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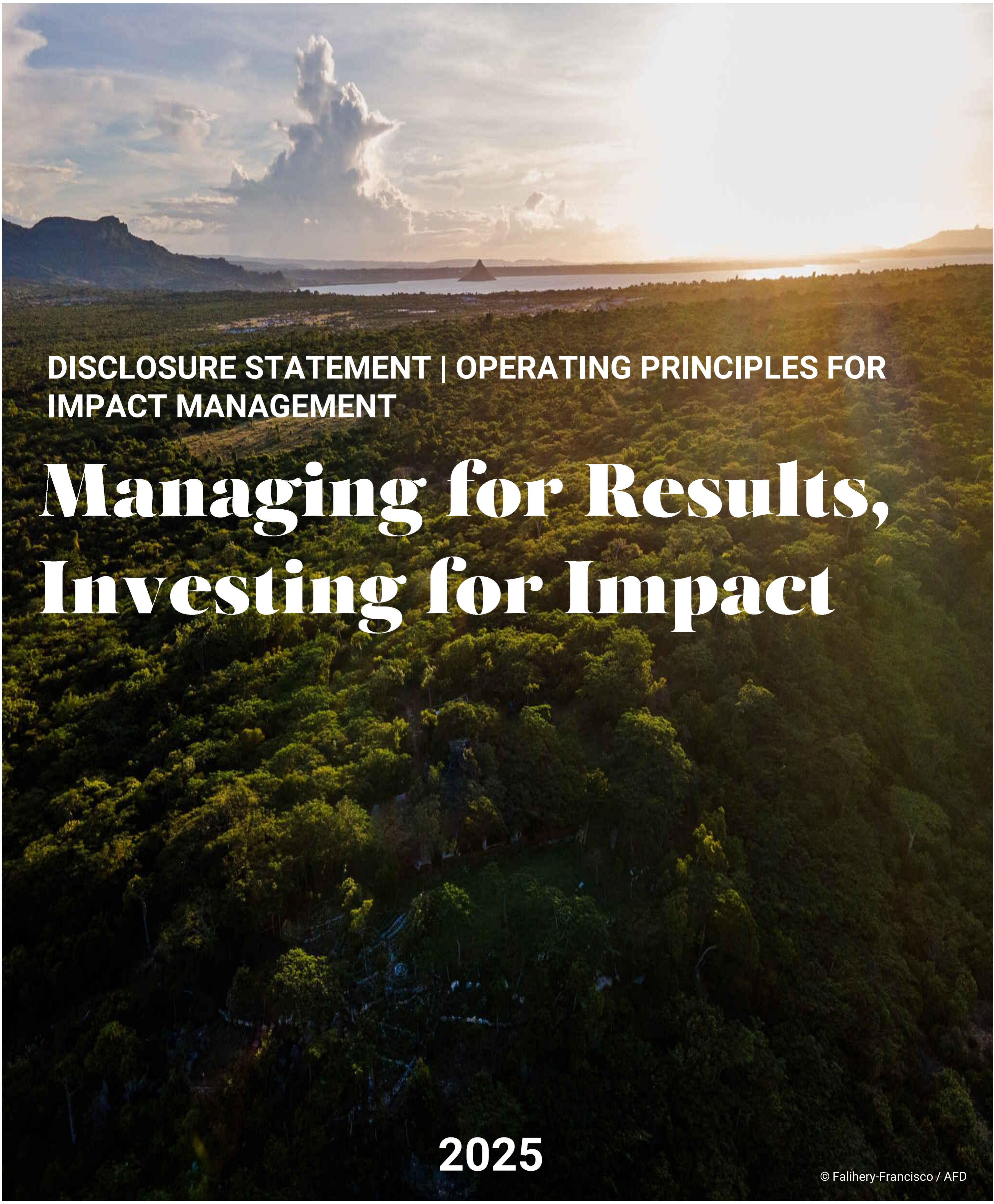
AFD
AGENCE FRANÇAISE DE DÉVELOPPEMENT



DISCLOSURE STATEMENT | OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

Managing for Results, Investing for Impact

2025

#WorldInCommon

Contents

DISCLOSURE STATEMENT

Operating Principles for Impact Management

The *Agence Française de Développement* ("AFD") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles").

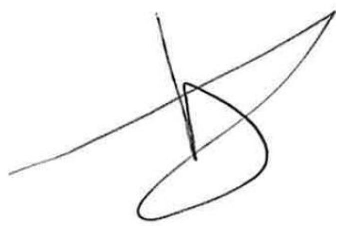
This Disclosure Statement applies to the following assets or business lines (the "Covered Assets"): all assets under AFD management in its own account investment. The total Covered Assets in alignment with the Impact Principles is EUR 21 billion as of December 31, 2024[1].

Agence Française de Développement

Rémy Rioux

AFD Chief Executive Officer

Date: 09/12/2025



[1] Equivalent to USD$ 25 billion at the exchange rate prevailing at the end of September 2025.

The term "impact," linked to the notion of "outcome", is used here in a broad sense. It encompasses, without systematic distinction, intermediate development results, which make up the majority of what is monitored in projects. Narratives that help contextualize and enrich the interpretation of results often complement this monitoring. While the measurement of development results is generally accessible to well-structured and funded monitoring and evaluation systems, the assessment of impacts in the stricter sense is more demanding: it requires longer timeframes to observe effects, as well as a high level of scientific rigor to ensure both attribution and sustainability. In this regard, AFD is one of the few development banks that invests in scientific impact evaluations as part of its evaluation activities.

PRINCIPLE 1

DEFINE STRATEGIC IMPACT OBJECTIVE(S), CONSISTENT WITH THE INVESTMENT STRATEGY

The Manager/PDB shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager/PDB shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

AFD Mandate

As France's public development bank[2], the *Agence Française de Développement* (AFD) has been supporting economic and social development in partner countries for over 80 years. Its mandate focuses on financing and supporting projects that promote sustainable development, aligned with the Sustainable Development Goals (SDGs). AFD Group's[3] 2025-2030 strategy (POS V) is structured around:

- Four strategic commitments: (i) to place ourselves resolutely "on the side of the others", (ii) to become "the first Public Development Bank to be 100% SDG-aligned", (iii) expanding to become "a mobilization platform", and (iv) to keep our "One Group" promise;
- Three crosscutting priorities: to protect our planet, to foster civic engagement and strong institutions, and to promote greater equality and inclusion.

A Commitment to Quality and Impact

AFD Group undertakes to increase the proportion of its financing aiming at transformational and systemic impacts, maximize the positive co-benefits and synergies between the three crosscutting strategic priorities, and to strengthen its "do no harm" policy. The latest underpins all of AFD's interventions, from ex-ante screening to ex-post evaluation. This commitment is operationalized through an exclusion list and a robust environmental and social risk management policy. It also aims to strengthen the monitoring chain of sustainable development impacts in order to monitor and report on the impacts of AFD's financing.

In order to maximize impacts, AFD's new strategy is underpinned by four levers of action:

i. Projects: using the AADD (Sustainable Development Analysis and Opinion) grid to enhance the impacts of projects

ii. Actors: investing in the transformation of actors and their systems

iii. Country trajectories: supporting countries, through public-policy dialogue, in dealing with climate risks and analyzing the macroeconomic dimensions of ecological transitions

iv. International systems: making investment practices and standards converge with those of climate-biodiversity finance and with the SDGs

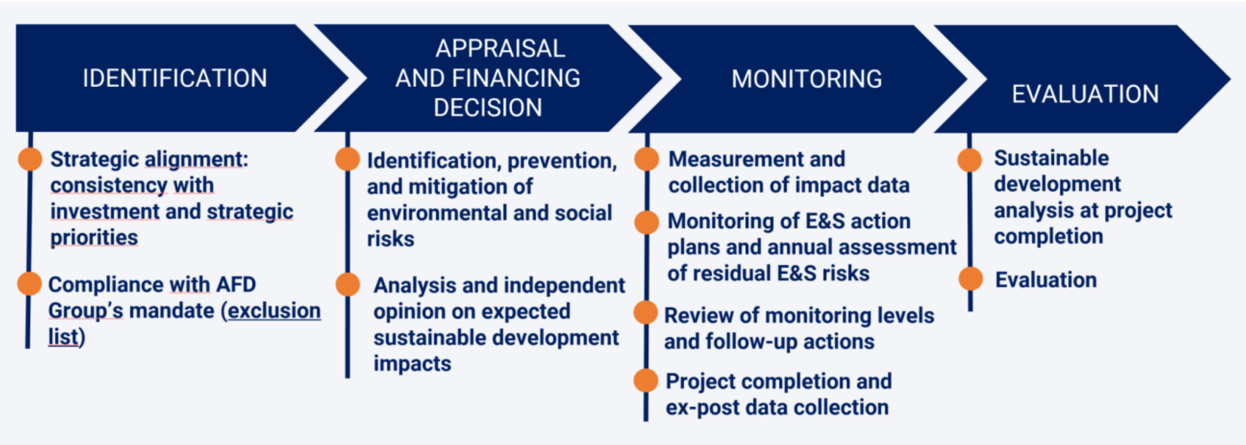


Figure 1: Key impact and sustainability checkpoints throughout the project cycle

[2] In this document, the term "Manager" is understood as "Manager/Public Development Bank (PDB)". This reflects AFD's position as a public development actor, which differs from that of an asset manager. The approach to the Principles is therefore adapted to the mandate of a PDB.

[3] "AFD Group" is used when referring to strategic orientations or commitments defined at the Group level, which includes AFD, Proparco and Expertise France.

For AFD Group, the purpose of SDG alignment is to achieve robust and sustainable development models that combine the integrity of terrestrial and aquatic ecosystems, reduction of inequalities, and prosperity for all. Achieving this "100% SDG aligned" commitment will mean systematic consideration of the three strategic priorities during project design, and increased attention to the impacts of our sectoral contributions, through our three solidarity-driven and sustainable investment priorities.

As a public development bank accountable for the impacts it generates through its financing and clients, AFD Group is attentive to evolving European requirements on sustainability reporting, particularly the Corporate Sustainability Reporting Directive (CSRD). Only one Group entity (Expertise France) should be subject to the directive and required to issue a sustainability statement by 2028. The AFD Group has chosen to begin a voluntary group reporting as early as 2026, in line with its ambition to strengthen the credibility and visibility of its contribution to sustainable development.

AFD's strategic alignment is also shaped by the orientations set by the *Conseil présidentiel pour les partenariats internationaux* (CPPI), which provides the political framework for France's overseas development aid, through ten priority objectives. These objectives are the backbone of AFD's contractual relationship with the French government (*Contrat d'objectifs et de moyens*) and for the piloting of the financial means it receives from the State. For the first time in 2025, this Contract is results-based, and the monitoring of results and impacts is from now on an essential part of AFD's institutional accountability.

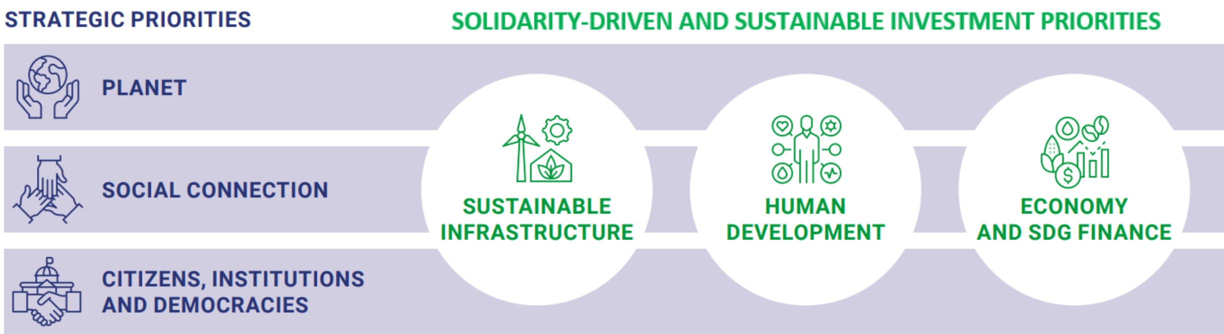


Figure 2: Alignment between strategic and investment priorities

PRINCIPLE 2

MANAGE STRATEGIC IMPACT ON A PORTFOLIO BASIS

The Manager/PDB shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager/PDB shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

For a public development bank like AFD, managing impact at the portfolio level begins with the screening of project proposals to ensure alignment with the Group's sustainability objectives. This process systematically applies a dual approach: 1) avoiding, reducing, and compensating negative impacts through the Group's Environmental and Social Risk Management Policy, and 2) maximizing positive impacts across the three pillars of sustainable development (Planet - Social Link - Economy & Governance) through the Sustainable Development Analysis and Opinion (AADD) and its associated metrics. Impact also means measuring and monitoring results against a defined set of indicators. To that end, AFD Group has developed in 2025 a clear and streamlined Corporate Results and Impact Framework (CRIF), composed of twenty-two core indicators[4] aligned with the Group's investment priorities. This framework and its associated indicators reflect the key development impacts sought through AFD's financing and provide the foundation for AFD Group's overarching impact ambition.

Institutional Visibility

This framework ensures transparency and accountability to the French people and the French State (AFD's sole shareholder) as it responds to expectations set by France's development policy and the CPPI, by making the development impacts of the Group's financial activity visible and accessible. The results and impacts data tracked through the CRIF fall into two categories:

i. Development commitments made at the time of financing approval (targets represent the expected outcomes of the operation); and
ii. measured results collected at project completion

These two datasets are monitored annually across different portfolios: newly approved projects for expected outcomes, and closed projects for actual results.

Market Alignment

The Corporate Results and Impact Framework also serves as a reference for AFD's Sustainable Development Bond Framework[5] as it provides a common set of indicators used to assess the expected impacts of each new financing, and to report on the aggregated results achieved across the SDG Bond Asset Pool. The CRIF indicators align with international standards, as they are consistent with the Green Bond Principles of the International Capital Market Association (ICMA), and further work is underway to align them with ICMA's Social Bond indicators.

Impact performance is further supported by activity-related corporate performance incentives (bonus), with targets related to the completion rate of impact indicators data ex-ante (100%) and ex-post (86%). In parallel, the performance contracts of AFD's technical divisions and of the Results and Impact for Development (RID) Unit formalize commitments to ensure data quality, control and traceability.

[4] The structure of AFD's Corporate Results and Impact Framework (CRIF) draws inspiration from the World Bank Group's Corporate Scorecard, which tracks institutional performance and development outcomes across a defined set of strategic indicators. Scorecards are available at: https://scorecard.worldbank.org/en/home

[5] The full 2024-updated SDG bond issuance framework is publicly available at: https://www.afd.fr/en/ressources/updated-sdg-bond-issuance-framework-afd

PRINCIPLE 3

ESTABLISH THE MANAGER/PUBLIC DEVELOPMENT BANK'S CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT

The Manager/PDB shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

AFD aims to ensure that its interventions bring a meaningful contribution, in line with its public development mandate. It prioritizes contexts where its involvement can make a difference, particularly through non-financial inputs such as technical support, capacity strengthening, and the promotion of environmental and social standards. This additional contribution to sustainability is considered early in the project identification phase, in close dialogue with the counterpart/client, to determine how AFD can best support and strengthen the project's design, implementation, and long-term impact. Elements illustrating this contribution are captured throughout the project cycle, from initial design to completion.

For each project, the expected contribution to impact is assessed alongside technical, financial, and E&S dimensions (as discussed under Principle 5). This analysis is supported by AFD's sustainable development analysis and opinion (AADD), which serves as an internal mechanism to assess alignment with sustainable development objectives (further detailed under Principle 4). The development rationale is then formalized through a results framework for investment projects, or a theory of change for budget support and technical assistance, which clarifies the project's objectives.

Beyond financial support, AFD's contribution lies in its capacity to bring a developmental perspective that enhances the initial project intent. Through constructive dialogue with its partners and technical expertise, teams jointly identify entry points for integrating crosscutting priorities (detailed under Principle 1) and assess how far these ambitions can be carried out in a given context. This approach enables AFD to structure an annual financing plan that reflects its strategic ambitions: in 2024, out of a total commitment volume of €12 billion, 70% supported climate co-benefits, 11% biodiversity co-benefits, 61% contributed to gender equality objectives, and 55% to better governance objectives. The Sustainable Development Analysis and Opinion (detailed under Principle 4) complements this approach by providing a a consistent framework to map operations based on their expected intensity of impact, with ratings of +3 and +2 indicating strong expected developmental contributions.

By adapting AFD Group's value to each geographical context, country strategies will prevent the Group's actions from being too scattered and ill-adapted. Implementation of AFD Group's mandate through country strategies will be differentiated, according to national and regional contexts. AFD's challenge in this regard will be to build the best responses to investment requests by our clients and to local needs by maximizing our value offer and combined capacities, as a Group. The strategies are based on in-depth contextual analyses, greater attention to local dynamics, as well as the positioning of other public and private funds, as well as the mobilization of French public/private ecosystem and value chains.

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

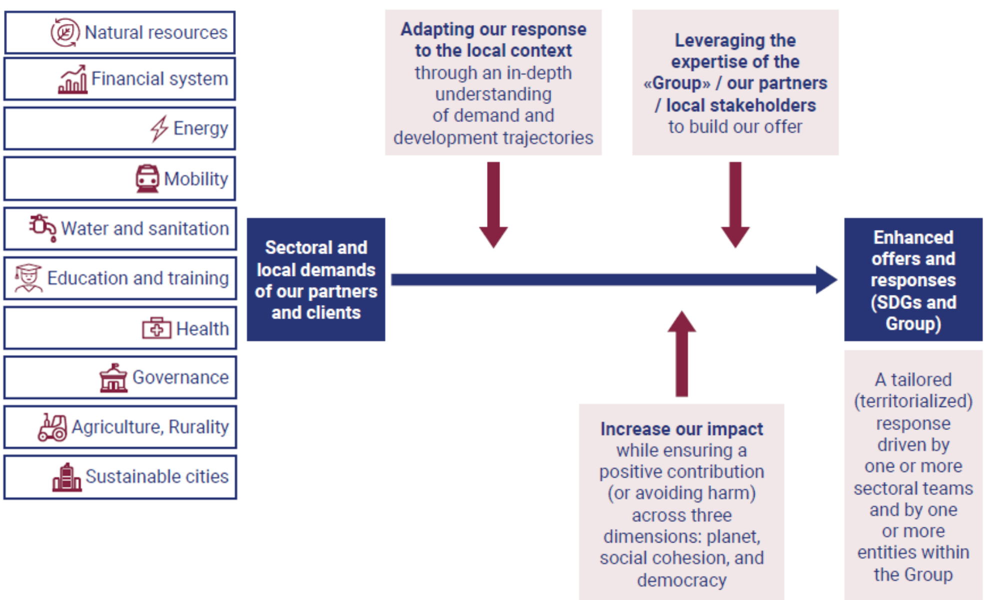


Figure 3: Structuring the offer, from sectoral needs to SDG-aligned responses

PRINCIPLE 4

ASSESS THE EXPECTED IMPACT OF EACH INVESTMENT, BASED ON A SYSTEMATIC APPROACH

For each investment the Manager/PDB shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager/PDB shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager/PDB shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager/PDB shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager/PDB shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager/PDB's strategic intent, the Manager/PDB may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

To more effectively mainstream sustainability challenges into all of its financing operations, AFD has adopted a dedicated tool: created in 2014, the sustainable development analysis and opinion mechanism ensures the alignment of AFD's operations with the Sustainable Development Goals (SDGs)[6]. It systematically assess the anticipated impacts of its financing and also assesses the credibility of the expected impact at project design stage and financing decision, examining whether the operation is supported by a measurable and robust impact logic, particularly through the existence and the quality of a logical framework aligned with AFD's institutional and sectoral results frameworks. Results-based logical framework are developed with the client during project preparation, and include clearly defined objectives and indicators to frame AFD's impact contribution. When relevant, expected sustainable development outcomes are reflected through standard results indicators (aggregated) defined ex-ante and measured ex-post.

A sustainable development analysis is performed by the project team in charge of financing appraisal in order to assess qualitatively the anticipated impacts ex-ante. This analysis informs the dialogue with AFD's partners and clients concerning the project's content and impacts on seven dimensions of sustainable development embracing all the SDGs : biodiversity, low carbon transition, resilience, social, gender, economy and governance. The sustainable development ratings are based on the project's anticipated effects. They can be negative (-2 if significant, -1 if residual), neutral (0) or positive (+1 if moderate, +2 if significant, +3 if structural).

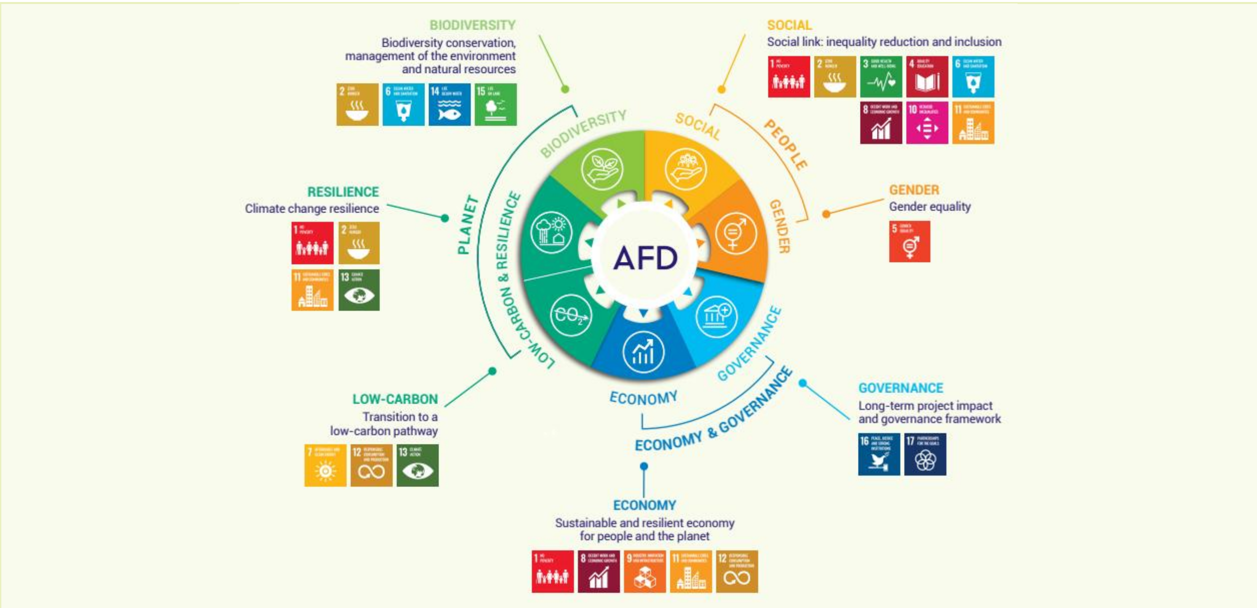


Figure 4: AFD's Sustainable Development scoring system

6 All AFD-financed projects are subject to a sustainable development analysis and opinion, except for operations whose direct effects cannot be qualified (general budget support, preparation funds, etc.). It embraces in average 80% of AFD annual financing commitments.

Each dimension is identified and rated[7]: the analysis is not expressed as an average to avoid compensating or erasing one dimension with respect to another. To assess the impacts of inherently complex projects, a double rating (e.g. "-1" and "+2") on the same dimension is possible, in order to reveal any differentiated effects and provide information on sustainable development trade-offs. For the biodiversity, gender and governance dimensions, the rating scale matches the markers defined by the OECD's Development Assistance Committee (DAC).

A team from the Strategy Department, independent from the Operations Department, then delivers a sustainable development opinion to assess the project's expected contributions and qualifies its alignment with sustainable development. It informs the decision of AFD's governing bodies at the financing approval stage. Depending on the ratings, the opinion delivered can be favorable, favorable with recommendations, reserved, or negative. If one or more rated dimension is negative, a negative or reserved opinion is delivered, which qualifies the misalignment (or risk of misalignment for reserved opinions) of the operation. An early-warning mechanism also allows any project at risk of misalignment with sustainable development to be reported at top management at early stage of appraisal process in order for AFD's Executive Committee to decide on whether or not to continue the appraisal (which happens in rare cases). If all of the sustainable development challenges are properly addressed at project identification stage and no risks are identified, a visa—equivalent to a favorable opinion—can be delivered at this early stage of project preparation.

Details on assessment and monitoring of negative effects are provided in Principle 5 section.

The Sustainable Development data visualization tool available through the "Phare ODD", expected to be operational by mid-2025, will enable AFD teams to more easily analyze their project portfolios based on their expected sustainable development ratings (aggregation of sustainable development ratings at portfolio level). This tool will facilitate a more systematic consideration of project ex-ante impact appreciation across the three pillars and seven dimensions of sustainable development. Additionally, the ability to visualize impact trajectories at the local level (by country, region, or division) will help identify areas where regional offices and technical divisions make a significant contribution, as well as those requiring increased attention.

EXAMPLE: Contribution to sustainable development – summary chart

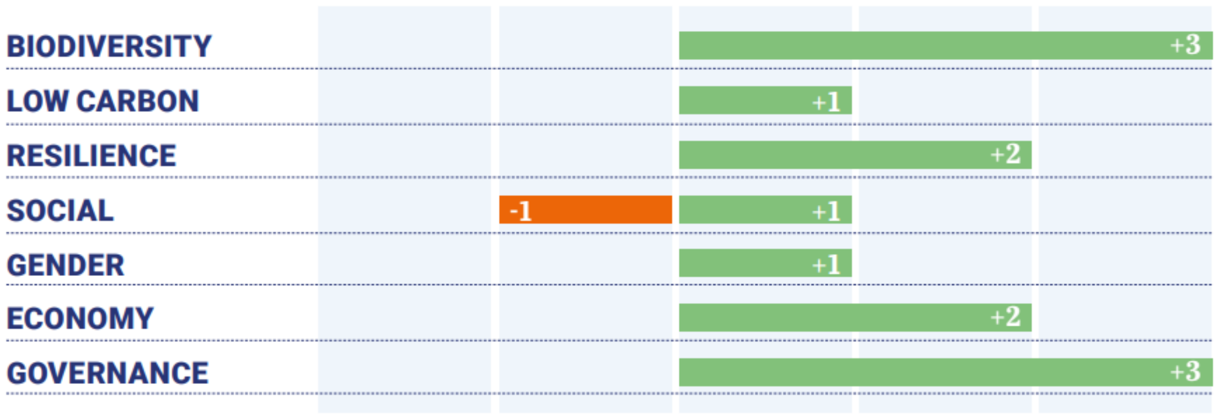


Figure 5: Example of a ranking attributed to a project

[7] The full presentation of AFD sustainable analysis and opinion mechanism, including rating grids, is publicly available at: https://www.afd.fr/en/sustainable-development-analysis-opinion-mechanism

PRINCIPLE 5

ASSESS, ADDRESS, MONITOR AND MANAGE POTENTIAL NEGATIVE IMPACTS OF EACH INVESTMENT

For each investment the Manager/PDB shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage negative impact risks. Where appropriate, the Manager/PDB shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager/PDB shall monitor investees' negative impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

AFD Group integrates environmental and social responsibility both into its governance and into operations. As part of this commitment, it takes measures to assess and manage the environmental and social (E&S) risks associated with the projects it finances. E&S risk management is embedded throughout the entire project cycle, from project identification and financing approval to implementation monitoring and post-completion evaluation.

AFD applies an environmental and social (E&S) risk management policy that sets out the key principles and procedures for the operations it finances[8]. This approach is continuous as it covers all stages of the project cycle, and differentiated or proportionate, as the requirements are adapted to the level of E&S risk. Proportionality applies to the normative framework used (national regulations, international standards such as those of the World Bank), the scope of E&S assessments expected from beneficiaries, the degree of involvement of AFD's Environmental and Social Support Division (AES), and the robustness of the monitoring system.

To determine ex-ante the resources to mobilize, projects are categorized according to four levels of potential E&S risk for direct financing, and three levels for projects financed through financial intermediaries (FIs). These classifications established during the identification phase are based on an assessment of the significance of potential negative environmental and social (E&S) impacts. These measures follow the "ERC" sequence (Avoid – Reduce – Compensate), a hierarchical approach that prioritizes the prevention of harm by first seeking to avoid negative impacts, then reduce those that cannot be avoided, and, as a last resort, compensate for any significant residual impacts. These mitigation measures are defined during the environmental and social impact assessment process. E&S clauses that reflect these commitments are added to the financial agreement and ensure effective risk management.

To improve E&S risk management during implementation, AFD developed a methodology in 2020 to assess residual risks for projects initially classified as high risk (A or B+). Based on four criteria: impact magnitude, management quality, contextual sensitivity, and occurrence of major events, this approach assigns projects to six levels of E&S monitoring. It offers a snapshot of overall portfolio risk and supports the design of proportionate and targeted monitoring plans, with increased focus on the most sensitive operations.

The exclusion list, also mentioned under Principle 1, is one of the tools used to implement high standards for social responsibility, as AFD does not finance activities listed its under Section B of its Exclusion List, titled "Activities not aligned with AFD Group's commitments to sustainable development"[9].

AFD also operates a dedicated grievance mechanism to handle environmental and social complaints, helping to manage potential operational risks. When negative or unforeseen E&S impacts cannot be avoided, reduced, or compensated as planned in the project's E&S management framework, the mechanism provides a pathway for dispute resolution or corrective actions when feasible. It also reinforces AFD's commitment to transparency and accountability, building on the experience of other development finance institutions through active participation in the international IAMnet (Independent Accountability Mechanism Network).

[8] This policy was adopted by AFD's Board of Directors in July 2017 and is publicly available on AFD's website: https://www.afd.fr/en/ressources/environmental-and-social-risk-management-policy-afd-funded-operations. An internal audit was conducted in 2024 to assess its implementation and identify areas requiring updates, new developments, or possible removal. The policy is scheduled to be updated in 2025.

[9] The full exclusion list is publicly available at: https://www.afd.fr/en/ressources/afd-group-exclusion-list

PRINCIPLE 6

MONITOR THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT AGAINST EXPECTATIONS AND RESPOND APPROPRIATELY

The Manager/PDB shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager/PDB shall seek to pursue appropriate action. The Manager/PDB shall also seek to use the results framework to capture investment outcomes.

AFD monitors the progress of each project through contractual commitments that include biannual reporting on financial and technical execution, and annual reporting on results indicators. All projects are equipped with a monitoring and evaluation system defined during appraisal with the partner, including a limited set of indicators on outputs and outcomes. The counterpart submits key monitoring deliverables as well, some of which are formally validated by AFD. An annual quality rating campaign also supports portfolio management by identifying implementation risks and assessing progress toward objectives.

To strengthen monitoring during implementation, AFD deploys two types of evaluations. Real-time evaluations support adaptive management by identifying data needs early and enabling timely adjustments. Mid-term and final evaluations, conducted at key decision points, inform operational choices and future phases; they represent a significant share of evaluations supported by the Evaluation and Learning Department (approximately 50%).

AFD's approach also allows for revisiting and adjusting initially defined results when necessary, particularly when the operating context changes significantly. If substantial difficulties arise, the project team may use dedicated review committees or annual supervision missions to reassess priorities, propose corrective actions, or adjust the project's implementation or financing framework accordingly. From the outset, support to the project owner is considered to strengthen implementation capacity and ensure alignment with objectives.

The "Phare ODD" data visualization tool provides a structured overview of AFD's financial and results-based contributions to the Sustainable Development Goals (SDGs), based on both ex-ante and ex-post data. It also provides the database for the upcoming tool (discussed under Principle 4), which will further strengthen impact monitoring by enabling more detailed analysis of sustainable development performance. In parallel, AFD is developing a dedicated digital system to enhance the reliability, security, and usability of impact data across the project lifecycle. These complementary information systems aim to strengthen the institution's capacity to monitor and manage its results more effectively.

PRINCIPLE 7

CONDUCT EXITS CONSIDERING THE EFFECT ON SUSTAINED IMPACT

When conducting an exit, the Manager/PDB shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

At AFD, the exit strategy is approached as a commitment to the long-term sustainability of the results supported through its financing. Rather than focusing on the end of funding, this strategy is integrated from the outset of each operation to ensure that, by the time AFD's financial support concludes, partner institutions are equipped to continue delivering the services, reforms, or actions initiated. It reflects AFD's broader mandate as a public development bank, which is to support autonomy and capacity, and to avoid creating structural dependence.

In this context, the governance dimension of AFD's Sustainable Development Analysis and Opinion (AADD) plays a key role, as it examines whether the project strengthens the institutional environment needed to sustain impacts over time. It covers aspects such as operating arrangements and implementation capacity, transparency and information, inclusion of stakeholders, access to justice and effective rights, as well as financial governance and the potential to scale up the supported intervention. Reinforcing these areas contributes directly to the ability of partners to maintain and expand project outcomes after the financing phase ends.

A high rating (+2 or +3) on the AADD governance pillar is indicative of a strong exit strategy. In 2024, approximately 55% of AFD's annual pipeline received such ratings. For the remainder of the portfolio, governance may be less central given the nature of the intervention.

AFD is also working on strengthening the project completion phase as a critical step in its impact management cycle: at closure, the final ADD compares the project's ratings on all sustainable development dimensions with the one defined ex ante, while the analysis of results and impacts allows for a comparison between expected and actual achievements. Together, these tools support informed decision-making about the continuation, adaptation, or conclusion of AFD's engagement. At closure, ex-post results and impacts data is also collected on the CRIF indicators, as the Golden Data that will feed all institutional reporting for the Group.

GOVERNANCE Dimension DEMOCRATIC AND INCLUSIVE GOVERNANCE

General rating scale / Rating sub-criteria	- 2	- 1	0	+ 1	+ 2	+ 3
	The project weakens the institution [1] or degrades governance of the sector/system	**The project may weaken the institution or degrade governance of the sector/system**	**The project ensures the resources required for its implementation and anticipates an exit strategy [2]**	**The project ensures the resources required for its implementation, plans for an exit strategy and makes ad-hoc improvements to the governance of the institution and/or of the system/sector**	**The project helps to significantly improve governance of the sector/system to make it more effective, inclusive and democratic**	**The project helps to structurally improve governance of the sector/system to make it more effective, inclusive and democratic**
Effective and resilient institutions	– Complete and unwarranted substitution of the project sponsor – Project set-up is likely to create organisational instability in the institution or system (steering and implementation process undermines the role of the State, fails to consider the institutional environment or de-structures the institution's organisation and operational modes)	The measures to implement the project are insufficient or unsuitable for the successful completion of the project and put the institution's capacity to fulfil its mission at risk or weaken the institution/system (project's financial viability not established or no exit strategy putting the institution at risk, recurrent costs not covered, etc.)	The project ensures the means of its implementation and anticipates an exit strategy (budget and human resources are adequate for project completion, technical assistance, monitoring-evaluation mechanism, risk management, elements of an exit strategy)	Through the project, the project sponsor's steering and implementation skills are strengthened and governance of the institution is enhanced (skills transfer mechanism, plan to support change, planning for the project sponsor's human and financial resources beyond project completion, support for effective administrative and financial procedures). Depending on the context and institution's needs, this strengthening may involve a contingency plan and a risk management mechanism.	The project improves the institution's effective delivery of public goods and services to all users, through a transformational approach or organisational strengthening. Depending on the context and the institution's needs, the approach may involve management methods, risk management, crisis preparedness and response or any other current or future issue that is relevant. The approach to transforming the institution has foreseen effects beyond project completion.	The project improves the institutions' AND the sector's/system's effective delivery of public goods and services to all users, through a transformational approach or organisational strengthening. The approach aims to lastingly improve the governance of the sector/system and its resilience. It has foreseen effects beyond project completion.
Access to reliable information, public communication and institutional transparency	Project may give rise to disinformation or the concealment of information at the level of a sector or population category	Data and information are unavailable or incomplete resulting in a risk: – of non-compliance with the legal obligations for the design and appropriate implementation of the project – And/or a lack of interest/absence of information for the users/citizens	The project communicates on its implementation vis-à-vis the stakeholders [4]	Data on the project's design and implementation are made available and shared with the stakeholders [4] and accountability to them is proactive	– Setting up of IT tools or systems to ensure the publication of data on the public policy involved – Strengthening of skills and mechanisms for accountability or control of the internal or external project sponsor, including actions by civil society – Strengthening of skills for communication, provision of reliable information, media literacy and the fight against disinformation	– Adoption of mechanisms (technological, human, financial, legislative) aimed at publishing reliable, exhaustive and intelligible data needed to improve information for citizens and the transparency of public action – Structural reinforcement of internal or external control systems (including actions by civil society) – Support for the media and freedom of the press
Consultation, citizen participation [3], multi-stakeholder dynamic and strengthening of civic space	Deliberate exclusion of individuals or groups of individuals from decision-making, which affects their interests and needs and is likely to create tensions or conflict (economic, social, etc.)	No communication and information vis-à-vis the stakeholders [4] cinvolved in the project, with the ensuing risk that stakeholders [4] will have insufficient ownership and display pronounced disinterest or even opposition	The project ensures, at a minimum, consultation with the institutional actors concerned by the project's results	Ad-hoc consultation enabling the stakeholders [4] to express themselves, including final beneficiaries, their points of view (polling, unilateral survey, public meetings or any other form that is relevant and suitable for the intervention contexts)	– Setting up within the project of a continuous process for participation of citizens, users or final beneficiaries, allowing for (i) consideration of their needs and (ii) accountability of the institutions towards them [5] – Support for the dynamics of citizen participation and organisation, multi-stakeholder process and democratic innovations that reinforce the civic space	Strengthening of participation and civic space to achieve sustainability and institutionalisation: – Lasting integration of the participatory approach to public action (management committees, participatory budgets, citizen observatories, etc.) – Inclusion of multi-stakeholder processes in standards and regulatory frameworks – Support for elected bodies and intermediary organisations – Setting up of sustainable mechanisms to support citizen participation
Access to justice and protection of human rights	Violation of human rights, particularly civil and political rights (individual freedoms, right of appeal, political rights)	Absence of measures necessary to ensuring project implementation in terms of: – Legal and regulatory frameworks – Access to justice and rights to protect human rights, particularly civil and political rights	The protection of human rights (participation, freedom of expression, equality, right of appeal) is supported in the project's implementation, through the environmental and social risk management approach	The project helps to protect human rights or plans for ad-hoc measures to further professionalise judicial personnel and legal professionals	The project foresees measure to: – Bolster the effective application of laws, reforms or regulatory standards that protect human rights, particularly civil and political rights – Promote better regulation and strengthen the organisation and administration of justice – Improve access to justice or improve the effectiveness of standards (beyond their adoption, in one or more areas of the law)	Assistance on one or more reforms to modernise and strengthen: – The effective protection of human rights, particularly civil and political rights – Access to justice and the efficiency of the legal, judicial and penitentiary system – The regulatory framework for economic activities or natural resources management (resource governance)
Financial governance (including the fight against corruption)	The project set-up is likely to increase financial risks (money laundering, corruption, public over-indebtedness, favouritism, etc.) in one or more sectors	The project set-up fails to take into account the project sponsor's financial management capacities and proposes an operating mode that does not comply with usual budgetary standards	The financial risks linked to the project are managed.	The project helps to optimise and increase the reliability of some of the project sponsor's existing processes or tools with respect to performance and transparency of public finance management or financial management	The project helps to significantly improve the performance and transparency of a specific field of financial governance (public finance management, at national or subnational level, regulation of economic actors and financial systems)	The project contributes to a structural change in the performance and transparency of a specific field of financial governance (public finance management, at national or subnational level, regulation of economic actors and financial systems)

[1] In this grid, "institution" denotes public institutions, in other words ministries, local authorities, sectoral operators, financial institutions and state-owned enterprises. Improving the effectiveness of institutions to deliver public goods and services can be achieved by assisting the relations between the institutions and public service delegatees (e.g. CSOs/private sector).
[2] The exit strategy involves planning to maintain the project's expected benefits beyond project completion. It is assessed according to the contexts and their volatility but should minimally include the human and financial resources to ensure continuation of the project's missions; skills transfer to local institutions; support for changes to strengthen capacities (assist the transition between the pre-project situation and post-project situation).
[3] "Citizen participation" designates any initiative designed to involve citizens, users or beneficiaries in decision-making on public action. The approach gives the citizen, user or beneficiary an important role in defining, implementing and monitoring-evaluating public policies.
[4] The stakeholders include, at a minimum, the project sponsor and its institutional ecosystem; and some countries depending on the context: traditional authorities, civil society, final beneficiaries, users and citizens.
[5] For example: co-design / prototyping workshops, citizens' assemblies, feasibility studies with citizens' panels, ongoing information and participatory evaluation, etc.

Figure 6: Governance dimension of the Sustainable Development Analysis Grid 2025

PRINCIPLE 8

REVIEW, DOCUMENT, AND IMPROVE DECISIONS AND PROCESSES BASED ON THE ACHIEVEMENT OF IMPACT AND LESSONS LEARNED

The Manager/PDB shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

The Evaluation and Learning Department, belonging to the Innovation, Knowledge and Research directorate which is independent for the operational directorates, coordinates AFD's approach and oversees evaluation activities in line with a Group-wide Monitoring and Evaluation policy adopted in March 2024[10]. Monitoring and evaluation systems play an increasingly crucial role in the culture, practices, and instruments developed by AFD Group.

Evaluation Principles and Criteria

Evaluation is governed by the principles set out in AFD Group's Professional Ethics Charter and in the charter of the French Evaluation Society (SFE) for the evaluation of public policies and public programs. Like the French government departments contributing to Official Development Assistance (ODA) and other multilateral and bilateral donors, AFD Group adheres to the OECD DAC principles and quality standards for development evaluation. The evaluation work carried out is consistent with the six criteria defined by the DAC (relevance, coherence, effectiveness, efficiency, sustainability, and impact) and their principles of use.

Types of Evaluation Carried Out within AFD Group

AFD conducts several types of evaluations positioned along a continuum between monitoring, evaluation, and research. Project evaluations focus on individual operations or project clusters and aim to support dialogue with stakeholders and foster mutual learning. Broad-scope evaluations cover themes, sectors, geographies, strategies, or instruments, and are designed to inform strategic and operational decision-making. Capitalization and review studies provide crosscutting analyses and experiential insights to support learning and planning, without necessarily applying formal evaluation criteria. Finally, scientific impact evaluations seek to rigorously assess the effects of specific interventions and establish causal links, typically focusing on targeted aspects of a project.

As outlined under Principle 4, AFD integrates a sustainable development analysis into project documentation from the early stages, starting with the initial screening note. This analysis is progressively updated throughout the project financing cycle. At project completion, a final analysis is conducted to assess the project's contribution to sustainable development, including updated scores across the different dimensions, based on actual results (new sustainable development analysis at completion systematically is included in completion report since July 2023).

In 2024, AFD commissioned independent evaluations for 72 projects, reaching an evaluation coverage rate of 52%. These evaluations offered balanced geographic and sectoral representation, as well as a mix of ex-post and mid-term/final evaluations, supporting more effective operational learning.

Increased Stakeholder Involvement in Evaluations and Better Highlighting of their Findings and Recommendations

All evaluations have learning as an ambition. Capitalization directly questions the practices and experiences resulting from the interventions in order to make them useful knowledge for all. This practice is also characterized by in-depth involvement by stakeholders in the process. AFD systematically publishes its broad-scope evaluations and summaries of project evaluations[11], unless confidentiality is requested. Findings are also used for targeted communication efforts aimed at opinion leaders, parliamentarians, and the public, including through accessible formats such as videos and summaries. A public Evaluation report is also published to trace over the previous two years the main analyses and findings of evaluations. The latest edition was released in May 2025[12]. These evaluations are referenced on external platforms, such as the French Court of Auditors' citizen portal for public policy evaluations[13].

The Sustainable Development Analysis and Opinion (ADD) Unit also contributes to internal learning through

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[10] The full Evaluation Policy is publicly available at: Politique de suivi et d'évaluation du groupe AFD | AFD - Agence Française de Développement

[11] As of March 1, 2025, summaries of 392 project evaluations are publicly available on AFD's website and open data platform: Evaluations — Opendatasoft. Since mid-2024, the full publication (instead of a summary) of project evaluations is included in the financing agreements unless otherwise requested by the project owner concerned. Implementation is gradual as the new AFD agreements are put in place.

[12] The 2025 Evaluation Report is publicly available at: Rapport des évaluations du groupe AFD 2025 | AFD - Agence Française de Développement

[13] As of early 2025, AFD's 95 strategic evaluations account for 9% of the 1,025 evaluations listed on the Cour des comptes' citizen platform, making AFD the second-largest contributor after the French National Assembly: https://www.ccomptes.fr/en/plateformes-citoyennes/plateforme-evaluations-politique-publique/explorer-evaluations

portfolio analyses focused on sustainability. These analyses help inform dialogue with operational departments and support the development of sectoral or geographic strategies, as well as reflection on complex issues with high sustainability stakes.

Strategic Steering Through Impacts-focused Executive Committees

The Executive Committee (COMEX) meetings focuses on Impacts provide a high-level forum for strategic dialogue and decision-making on the monitoring and maximization of development impact at AFD. Beyond their operational function, these sessions help ensure that impact data, narratives, and evaluations are integrated into strategic steering, and that the Executive Committee is well positioned to engage with the strategic and operational dimensions of impact, which increasingly intersect with the institution's core priorities.

PRINCIPLE 9

PUBLICLY DISCLOSE ALIGNMENT WITH THE IMPACT PRINCIPLES AND PROVIDE REGULAR INDEPENDENT VERIFICATION OF THE ALIGNEMENT

The Manager/PDB shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement re-affirms the alignment of AFD's policies and procedures with the Impact Principles and will be updated annually. In 2025, AFD engaged BlueMark[14] to independently verify the alignment of AFD's impact management practices with the Operating Principles for Impact Management, an industry standard for integrating impact throughout the investment lifecycle.

- Most recent independent verification review: July 2025
- Next planned independent verification review: July 2027

[14] BlueMark, Tideline Inc.'s independent impact verification services, 915-2 Battery St. San Francisco, CA 94111. BlueMark is a leading provider of impact verification services for investors and companies. Founded in 2020, BlueMark's mission is to "strengthen trust in impact investing." BlueMark's verification methodologies draw on a range of industry standards, frameworks, and regulations, including the Impact Management Project, the Operating Principles for Impact Management, the Principles for Responsible Investment, SDG Impact, and the Sustainable Finance Disclosure Regulation

APPENDIX

CORPORATE RESULTS AND IMPACTS FRAMEWORK (CRIF)