategic dialogue and operations with **financial institutions and central banks**. We continued to manage **delegated funds** from our partners (such as the Green Climate Fund and the European Commission), as well as **contributions from the private sector**.

The Group shares its practices and encourages public development banks to strengthen their commitment to climate action through the **Finance in Common** initiative and the **IDFC** network, which committed nearly US\$1,250 BN of green finance over the 2017-2022 period. Regular dialogue with **civil society also continued**.

5 Improve internal practices

In 2023, AFD group continued its work to significantly reduce greenhouse gas emissions linked to its operations by 2030 and to improve its transparency by enhancing the Open Data platform.

- **Over 150 specialized officers** share their climate expertise within the AFD Group network

- **14.2 tons of CO₂ equivalent emitted per employee in 2023**, compared to 16.7 tons in 2019 (pre-COVID baseline conditions)

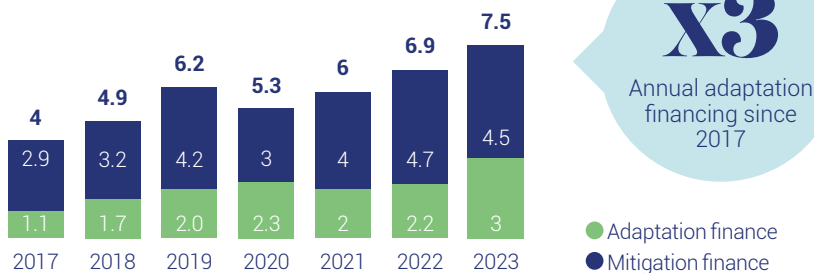
A look at the results



€40.7 BN in climate finance committed in developing countries and in Overseas France by AFD Group since 2017

Trends in the Group's commitments

(in € BN)



Financed between 2017 and 2023



48 million tons of CO₂ equivalent avoided annually over the whole lifespan of the mitigation projects

AFD Group, a “transformational” leader in fossil fuel phase-out

The E3G independent think tank, which assesses the alignment of public development banks with the Paris Agreement, ranked AFD Group among the best financial institutions in this area and praised its institutional leadership. The Group was even classified as “transformational” for its fossil fuel phase-out.



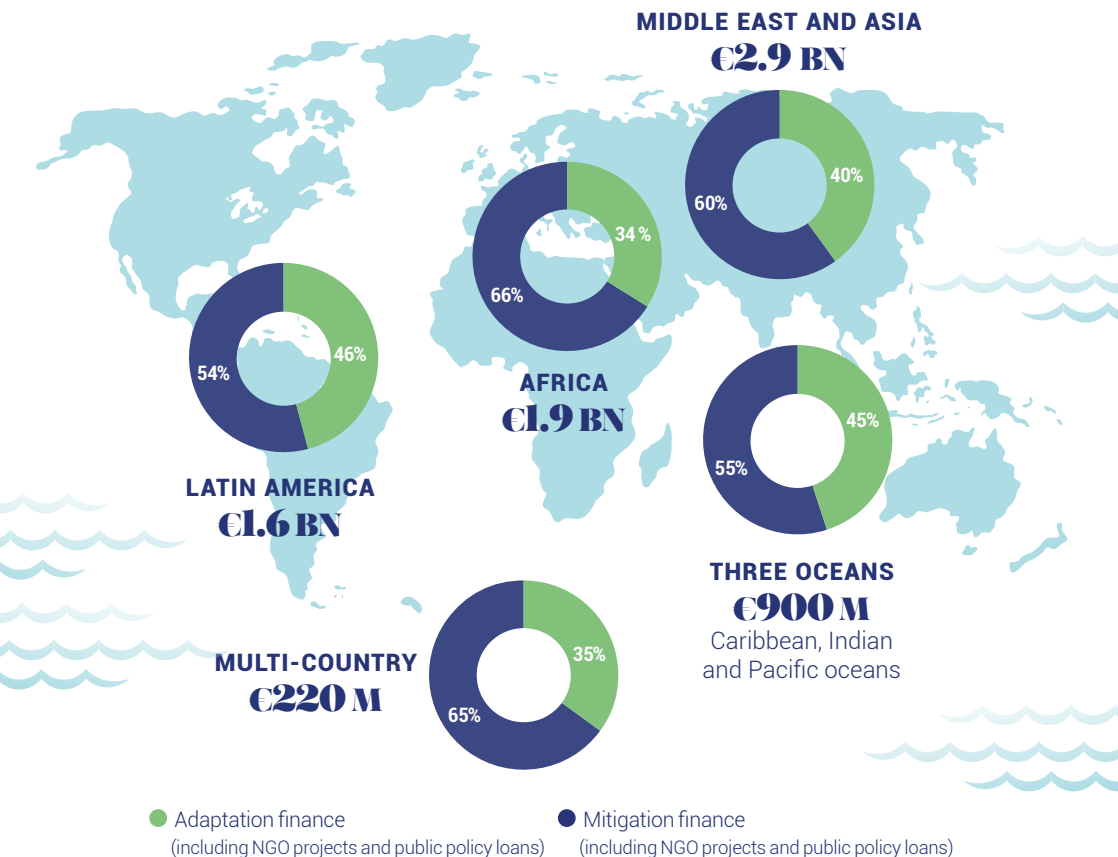
● Find out more: World tour of climate solutions

Group climate activities in 2023

€7.5 BN of climate finance committed in 2023 by AFD Group in developing countries and overseas territories, including **€3 BN** dedicated to adaptation.

+3%
compared to 2022.

Breakdown by region



36% of the climate finance committed also promoted biodiversity in 2023 through sustainable resource management projects and sectoral approaches promoting nature-based solutions.

The fight against climate change is included in

62%

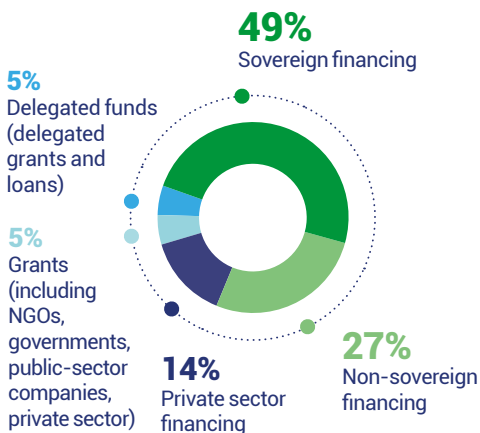
of AFD's commitments and

46%

of Proparco's commitments.

AFD Group has once again met the commitment made in 2017 to devote at least **50% of its financing each year to projects with climate co-benefits.**

Breakdown by financial tool



Projects with climate co-benefits generated
€1 BN in official development assistance in 2023.

The private sector and French expertise mobilized for the climate



€1 BN in financing committed to

40 projects

with climate co-benefits, a 16% increase on 2023, including



€209 M dedicated to adaptation projects.



€48.8 M in delegations of funds from the European Union signed.

Expertise France has set up a **methodology for assessing and accounting for climate commitments**, called "Alignment of Sustainable Development Goals", which was applied to projects implemented in 2023.

The percentages are calculated based on annual commitments in developing countries and France's overseas territories, excluding global budget support, debt reduction mechanisms (Debt Reduction-Development Contracts – C2D) and portfolio guarantees.

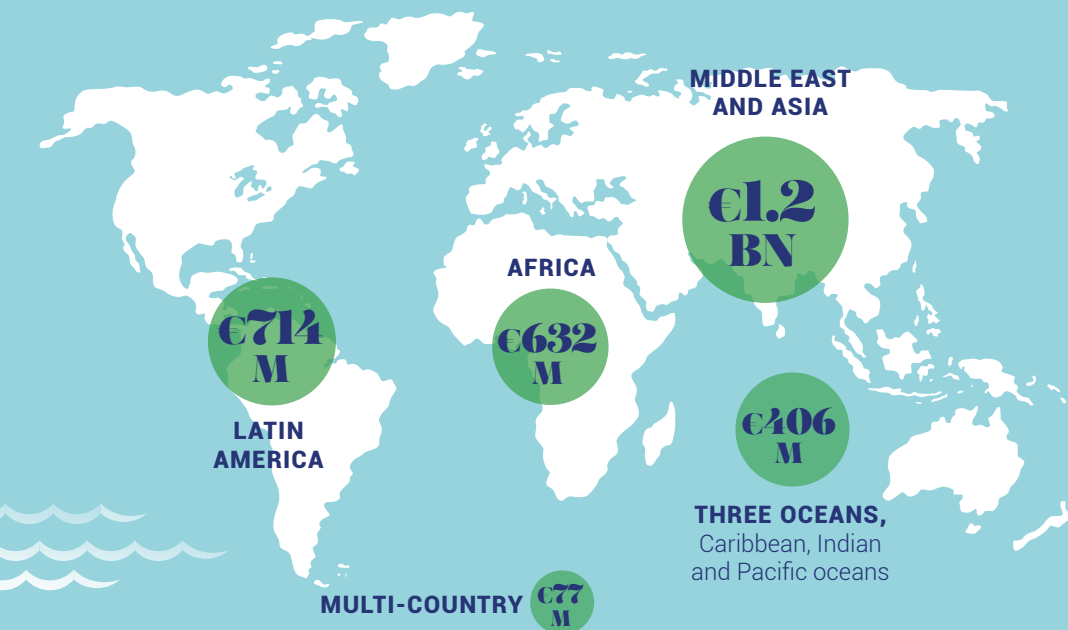
Adapting to the effects of climate change

Climate change adaptation refers to all the policies and measures aimed at reducing societies' exposure and vulnerability to climate hazards (e.g. extreme temperatures, droughts, rainfall, coastal erosion).

€3 BN committed to adaptation projects, representing approximately **40%** of AFD Group's climate financing.

+33%
compared
to 2022

Breakdown by region

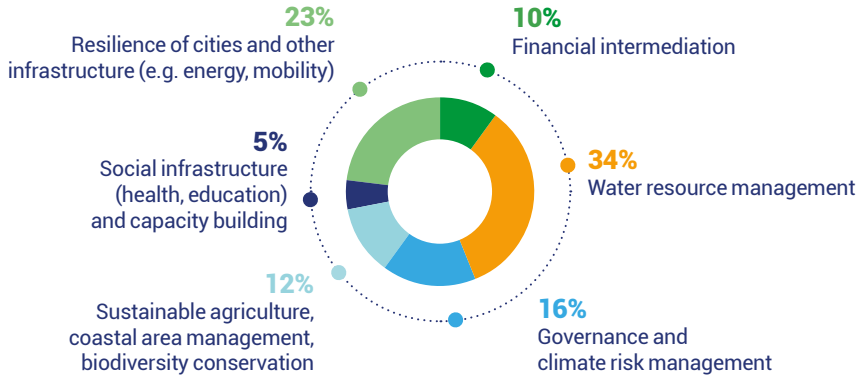


12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Conversion of 51,000 hectares to agro-ecological systems



11 SUSTAINABLE CITIES AND COMMUNITIES
The living conditions of 634,000 people in cities were improved following crises

Breakdown by sector



ADAPT ACTION

continued its role as a catalyst for climate finance and as a tool for dialogue on public policy for vulnerable countries.

In 2023, identification missions led to the creation of 20 governance and public policy support initiatives, 4 research projects on the human aspects of climate issues, and 14 feasibility studies for adaptation projects. They will eventually be counted among the €700 M in projects for which the program has served as a catalyst since 2017.

Contributing to the financing of loss & damage with innovative solutions



In 2023, AFD announced, for the first time, that it would introduce clauses allowing particularly vulnerable countries to suspend debt repayment in the event of climate disasters. A pilot phase will be launched in 2024 with 26 countries and a focus on two trigger events: storms and earthquakes.

India

Disaster risk reduction program in the state of Himachal



€260 M

dedicated to projects contributing to disaster risk reduction in 2023

In 2023, AFD granted a €81.9 M loan to the Republic of India to finance risk governance and preparedness for extreme climate events, in particular through prevention measures incorporating nature-based solutions. The goal is to increase the resilience of the state of Himachal Pradesh and its inhabitants to the effects of climate change and disasters of all kinds.

Mitigating climate change

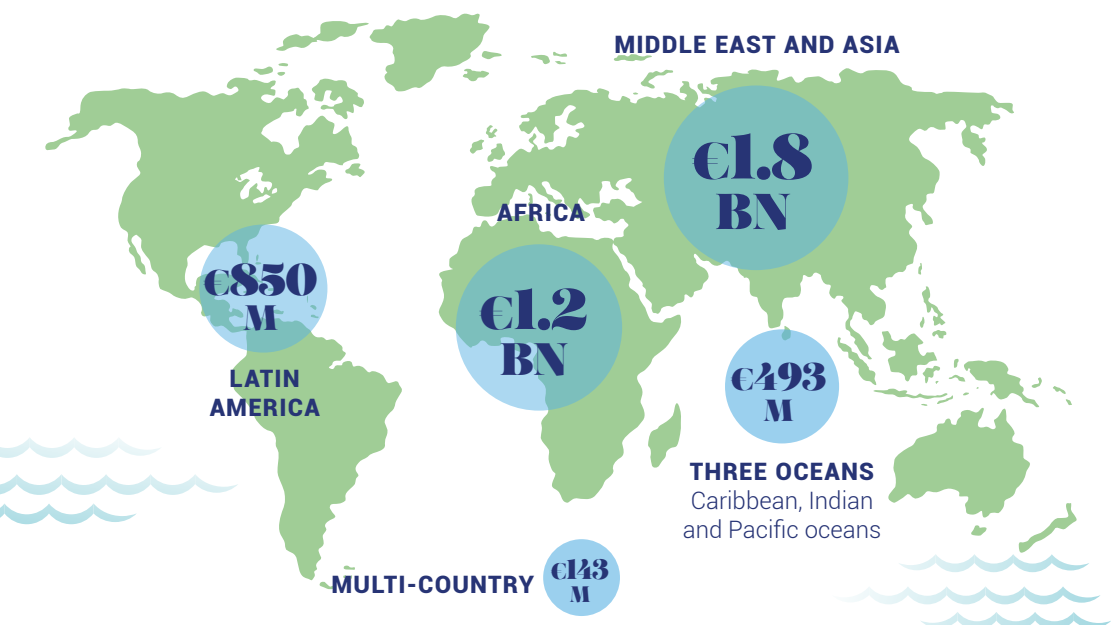
Climate change mitigation aims to reduce global warming through projects to decrease greenhouse gas (GHG) emissions or protect GHG sinks and reservoirs.

€4.5 BN
committed to mitigation
projects in 2023



2.7 million tons of CO₂
equivalent will be avoided annually
over the whole lifespan of the mitigation
projects financed in 2023

Breakdown by region



The projects financed in 2023 will contribute to several SDGs:

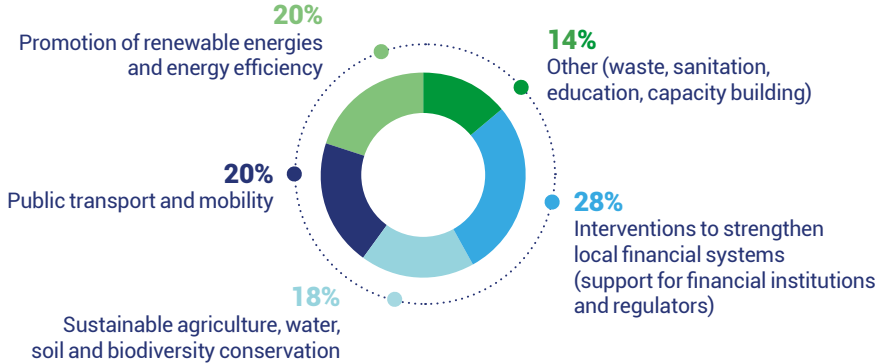


50,000 people will benefit from renewable energy thanks to climate projects financed in 2023.
3,715 MW of renewable energy will be installed or rehabilitated.

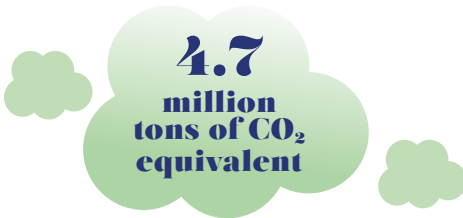


9.5 million people have better access to a sustainable urban transport system.

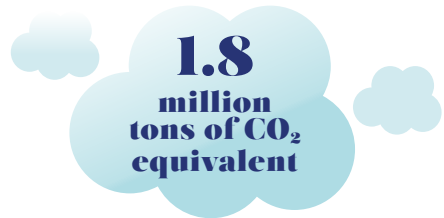
Breakdown by sector



Projects' carbon footprints



of **absolute** emissions per year from all projects financed in 2023
without taking into account the baseline scenario and therefore the emissions they avoid



of **relative** emissions per year generated by all projects financed in 2023
Total carbon footprint of all projects (difference between the GHG emissions of a situation with the project compared to baseline conditions, specific to each project)



Just Energy Transition Partnerships (JET-P)

The JET-P agreements are financial coalitions of countries aimed at accelerating the decarbonization of economies by prioritizing social issues. AFD Group participates in dialogue between governments and donors.

- **Senegal and its international partners** (Germany, France, the European Union, the United Kingdom and Canada) launched a JET-P agreement at the New Global Financial Compact Summit in June.
- **In Vietnam, AFD granted a €70 M** loan to electricity operator Vietnam Electricity (EVN) to strengthen the electricity transmission system and committed **€50 M** to the Bank for Investment and Development of Vietnam (BIDV) to finance projects with climate and biodiversity co-benefits.

Supporting the low carbon and resilient trajectories of our partner countries

AFD Group supports countries in developing and implementing public policies to facilitate a fair and resilient low-carbon transition

**FACILITÉ
2050**

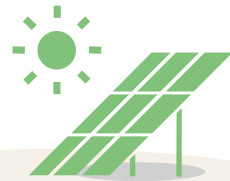
**In 2023,
some 30
countries
were supported**

- Since 2018, **Facility 2050** has supported 34 partner countries (16 in Africa, 8 in Latin America and 10 in Asia-Pacific) to develop and implement their **long-term strategies** (LTS) for low-carbon and resilient development. A number of these exercises have been submitted to the UNFCCC secretariat. The processes involve building local capacities and mobilizing international expertise. The support from the Facility also makes it possible to participate in JET-P partnerships by providing targeted studies or contributing expertise.



€1.9 BN
in public policy
loans for climate
in 2023

Public policy loans are intended to support a sectoral or multi-sectoral policy. They involve budget support, dialogue backed by a matrix of indicators, and technical cooperation. AFD Group also provides studies, technical assistance and capacity-building activities.



Rwanda

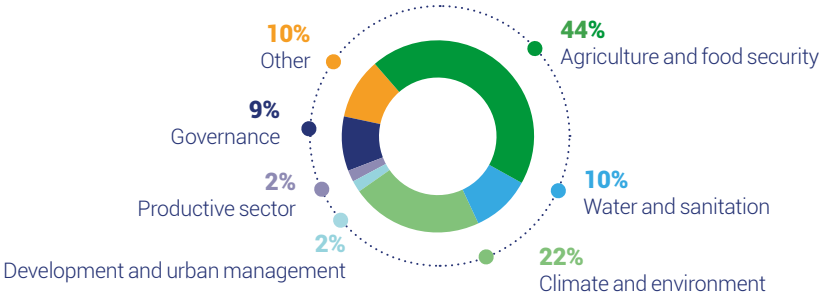
Supporting Rwanda's climate trajectory

AFD has formalized its support for Rwanda in the country's climate trajectory. This will include encouraging the alignment of public and private financing with the attainment of the adaptation and mitigation objectives of Rwanda's Nationally Determined Contribution (NDC), **a budget loan of €50 M, and a grant of €3 M** to finance technical assistance implemented by Expertise France. The aim is both to support public finances that are sensitive to climate challenges and to encourage financial system stakeholders to integrate climate risks in their regulatory, supervisory and investment decisions.

Supporting civil society committed to climate and nature issues



Breakdown by sector



Guinea



Promoting sustainable natural resource management

In 2023, AFD granted **€800,000** to the project led by the Fouta Djallon Farmers' Union (FPFD) for a three-year period. The project aims to foster the resilience of the agricultural sector to climate hazards in the region through sustainable management and use of natural resources.



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 overseas departments and territories.

Our objective: to reconcile economic development with the preservation of common goods: the climate, biodiversity, peace, gender equality, education and health.

Our teams are involved in more than 3,600 projects in the field, which are part of the commitment of France and the French people to fulfilling the Sustainable Development Goals. For a world in common.



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