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CORPORATE SOCIAL RESPONSIBILITY

2014

COMMITMENTS
AND RESULTS

Agence Française de Développement





About us

Agence Française de Développement (AFD) is a public development finance institution that has been implementing the development assistance policy defined by the French Government for over 70 years. AFD works to fight poverty and promote sustainable economic, social and environmental development.

To achieve these objectives, AFD also relies on its subsidiary PROPARCO, which finances private investments in Southern countries. Its action aims to support the private sector, which is considered as an effective vehicle for achieving the economic and social development targets.

AFD finances and supports development projects (public and private) via grants, loans, guarantee funds and Debt Reduction-Development Contracts in over 90 Southern countries and in the French overseas territories. To carry out its mandate, AFD Group has over 2,000 officers^[1] based in Paris and Marseille and in a network of 72 agencies.

Mandates

In a world of increased interdependencies, a number of challenges need to be addressed. In recent years, there has been a decline in extreme poverty and, since the adoption of the Millennium Development Goals, an increase in the number of children going to school and a reduction in child mortality. However, inequalities have increased and there continues to be massive unemployment and underemployment, while the planet's resources are depleting.

AFD aims to address these challenges by promoting new models for growth and development that are more resilient, less polluting and better able to meet the economic and social aspirations of the inhabitants of this planet. Its action aims to:

- 1/ Transform economic development into social progress for all;
- 2/ Contribute to preserving the planet by mainstreaming the environment as a core element of growth models;
- 3/ Contribute to more sustainable and shared economic growth through a harmonious development of territories;
- 4/ Help stabilize fragile and post-crisis countries.


This approach is combined with the need to work in partnership with all development actors and take into account the diversity and specificity of the needs and expectations of countries and actors. It is for this purpose that AFD also takes part in the preparation of public policies, which make it possible to define development trajectories, contribute to international debates, share know-how and expertise and dialogue with the relevant actors.

Values

Through its public mandate, AFD and all its staff members are constantly required to live up to the task in their daily actions. AFD Group has adopted a Professional Ethics Charter for this purpose, which defines the references for the values and conduct that guide its action and that of its employees:

- 1/ AFD Group and its employees recognize commitment, integrity, openness and adaptability as core values;
- 2/ The commitment to development, both personal and collective, is implemented in a spirit of responsibility;
- 3/ Integrity implies probity, intellectual honesty and respect for the Group's property;
- 4/ Openness, for the Group and each individual, is expressed by being responsive to, welcoming and respecting persons, stakeholders and cultures in their diversity;
- 5/ Adaptability, in order to effectively meet changing needs, as far as possible implies innovation and reactivity, as well as geographical and operational mobility.

[1] Including officers working for the Instituts d'Emission (France's note-issuing banks for the overseas territories) in Paris and in the French overseas territories.



TRANSPARENCY IN CORPORATE SOCIAL RESPONSIBILITY

To report on its Corporate Social Responsibility approach, AFD Group's non-financial communication is in line with national and international reference standards. Since 2012, AFD Group has released an annual Corporate Social Responsibility Report within the framework of the Global Reporting Initiative (GRI) in which it communicates on its "commitment" to the principles of the Global Compact.¹

This document provides the main results of AFD Group's commitments to Corporate Social Responsibility and is a summary of the full report, which is available online.²

The 2014 report complies with the new GRI "GRI4" guidelines and provides "essential" information on the issues of responsibility deemed the most material, based on a methodical analysis of the institution's specific activities and objectives, as well as stakeholders' expectations.

[1] AFD's Global Compact profile: <http://www.unglobalcompact.org/participants/detail/293-Agence-Francaise-de-Developpement>

[2] The full report, methodologies for the non-financial reporting and GRI matrix are available on AFD's website: http://www.afd.fr/home/carriere/L-AFD-s-engagement_1/responsabilite-sociale-environnementale-afd_1/experts-rso_1

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Companies



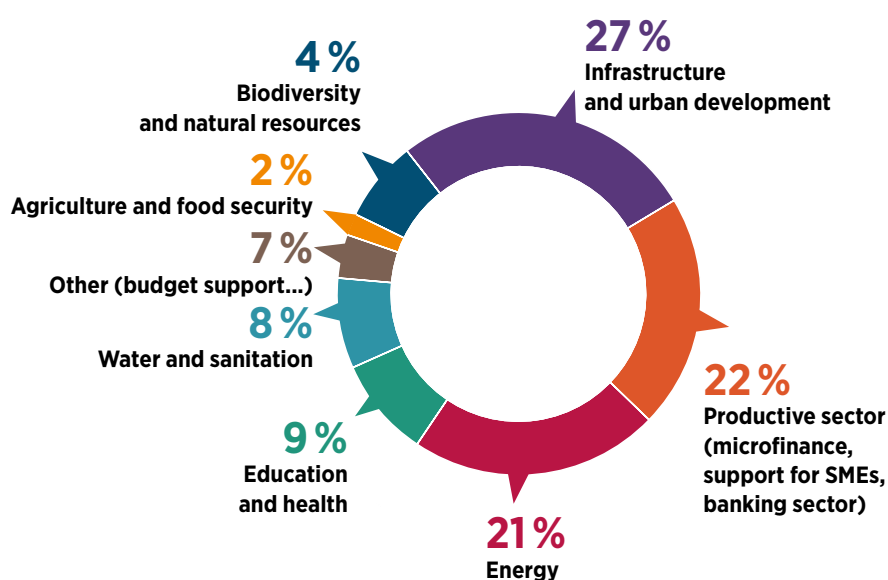
Local authorities



NGOs

Sectors financed

(AFD Group)



Priority Poor Countries (PPCs)

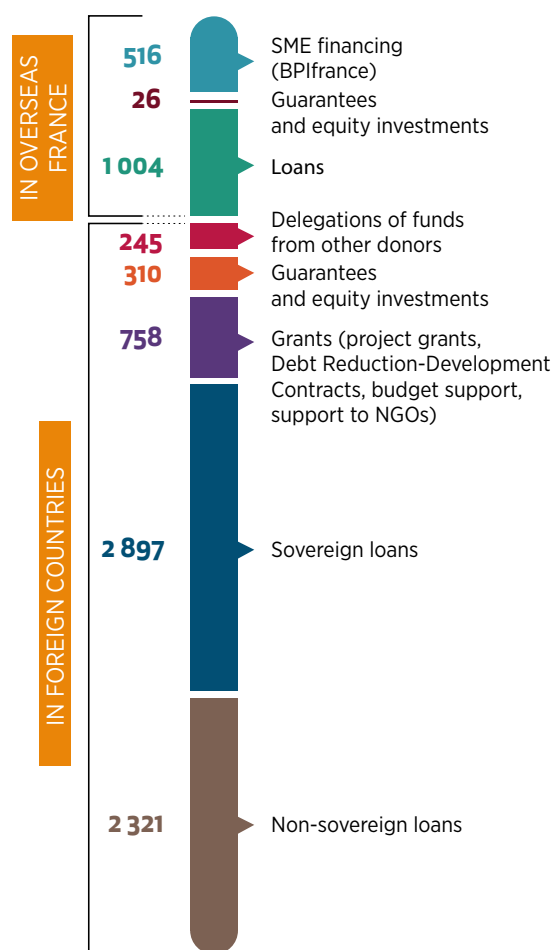
46% of financing for PPCs is made up of grant activity (grants, Global Budget Support – GBS, Debt Reduction-Development Contracts – C2D, delegated funds);

EUR 136m earmarked for the agriculture and food security sector

AFD Group financing approvals in PPCs reached EUR 912m, i.e. **14%** of activity in foreign countries.

Financial tools mobilized

(AFD Group in EUR M)



Over EUR 8bn of financing committed
(AFD-PROPARCO)

FOCUS

2014

International presence

AFD has an international network of 72 agencies and representation offices.

Middle East and North Africa

Algeria
Egypt
Jordan
Lebanon
Morocco
Palestinian Territories
Tunisia
Turkey
Yemen
Also overseen by Djibouti office

Liaison with European institutions
Brussels

Asia and the Pacific

Afghanistan
Bangladesh
Also overseen by India office
Cambodia
China
India
Also oversees: Maldives
Indonesia
Laos PDR
Also overseen by Cambodia office
Myanmar
Also overseen by Thailand office
Pakistan
Philippines
Sri Lanka
Also overseen by India office
Thailand
Vietnam

Latin America and the Caribbean

Brazil
Colombia
Also oversees: Ecuador
Dominican Republic
Haiti
Mexico
Peru
Also oversees: Bolivia
Suriname
Also overseen by French Guiana office

French Overseas Provinces

French Guiana
Also oversees: Brazil (Amapá), Guyana, Suriname
French Polynesia
Guadeloupe
Martinique
Also oversees: Barbados, Lesser Antilles, Trinidad and Tobago
Mayotte
New Caledonia
Also oversees: South Pacific Island Nations, Vanuatu
Reunion
Also oversees: French Southern and Antarctic Territories
Saint Pierre and Miquelon
Wallis and Futuna
Also overseen by New Caledonia office

Sub-Saharan Africa

Benin
Burkina Faso
Burundi
Also overseen by Kenya office
Cameroon
Also oversees: Equatorial Guinea
Central African Republic
Also overseen by Cameroon office
Chad
Comoros
Congo (Democratic Rep.)
Congo (Republic of the)
Côte d'Ivoire
Also oversees: Liberia
Djibouti
Ethiopia
Also oversees: Eritrea, Somalia, South Sudan, Sudan
Gabon
Also oversees: Sao Tomé and Principe
Ghana
Guinea
Also oversees: Sierra Leone
Kenya
Also oversees: Rwanda
Madagascar
Mali
Mauritius
Also oversees: Seychelles
Mauritania
Mozambique
Also oversees: Swaziland
Niger
Nigeria
Senegal
Also oversees: Cape Verde, Guinea Bissau, The Gambia
South Africa
Also oversees: Botswana, Lesotho, Malawi, Namibia, Zambia, Zimbabwe
Tanzania
Also overseen by Kenya office
Togo
Uganda
Also overseen by Kenya office

Contact details for all the agencies and offices and information on their activities in the field are available at www.afd.fr. Activities in countries where there is no AFD representation are followed by the agency in a neighboring country or directly by headquarters.

Foreword

Anne Paugam,

Chief Executive Officer of AFD Group
and Chairperson of PROPARGO



2014 was an important year for the development

of Corporate Social Responsibility in AFD Group

with, first and foremost, the implementation of our new approach, which is the result of extensive consultation work with all AFD's stakeholders. These AFD Group Corporate Social Responsibility commitments have been defined on the basis of an ambitious action plan for 2014-2016. They call for us to go further in carrying out our missions, to be more demanding in conducting our actions, and more transparent in their results and impacts. With this action plan, which meets the objective of better "informing, measuring and acting", AFD Group is making an even more marked commitment to placing Corporate Social Responsibility at the heart of its mandate for sustainable development.

In addition to adopting this new approach, 2014 has already allowed certain commitments to be implemented in both the field of our operations and our in-house management. I would mention in particular the adoption of the strategy to enhance gender mainstreaming in our operations, which has already achieved tangible results, the adoption of the "sustainable development analysis and opinion" mechanism, a structuring mechanism to analyze projects, the improvement in transparency on operations by phasing in the publication of data on projects, and in terms of the in-house management of teams, the implementation of a set of forward-looking management

tools for jobs and skills to facilitate support for career paths.

Other actions are in progress and efforts are continuing in a number of areas, such as improving the environmental and social risk management approach for projects, establishing mechanisms to provide a more effective response to any eventual complaints made by people affected by the actions we finance, the continuation of measures to manage the risk of corruption and fraud, an important safeguard of the quality of projects and a guarantee of the proper use of the funds disbursed, and the improvement in the conditions for social dialogue in the agencies with the adjustment of the representation system for local officers.

These actions, which cover all Group activities, show us that **Corporate Social Responsibility constitutes a path towards progress, but is also a driver for innovation**. As an institution with a mandate to promote sustainable development in order to meet the challenge of globalization, Corporate Social Responsibility is a process that gives us obligations. It calls for us to continuously question our actions and practices, with humility and stringent requirements. It also requires us to demonstrate the result of our commitments and measure our performance in this respect. This is what the

Corporate Social
Responsibility constitutes a
path towards progress, but is
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accountability of such an approach is about.

In 2012, we opted to align our reporting on Corporate Social Responsibility with the internationally recognized framework of the Global Reporting Initiative. In the same year, we decided to prepare this new report according to the GRI4 guidelines, by questioning ourselves, on the basis of a materiality analysis, on the key Corporate Social Responsibility issues that our Group faces in conducting its activities and in-house operations. This informed reflection, which is shared at the highest level, confirms the role and value of Corporate Social Responsibility in the context of our institution's mandate and the relevance of the actions initiated.

These issues are first and foremost **issues concerning the promotion of sustainable development in our operations**, with the specific objective of fighting poverty and contributing to reducing economic and social imbalances, reducing gender inequalities, ensuring human rights are respected *via* the appraisal of our projects, combating climate change and taking action to protect biodiversity. It also concerns **issues relating to dialogue and transparency** in order to more effectively involve and associate all development stakeholders and actors.

In addition, it of course involves issues concerning the **promotion of a responsible functioning** of our institution, which is in





particular reflected in the implementation of an ethical conduct at all levels, dialogue and exchanges, which all ensure the quality of working life. In this respect, the “LabCo” initiative, a mechanism for rapid feedback on innovative ideas, and “AFD 2025” initiative, for joint reflection on the possible futures for AFD beyond 2025, launched in 2014, clearly demonstrate the energy that exists in-house. Finally, in a Group like AFD, where the mobilization of human resources is central to its strategic success, developing the skills and employability of all staff members is a key issue for our institution. These results of our achievements in 2014, which I am extremely pleased to share with all the Group’s stakeholders, reflect all our commitments to these issues concerning Corporate Social Responsibility. We will address the challenges of sustainable development by continuing to base our operations on our approach to Corporate Social Responsibility, which constitutes an ambitious and demanding framework and is a source of innovation for working towards a more balanced globalization for the populations we support.



Action central to the first law on development

France adopted its first Orientation and Programming Law on Development and International Solidarity Policy (LOPDSI) on 7 July 2014 in order to adapt this public policy to a world undergoing profound change. Its objective is in line with the future Sustainable Development Goals and provides a framework for the action of AFD, France’s main development assistance actor.

FOCUS



AFD Group: An institution committed to sustainable development

The new **Corporate Social Responsibility** approach was adopted by the Board of Directors on 27 March 2014. It confirms – *via* six commitments covering the field of its operations and its in-house policy – its objective of **making sustainable development the purpose for its action**. It is set out in an action plan for 2014-2016, which is in line with the aim of better “informing, measuring and acting”.

Professional Ethics Charter

A Professional Ethics Charter,^[1] in line with the Corporate Social Responsibility approach for 2014-2016, sets out the core values and common objective of everyone working in and with AFD Group. With support from a Professional Ethics Committee, an Ethics Advisor conducts information and training activities, and exercises vigilance over points that prove to be sensitive and the appropriate nature of the processes to deal with them. The advisor provides a listening and individual advice service to AFD Group staff at their request, respecting anonymity, in order to respond to concerns over understanding or applying the Charter. Special attention is paid to managing conflicts of interest. The Ethics Charter sets out the requirement of professional independence in the performance of duties and the Ethics Advisor can support and advise any officer who may be subject to a conflict of interest.

[1] Consult the charter at www.afd.fr



Coordination of the Corporate Social Responsibility approach

A team, which reports to the Strategy, Partnerships and Communication Department, coordinates the Corporate Social Responsibility approach of the entire AFD Group, with support from a network of in-house reference persons.



Governance of sustainable development

AFD Group makes efforts to reflect sustainable development issues in its governance. Senior Management and the Executive Committee are responsible for the strategic integration of Corporate Social Responsibility and sustainable development and establish conditions for it to be taken on board by everyone in the institution.

Teams support the implementation of funded operations in order to help integrate the sustainable development objectives, especially on issues related to the climate, gender, capacity building for partners and the management of the environmental and social risks of operations. Nine people at AFD and five people at PROPARCO are tasked with providing support to operational teams.

Training and promotion

Regular training and awareness-raising events contribute to the dissemination of a common culture.



IN 2014

Mobilization of partners

Partnerships have also been mobilized to promote Corporate Social Responsibility. Events were organized in 2013 and 2014 in Ghana, Côte d'Ivoire and Senegal in partnership with the Global Compact network France. AFD also supports the association "RSE et Pays en Développement" for its action to promote the principles of Corporate Social Responsibility in Africa.

References for the Corporate Social Responsibility approach

By becoming a member of the Global Compact in January 2004, AFD Group selected the **main declarations, conventions and standards** for equitable and responsible development as the reference framework for its action, including:

- The three "Rio" Conventions (fight against climate change, fight against desertification and biodiversity);
- The OECD Guidelines for Multinational Enterprises;
- The OECD and United Nations Conventions against corruption and the international anti-money laundering rules;
- The international ISO 26000 standard.

Independent evaluations

The implementation of Corporate Social Responsibility principles may be subject to **independent in-house evaluations** via missions conducted by the Internal Audit Department or the *Ex Post* Evaluation Division, or in the context of non-financial rating. For example, prior to the authorization to issue green bonds, a non-financial rating of AFD Group was conducted by the agency Vigeo Rating. It classified the level of integration of AFD's sustainable development commitments as "robust", a level similar to the other development banks that have been subject to a rating.



Open governance

AFD, a public financial institution, has an atypical structure among French institutions, both in terms of its “open” organization and its “non-profit” financial model.

Governance framework

AFD is subject to the principle of accountability. Its governance is based on a group of structures which ensure the transparency of its operations and its sound management. AFD has a Contract of Objectives and Means with the French Government and implements the orientations defined by the Interministerial Committee for International Cooperation and Development (CICID). As a specialized financial institution, AFD is also subject to banking law.

Board of Directors

The Board of Directors comprises **17 members** from different backgrounds:

- 6 Government representatives;
- 5 qualified individuals appointed due to their knowledge of economic and financial problems or issues related to ecology and sustainable development;
- 4 parliamentarians;
- 2 members elected by the staff.

Its deliberations focus on the:

- Strategic orientations and Contract of Objectives and Means with the Government;
- Operations and financing conducted on its own behalf, for the Government, or *via* mandates given by third parties;
- Loans contracted, the terms of the financing allocated, the provisional financial statements, the annual accounts, the acquisitions and sale of real estate, the creations and closures of local agencies, transactions on AFD's interest, the appointment of auditors.

Senior management

The management and administration of AFD are entrusted to a Chief Executive Officer, Anne Paugam, who represents and commits the agency by exercising the powers delegated to her by the Board of Directors.

She relies on a **management committee** for this purpose, which comprises directors from AFD Group's different departments and divisions. She is also Chairperson of its subsidiary PROPARCO.¹

Control bodies

The management of the Group's risks is handled *via* different mechanisms: an audit committee, which is appointed by the Board of Directors, and mechanisms for internal control, permanent control and periodic control, which allow risks resulting from the Group's activity to be prevented and managed and ensure the regulatory compliance of the operations conducted and the procedures implemented. A Government commissioner ensures that AFD respects its public mandate.

[1] Find out more about PROPARCO's governance: www.proparco.fr/Accueil_PROPARCO/PROPARCO/Conseil-d-Administration
Find out more about AFD's governance: www.afd.fr/home/AFD/presentation-afd/GouvernanceAFD

Indebtedness: a measured and controlled risk

AFD takes account of the risks of indebtedness of the countries where it operates by conducting a risk analysis (macroeconomic risks, country risks, credit risks of counterparties...), which allows it to assess the opportunity of lending.

In terms of loans to States, AFD fits in with a series of international debt reduction initiatives: Paris Club, IMF Heavily Indebted Poor Countries initiative, Debt Sustainability Framework...

For credit exposure to its non-sovereign clients, AFD seeks to obtain an adequate coverage through guarantees, which are periodically reassessed.

Solutions tailored to the specific contexts of operations

While the challenges are common, solutions in the field need to be tailored to the specificities and level of development of each territory. It is for this reason that the financial assistance provided by AFD varies depending on the region.

In Sub-Saharan Africa, a priority area for operations where there are the most crucial development challenges, AFD operates in all sectors and uses its full range of financial instruments.

In the Mediterranean, loans are mainly used and upgrading the productive fabric, job creation and territorial development are the priorities.

In fragile, crisis and post-crisis countries, flexible instruments, mainly grants, are mobilized.

Finally, in middle-income and rapidly growing countries in Asia, Latin America and the Caribbean, the promotion of green and inclusive growth is the guiding principle for AFD's activity.

"Non-profit" financial model

AFD's "non-profit" financial model aims to cover the banking and non-banking charges from its operations and charges for the cost of risk for its lending activity.

AFD is financed on financial markets in the form of public bond issues. In 2014, it borrowed EUR 4.8bn. The high rating of its bond issues in turn allows it to lend to its beneficiaries on favorable terms.

AFD is also mandated by the State – and receives budgetary resources for this purpose – to provide grant financing for projects and programs for the least developed countries.

The Ministry of Foreign Affairs and International Development and Ministry of Finance and Public Accounts respectively contribute to supporting projects in the form of grants and to reducing the cost of debt by covering part of the interest rate.

Finally, certain projects in the French overseas territories are supported by funds allocated by the Ministry of Overseas France.

Thanks to its capacity to raise funds on financial markets on the best terms and devise innovative cofinancing, AFD's beneficiaries can benefit from a leverage effect, *i.e.* an economic return on their investments higher than the cost of their debt.

PROPARCO

PROPARCO, AFD's subsidiary, contributes to financing the private sector in Southern countries by offering loans, equity investments and guarantees in foreign and local currency. Its strategy is to complement the products of commercial banks and aims to provide solutions to the weaknesses of local markets, especially in terms of the long-term financial resources on offer.

Human resources management

"Top Employers France" certification obtained. Following an independent and detailed study, the Top Employers Institute considered that: *"Agence Française de Développement offers its employees exceptional conditions, cultivates and develops talent at all levels of the institution, and is a leader in human resources, seeking to constantly optimize its practices."*

Corporate Social Responsibility approach

Adoption of the AFD Group Corporate Social Responsibility policy by the Board of Directors in March 2014.

Promotion of sustainable development

Implementation of the "sustainable development analysis and opinion" mechanism. This mechanism aims to ensure that sustainable development issues are taken into account in projects as early as possible in the appraisal cycle.

Gender

Adoption and application of the gender strategy by the Board of Directors meeting of March 2014, with the implementation of a set of tools aiming to assist teams in building a dialogue with the beneficiaries of financing on mainstreaming gender into Group operations and intervention strategies.

2014 highlights

Transparency

Contribution to the launch of a Government website dedicated to international aid. It provides comprehensive information on 16 priority poor countries in Sub-Saharan Africa about projects financed by France in the country in question (these data are available on the website: www.data.gouv.fr).

Climate

AFD's first "climate bond" issue, which will finance projects that contribute to development and the fight against climate change. This EUR 1bn "climate" bond issue is the first of its kind conducted by a French public agency.

Non-financial performance

Evaluation conducted by the non-financial rating agency Vigeo Rating of AFD's Corporate Social Responsibility commitments. These commitments were classified as "robust", placing AFD among the average for development banks.


Solidarity-based procurement

The aim of the "Solidarity-based Procurement" operation is to allocate a percentage of annual savings, made thanks to the Procurement procedure introduced in 2012, to support micro-entrepreneurs in Southern countries.

Report, inform, dialogue



**The prerequisites
for a relationship of trust
with its stakeholders**



More than ever before, AFD's wishes to meet the aim of better informing its "stakeholders" and enhancing the dialogue with them. In the case of AFD Group, this includes greater communication and dialogue with the Government, employees, the beneficiaries of financing, NGOs, suppliers, but also peer organizations, local communities and residents, national and international public authorities, the financial and banking world, etc. Reporting, informing and dialogue are the prerequisites for a relationship of trust with its stakeholders. This commitment is one of the pillars of the Group's Corporate Social Responsibility approach.

Enhanced dialogue with stakeholders

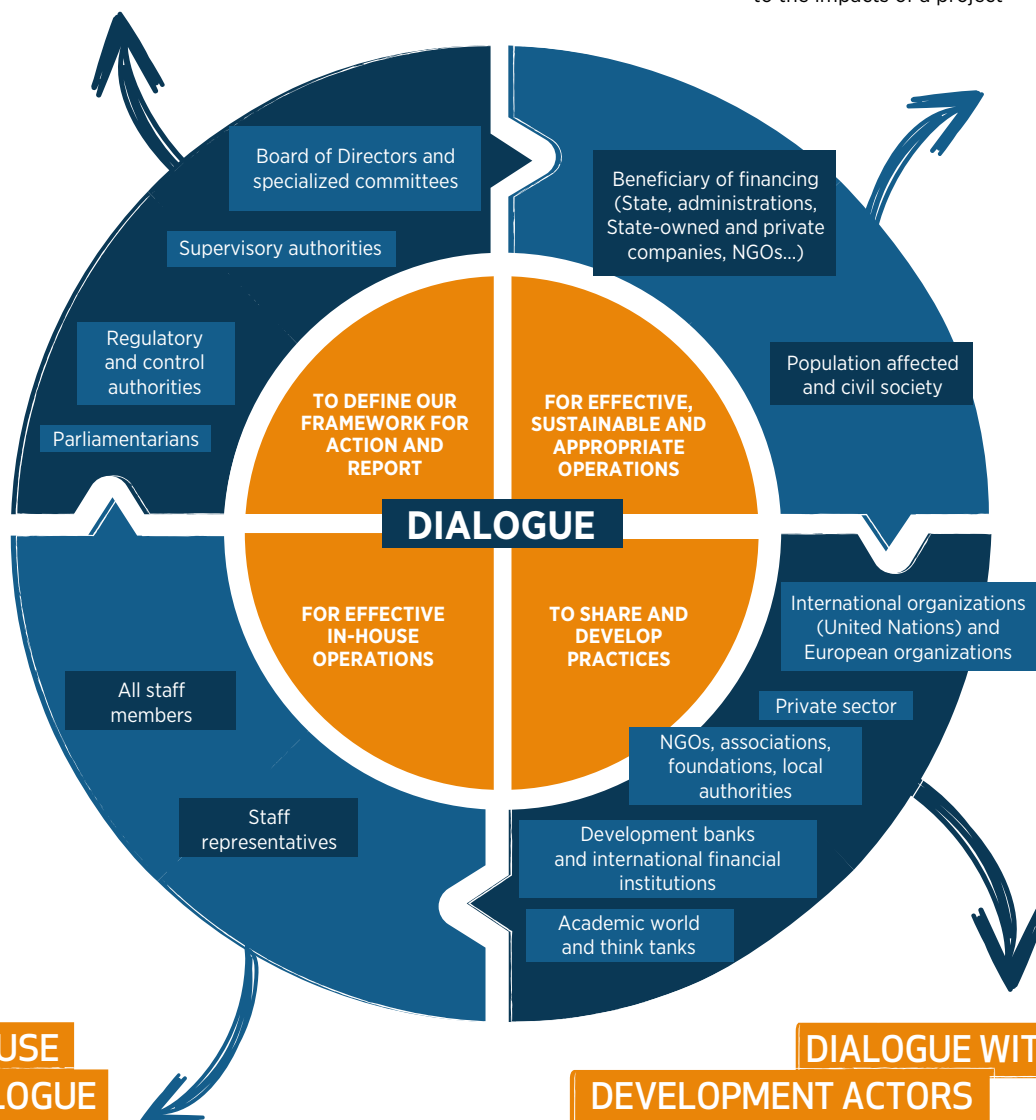
The objective of conducting sustainable operations with strong impacts for development requires submitting the results of action to the judgment and recognition of stakeholders. Given all the issues at stake, this principle of accountability requires enhancing dialogue in-house with employees, and with governance bodies and populations concerned by the projects or the other development actors (peers, local authorities, etc.).

REGULATORY AND INSTITUTIONAL DIALOGUE

- > Define strategic orientations
- > Approve AFD's commitments and their financial arrangements
- > Inform on AFD's activities and analyses
- > Report on the sound financial management of the institution
- > Report on the efficient use of public funds

DIALOGUE ON OUR OPERATIONS

- > Discuss our intervention frameworks
- > Define appropriate means and financial instruments
- > Ensure that projects are effective, sustainable and properly implemented
- > Respond to complaints and concerns related to the impacts of a project



IN-HOUSE DIALOGUE

- > Inform on developments at AFD and their social consequences
- > Provide responses to social and societal issues
- > Meet staff needs and expectations
- > Promote staff commitment

DIALOGUE WITH DEVELOPMENT ACTORS

- > Report on the commitment and actions and the impact of projects
- > Contribute to the debate and reflection on development issues
- > Develop, disseminate and integrate good practices to build the capacities of development actors



Accessible, clear and transparent information

Principle of accountability

AFD has a proactive approach to publishing information in line with international reference standards, within the limits of professional secrecy and business secrecy. It publishes communication briefs on financing operations in the sovereign sector.¹ In 2014, AFD contributed to the online launch of a Government website² dedicated to the assistance that France provides to 16 priority poor countries in Sub-Saharan Africa. This information is also given on the website of IATI (International Aid Transparency Initiative).³ This publication will gradually be extended to all AFD's areas of operation. In 2014, PROPARCO also created a download area on its website, comprising comprehensive information on its governance, operations, strategies and policies.

A broader transparency and accountability strategy should eventually better inform civil society actors about the strategy, objectives and results of France's Official Development Assistance.

Structuring of complaints mechanisms

Dialogue also makes sense when there are unforeseen events or incidents with projects. By the end of 2015, AFD and PROPARCO will have implemented environmental complaints management mechanisms, which will allow affected third parties to directly make a complaint to the Group. This provision is provided for in the Corporate Social Responsibility policy. It meets the expectations of the Group's stakeholders, including parliamentarians and ministries, NGOs, environmental rating agencies, as well as the National Consultative Commission on Human Rights and the CSR platform.

Strategic dialogue

AFD and PROPARCO remain committed to their dialogue on the themes of AFD's operations, in particular with civil society organizations, NGOs, foundations, associations, trade unions, research institutes, universities and companies.

In 2014, all the crosscutting, sectoral and regional intervention frameworks under preparation were presented to stakeholders. This was the case for the Corporate Social Responsibility approach (January 2014), the Crosscutting Intervention Framework (CIF) on Gender (February 2014), Sectoral Intervention Frameworks (SIF) on Sustainable Cities (February 2014) and Water and Sanitation (March 2014), and Regional Intervention Frameworks (RIF) for Sub-Saharan Africa (February 2014) and Overseas France (April 2014). In the case of Country Intervention Frameworks (CIF), a dialogue is conducted with stakeholders (local authorities, donors, private sector, NGOs, etc.) prior to the preparation of the document.

Dialogue with citizens

In 2014, AFD organized a number of events that encourage French citizens to take part in the dialogue and sharing of ideas on development and international cooperation: conferences, photo exhibitions and a literature prize. In 2015, AFD will continue to contribute to this type of event with a focus on the climate issue due to the upcoming COP21.

Find out more about the list of events that AFD contributes to:
www.afd.fr/home/presse-afd/evenements/liste-evenements

[1] www.afd.fr/base-projets/listerProjets.action

[2] www.transparence-aide.gouv.fr

[3] www.iatiregistry.org/publisher/afd



Dialogue with project beneficiaries

Ensuring that projects are effective and sustainable requires creating forums for debate and dialogue with the direct and indirect beneficiaries of financing: populations, local authorities and civil society organizations. AFD Group relies on a network of 72 local agencies in its areas of operation to ensure that the dialogue is as direct as possible.



Dialogue with peers

AFD Group is in partnership with over 150 organizations: international donors, United Nations, regional and local authorities, NGOs, companies, foundations and think tanks. The aim of this consultation is to ensure that development assistance policies are sustainable, consistent, harmonized and effective.

How do you support your counterparts in Lebanon in order to help them meet their development challenges?

In the agency, we are the first counterparts for our Lebanese partners and we maintain an ongoing dialogue with them. For the public sector, we work with the Council for Development and Reconstruction (CDR), which represents the Lebanese State for all donor project financing operations. With an institutional vacuum due to the absence of a government, CDR ensures that there is political continuity and informs us of the needs of ministries. Thanks to this ongoing dialogue, we receive requests and we sometimes make suggestions that are informed by our expertise. Over time, I have really felt this relationship of trust develop and become stronger.

Nabila Haddad

Project officer at the Beirut agency

23 development banks mobilized for innovative financial solutions for the climate

AFD is a founding member of and participates in the International Development Finance Club (IDFC). IDFC has provided USD 87bn of financing for activities that contribute to the fight against climate change and its impacts. For the 2015 Paris Climate Change Conference, and given the challenges and financial amounts that need to be implemented rapidly and on a massive scale, IDFC seeks to mobilize not only the traditional international development assistance actors, but also all private financing actors (banks, investors, pension funds, insurers, etc.).

Working on a project does not only mean financing it, it is a real partnership.

Ensuring and promoting sustainable development in operations



Corporate Social Responsibility core to development activities

Sustainable development is the common reference for all AFD's operational activities. The beneficiaries of Group financing are in turn vehicles for sustainable development and act as catalysts for good practices in Southern countries. The role of development finance institutions is to support and promote this movement.



Sustainable development: The common reference for operational activities

Sustainable development is the common reference for all AFD's operational activities. The beneficiaries of Group financing are in turn vehicles for sustainable development and act as catalysts for good practices in Southern countries. The role of development finance institutions is to support and promote this movement.

Aim of enhancing risk management

AFD Group has to pay close attention to ensure the efficient allocation of the loans and guarantees it extends, the equity investments it makes and the grants it provides. It also has to be vigilant with regard to the reputation and good governance of the companies that are allocated financing. For AFD, this involves implementing a **process to control risks of the misappropriation of aid, corruption, fraud, money laundering and terrorist financing**.

Environmental and social risk management is another area of vigilance for AFD. It implements an **environmental and social impact management process for funded projects** for this purpose, which aims to manage risks, improve the quality

of projects, as well as the environmental and social performance of the beneficiaries of financing.

Aim of making a positive contribution to sustainable development

Economic development, the fight against poverty and inequalities, biodiversity conservation, the management of natural environments and resources, the fight against climate change and the preservation of the atmosphere are all **sustainable development issues included in the Group's strategic intervention frameworks** and, ultimately, in project implementation.

Funding alone is no longer sufficient. AFD goes further by **measuring the expected impacts and results of funded projects**.

Measuring these impacts will allow lessons to be learned, which will inform both intervention strategies and the content of future projects.

Measuring the expected impacts and results of funded projects

Controlling risks of corruption, money laundering and terrorist financing

Framework defined to more effectively prevent and monitor these risks

Corruption, fraud, as well as any form of misappropriation of public and private aid can lastingly jeopardize the Group's mandate to take action to support the most vulnerable populations. This is also the case for any financing that would lead to being involved in a money laundering or terrorist financing mechanism.

In order to avoid any involvement in either of these offences without its knowledge, AFD Group has adopted a **general policy**¹ which sets out the controls that need to be conducted by AFD Group officers at the various stages of the project cycle.

During **project appraisal**, due diligence is conducted on the entity that benefits from the financing and, where relevant, on its shareholding structure up to the beneficial owner. Specific due diligence is also conducted on politically exposed persons. During the project implementation phase, AFD Group also pays close attention to operations that may reveal fraudulent or money laundering practices which warrant a specific analysis.

The **foreign public procurement contracts** financed by AFD Group are, for their part, subject to a specific control. It ensures that the various stages of the procurement pro-

cess take place under the requisite conditions of integrity, transparency, equity and efficiency.

AFD Group's **financing agreements** also include a number of clauses that impose undertakings on the beneficiary in terms of the fight against corruption, cartels, money laundering and terrorist financing.

AFD Group is committed to participating in French policies to fight against tax havens and has adopted a rigorous and specific policy concerning the operations it conducts and projects it finances in **Non-Cooperative jurisdictions** (NCJ).²

Reporting mechanisms

An in-house mechanism has been set up to **declare operational incidents**. It involves a reporting mechanism that allows AFD officers to report, through the line management, any suspicion of irregular practices concerning projects. In addition, the creation of a **mechanism to deal with allegations of fraud or corruption** that tarnish the projects financed by the Group is under preparation. A specific aspect involves ensuring that it is compatible with the provisions for data confidentiality.

AML/CFT/Corruption: continuous training



2 NEW E-LEARNING
training modules



1,305 GROUP OFFICERS
followed the updated e-learning
AML/CFT/Corruption training



163 GROUP OFFICERS
attended face-to-face training in the
AML/CFT/Corruption mechanism

[1] AFD's policies against corruption and with regard to Non-Cooperative Jurisdictions can be consulted on its website: http://www.afd.fr/home/carriere/L-AFD-s-engage_1/securite-financiere_1

[2] NCJ as defined by the General Tax Code and OECD Global Forum on Transparency and Exchange of Information for Tax Purposes.

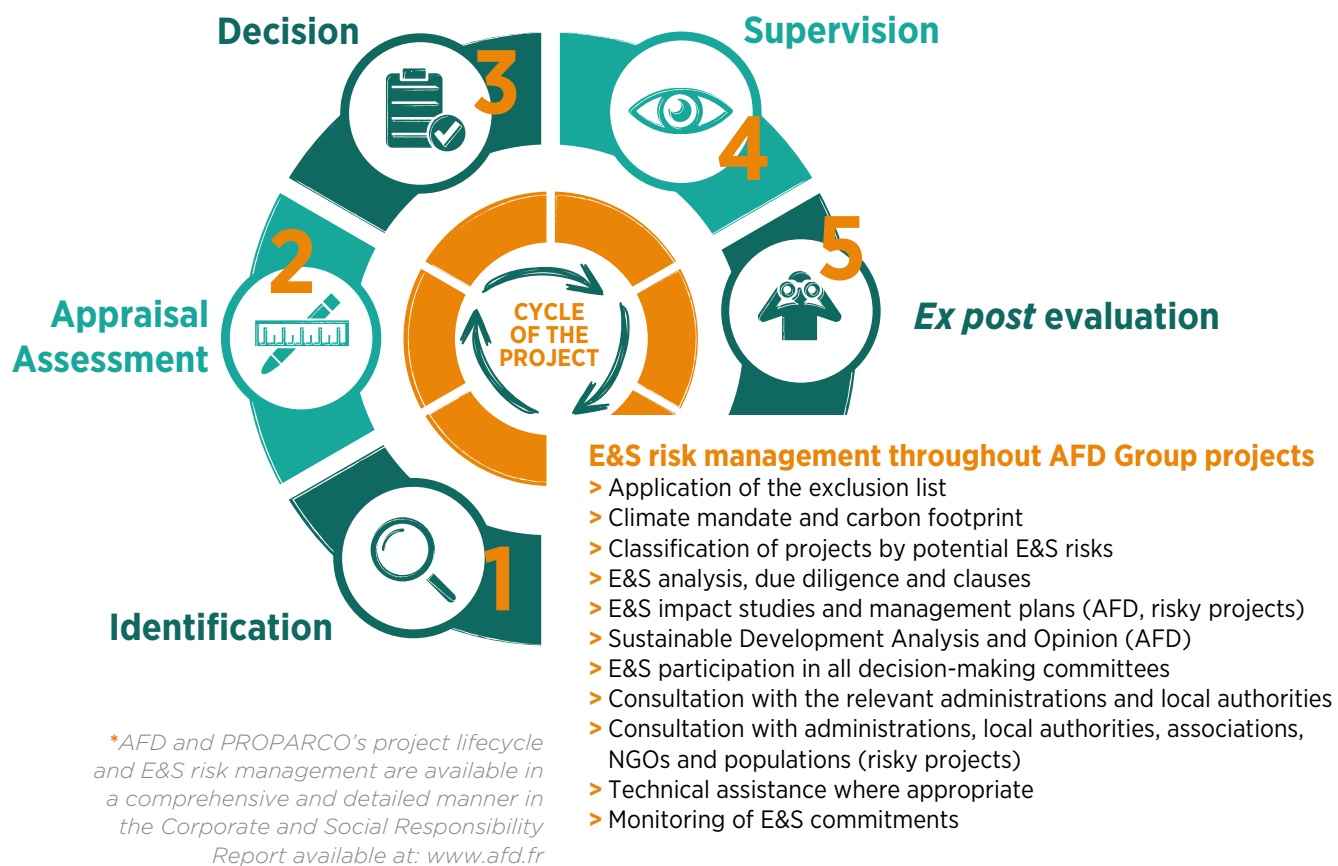
Tax havens

AFD Group is committed to participating in French policies to fight against tax havens and has adopted a rigorous and specific policy concerning the operations it conducts and projects it finances in Non-Cooperative Jurisdictions (NCJ). This policy is based on two areas: (i) the first imposes specific and enhanced vigilance when the project's legal arrangements involve an NCJ; (ii) the second aims to specify the scope of the authorized operations and projects that AFD Group may finance in these territories.

Managing the environmental and social risks of projects

Integrated approach

A number of development operations may pose risks in terms of the environment and the populations concerned. Prior to any decision to allocate financing and throughout project implementation, it is essential to take account of the impacts on biodiversity or the risk of water pollution, employment conditions – from salaries to security and including child labor – and population displacements.



Appropriate due diligence

AFD Group decides not to finance certain projects right from the start of their appraisal, due to criteria relating to the respect of human rights and ethical or environmental concerns. For example, it will refuse to finance any activity requiring forced labor or child labor, or diamond mining when the host country has not joined the Kimberley process. These criteria are set out in an exclusion list published on the websites of AFD and PROPARCO.¹

In line with its intervention frameworks and the Orientation and Programming Law on Development and International Solidarity Policy, the Group also excludes financing projects that would contribute to forest degradation and deforestation and involve the use of genetically modified seeds in agricultural or food sectors. AFD also ensures that

biofuel development is scrupulously planned and supervised and refuses to finance coal-fired power plants.

Finally, AFD applies enhanced due diligence in certain situations, such as with financing for major dams.

For projects with a significant environmental and social risk that are cofinanced with multilateral donors, it is provided for the beneficiary of financing to set up a complaints mechanism. It gives populations that may be affected by projects the possibility of having a mechanism to collect and provide a response to their complaints and concerns related to the project's impacts.

[1] www.afd.fr



POPULATION DISPLACEMENTS

In Kenya, AFD has cofinanced a geothermal operation: construction of a power generation plant and drilling programs. The project involves the displacement of three Maasai villages, two earning their livelihood from livestock raising and one from tourism.

What approach was taken?

The donors (including AFD) adopted the World Bank Operational Policy on “Involuntary Resettlement” (4.12) as a reference text. A document called the Involuntary Resettlement Plan has been prepared in a participatory manner and revised over time with donor support, with the aim of reaching an agreement between the population and the project promoter.

What does this plan provide for?

This plan provides for a sufficient number of housing units to be built, for the school to be rebuilt and improved, for a functional health center to be created, as well as a community center and place of worship, and for a maintained road to link the new village to the village that earns its livelihood from tourism.

And now?

Population displacement is a long-term matter. The population, which is now fully informed of the donors’ modes of operation, has had recourse to the World Bank’s independent inspection panel. Its function is to identify the admissibility and content of the complaints received concerning the projects and prescribe measures to implement in order to restore situations.

Jean Michel Mignot,
*Sociologist and Environmental
and Social expert at AFD*



Reinforced risk management

AFD is planning to introduce a set of provisions in order to reinforce the monitoring of environmental and social risks. For example, measures will be adopted in 2015 to ensure the implementation of Environmental and Social Management Plans (ESMP) for the most risky projects financed by AFD: capacity building actions, adaptation of procedures, creation of a support fund for the beneficiary of the financing for the realization and

implementation of ESMP. A training program will be implemented for project managers at headquarters and in the agencies, with the provision of e-learning on environmental and social risk management in projects and the organization of face-to-face training. Specific clauses have been introduced in bid invitations, which allow AFD to ensure that the companies selected for the implementation of projects fully comply with the requirements expected in terms of environmental and social management, with a test phase for a dozen contracts in 2014 and a target of 15 contracts by 2016.



362 HOURS OF TRAINING
for officers on issues relating to human rights
were dispensed in 2014

72 INVESTMENT OFFICERS FROM PROPARCO
were trained in environmental and social due diligence
in 2014

Human rights

The issue of the application of international standards on human rights is continuously raised and integrated into the implementation of every type of project. To do so, AFD Group applies the World Bank Safeguard Policies and PROPARCO, IFC’s Performance Standards. The due diligence on human rights especially focuses on child labor, forced or compulsory labor, the impact of population displacements, respect for the rights of indigenous populations, and the ban on interventions in certain sectors. In order to make them legally binding, the financing agreements signed with partners and beneficiaries are required to mention compliance with the fundamental conventions of the International Labor Organization.

Making a positive contribution to sustainable development

"Sustainable development analysis and opinion" mechanism

Integrating sustainable development issues into funded projects and measuring their impacts is a priority for AFD. Following a pilot phase launched in 2013 and a progress report presented to the Board of Directors in February 2014, an overhauled "sustainable development analysis and opinion" mechanism has been formalized and implemented in an extended scope of operations^[i] since September 2014.

This mechanism takes the form of a "sustainable development analysis" conducted by the project team during appraisal, which assesses the expected impacts, whether positive or negative, of each of the sustainable development dimensions and gives an independent opinion set out in the notes submitted to the decision-making bodies.

In 2014, following the pilot phase, 92% of operations in the extended scope were subject to a sustainable development opinion.

A detailed review of this mechanism will be conducted in the course of 2015, and a comparison will be made with the practices of other donors, in order to feed into the sustainable development approach at AFD.

In 2014, following the pilot phase, **92%** of operations in the extended scope were subject to a sustainable development opinion.

[i] Excluding BPI, NGOs, the French Facility for Global Environment (FFEM) and PROPARGO, including subparticipations, global budget support, study funds, operations with small amounts and delegations not related to AFD financing

Example of a project on the analysis of 6 sustainable development dimensions

1 | ECONOMIC DEVELOPMENT

2 | SOCIAL WELL-BEING AND REDUCTION OF SOCIAL IMBALANCES

3 | GENDER EQUALITY

4 | BIODIVERSITY CONSERVATION AND MANAGEMENT OF NATURAL ENVIRONMENTS AND RESOURCES

5 | FIGHT AGAINST CLIMATE CHANGE AND ITS IMPACTS

6 | SUSTAINABILITY OF PROJECT IMPACTS AND GOVERNANCE FRAMEWORK

Electricity transmission and distribution in Cambodia

This project, with EUR 70m of financing, aims to scale up access to electricity in three provinces in Cambodia. Part of the extension of the power transmission grid crosses Botum Sakor National Park and the Cardamom forests, which are protected areas recognized for their rich biodiversity. This section is not, however, financed by AFD.

The provisional sustainable development opinion requested additional elements, in particular on the section of the route not financed by AFD which crosses the protected areas. Without these elements, the provisional opinion submitted to the Credit Committee was "reserved". When the project team received this reserved opinion, it stepped up the dialogue with the beneficiary of the financing, Electricity Authority of Cambodia (EAC), in order to formalize a comprehensive response.

It was possible to issue a final favorable opinion on the basis of these additional elements. The interactions with the project team during the preparation of the sustainable development opinion led to the implementation of specific AFD support on these issues, beyond simply the funded section, with a positive direct impact on EAC's activities.

Sustainable tourism in Morocco

AFD has provided EUR 20m of financing in the form of a loan to the Company for the Development and Promotion of the Resort of Taghazout Resort (SAPST) for the development of a seaside resort.

This is a flagship project for sustainable tourism, which involves conserving resources and the sociocultural environment, and improving the well-being of the host communities. It has been subject to a detailed investigation which validated its justification.

2014 Results

AFD

Ex post results for the year



605,000

passengers a day use new or upgraded public transport

TRANSPORT



68,000

people connected to the electricity distribution grid or gaining access to electrification

ENERGY

460

MW of installed renewable energies



830,000

attending primary or secondary school

EDUCATION AND EMPLOYMENT

131,000

young people received in vocational training systems



1.1 million

people with improved or secured housing

POOR NEIGHBORHOODS



500,000

people gained access to a sustainable source of drinking water

WATER AND SANITATION

375,000

people gained access to an improved sanitation system



62,000

small businesses benefited from support or financing

MICROFINANCE AND ECONOMIC FABRIC



550,000

family farms directly supported

AGRICULTURE

PROPARCO

Overall expected results for projects signed during the year

ECONOMIC FABRIC

Annual contribution of
EUR 537m
to State revenues

ENERGY

Annual renewable energy
generation of
2,883 GWh

887,600 Teq CO₂
emissions avoided

EMPLOYMENT

150,711 direct jobs
and **97,120 indirect jobs**
created or maintained,
including over 80,000 farmers

WATER AND SANITATION

Access to drinking water for
90,000 people
and access to a wastewater
treatment service for
260,000 people

HEALTH

5,828 additional beds
installed to increase
the capacity in hospitals

MICROFINANCE

Access to microfinance for
136,000 people



Building the capacities of partners

Attention is paid to the capacity of beneficiaries to carry out their projects. AFD provides capacity building tools to allow the beneficiary of the financing to take charge of the specific actions under their responsibility (procurement, governance...). Knowledge sharing takes place by financing capacity building actions and *via* the training provided by AFD's corporate university – CEFEF. In 2014, about forty seminars were organized on public-private partnerships, project management and inclusive finance for some 1,500 executives, mainly from Southern countries.

In 2014, EUR 276m of financing (grants, loans or delegated credits) out of EUR 8.1bn (3.2%) were allocated to finance capacity building for partners. 148 projects (out of 498 approved, *i.e.* 29.7%) include a "support for capacity building" component.

In order to more extensively and more systematically mobilize the capacity building tools to promote CSR policies and practices, reflection will be conducted with the aim of more effectively integrating the environmental and social component into the tools: in feasibility studies, terms of reference, evaluations, in the information system and *via* existing awareness-raising supports such as, for example, the catalogue of project experiences in countries in fragile situations (online on AFD's Intranet website).

Technical assistance in Senegal

(Société Nationale des Eaux du Sénégal)

Under a drinking water and sanitation program, AFD has combined its EUR 20m loan to SONES with a EUR 1.8m grant for capacity building actions. The aim is to support SONES in its new mandates *via* assistance to the beneficiary of the financing – a technical assistant provided for four years –, periodic expertise and training.

Training seminars for local government officials in Mayotte

The Mayotte agency, in partnership with the National Centre of Territorial Public Service (CNFPT) and CEFEF, organized a training seminar for about twenty officials with the aim of improving the financial management of local authorities.

INTERVIEW



In 2008, the National Industrial and Mining Company (SNIM) in Mauritania launched a series of investments which, in addition to significantly boosting production, aim to upgrade all its equipment. AFD is cofinancing this program and is acting as the environmental and social coordinator for the donors who are involved.

You are responsible for the environmental and social coordination of this project. What does this role involve?

It is both an advisory and coordination role. Indeed, the coordinator must lead the exchanges on environmental and social issues between the lenders and SNIM. It involves finding the right balance between the requests and expectations of the lenders and those of SNIM in order to actively implement and apply the recommendations of the Environmental and Social Management Plan (ESMP).

What lessons can be learned from this experience of coordination?

The appraisal and supervision of this project have proved to be exemplary

in terms of the environmental and social risk management approach and the coordination of lenders. We have challenged SNIM about its practices throughout the project and we have assisted it in formalizing its "environmental and social roadmap", in developing a CSR approach, and a culture of respect for the environment. Following a period of relative inertia, the institution started to take action. With the support of a consultant, it has since established a CSR policy and should be releasing its first CSR report in the coming months.

Corentin Janot,
Environmental and Social expert at AFD

2014: KEY YEAR FOR BIODIVERSITY

19 March

Signing of the Framework Agreement between AFD and IUCN (International Union for Conservation of Nature)

From 29 to 30 May

AFD/Veolia Environment Institute conference on large-scale restoration in Washington

From 6 to 17 October

12th COP on biodiversity in PyeongChang, South Korea

20 October

Conference in Guadeloupe on biodiversity in the French overseas territories

From 12 to 19 November

World Parks Congress in Sydney (every ten years)

Impacts on biodiversity

Through its intervention framework, AFD intends to increase the amount of its operations for biodiversity between 2013 and 2016: the annual volume of AFD's financial commitments will be increased to a minimum of EUR 160m. The aim is to protect, restore, manage and develop ecosystems, mainstream biodiversity into development policies, and strengthen partnerships for biodiversity between France and developing countries.

This will increase the activity by 50% compared to the average activity during the previous period. Almost two-thirds of these commitments will be made in Sub-Saharan Africa. More account will be taken of biodiversity in intervention strategies and funded programs through tools such as the exclusion list for financing and *ex ante* analyses of their environmental impacts.

KEY FIGURES

(AFD Group)



35 MILLION HECTARES benefited from programs for the conservation, restoration or sustainable management of biodiversity in 2014



EUR 144M were earmarked for AFD's "biodiversity" activity in 2014



EUR 138M, excluding the delegation of funds from other donors in foreign countries and the French overseas territories

Wetland restoration and development in China

China is facing an unprecedented environmental crisis caused by very strong population pressure and rapid growth. Over the past decades, it has experienced an alarming degradation and loss of wetlands. The Chinese authorities are implementing an active environmental policy with the aim of curbing this process.

The project to restore and develop the wetlands in Changyuanhe in Shanxi Province aims to restore the ecological status of the wetlands and reestablish the hydrological functioning of the River Changyuanhe, conserve endangered species and their natural habitats, develop ecotourism and promote the natural, cultural and historical heritage of the Qixian district, improve wastewater and waste management in the villages neighboring the Park, build the institutional and technical capacity of the commission in charge of the management of Changyuanhe National Park and the Sixiannao Provincial Forestry Reserve, and sensitize local populations to biodiversity issues.

AFD will finance 50% of this project with a EUR 30m non-concessional sovereign loan.



Impacts on climate change

Climate change has become a key issue for AFD's economic model.

Climate change complicates efforts to reduce poverty by causing increasingly frequent and serious damage in economically precarious areas. This brings about the need for a low-carbon development trajectory. The mainstreaming of climate change issues into AFD's strategy is reflected in two objectives:

1/ Achieve and maintain an objective for 50% of AFD's annual allocations in developing countries to have "climate co-benefits", and for 30% for PROPARCO's annual allocations. For Asia and Latin America, the commitment is 70%. For the Mediterranean and Sub-Saharan Africa, it stands at 50% and 30%, respectively.

2/ Systematically assess the carbon footprint of directly financed projects that have a significant impact in terms of greenhouse gas emissions (positive or negative).

KEY FIGURES

(AFD Group)



4.3 MILLION TONS CO₂ EQUIVALENT A YEAR

of greenhouse gas emissions will be saved thanks to climate change mitigation projects financed by AFD Group in 2014



EUR 2.8BN

in foreign countries and the French overseas territories for development projects that have a positive impact on the climate



EUR 1.6BN

of financing approvals for the energy sector in foreign countries



53% OF FINANCING

abroad in 2014 contributed to the fight against climate change

Transport with lower oil consumption

Mass public transport, whatever the type of energy used, reduces energy consumption per passenger-km by up to ten times. It is for this reason that AFD is supporting several public transport projects that allow oil to be replaced by gas (Bus Rapid Transit – BRT – in Bangladesh) or electricity (metro in Brazil, tramway and cable-car transport in Colombia).



Training on gender in Benin

Directly in line with the Gender CIF, the Cotonou agency has organized a two-day training session for 35 participants. Its originality lies in the fact that right from the beginning it involved all the partners that the Cotonou agency works with, both from public entities (ministries, municipality) and private entities (NGOs, banks). The aim is to promote an understanding of the gender issue from the outset and a common approach in development projects between AFD and its partners.

Support for the secondary school reform in order to operationalize gender in Togo

This project supported by AFD works to reduce gender inequalities, mainly via the secondary school reform, which aims to provide more equal access and improve teaching quality. A set of actions have been planned, from raising the awareness of communities to the creation of groups to promote girls' education, training on gender and non-violent educational methods for teachers and head teachers, and the construction of separate latrines for boys and girls.



Impacts on gender equality

The benefits of gender mainstreaming for development are now recognized.^[1] The Crosscutting Intervention Framework (CIF) for Gender was approved by AFD's Board of Directors in March 2014. It is the result of collective reflection and aims to contribute to sustainable, inclusive and equitable development between men and women. The preparation of the CIF mobilized over 150 officers from the Operations Department, NGO Partnerships Division, HR Department, Strategy Department and PROPARGO.

In its application, all projects are examined in terms of the contribution they make to the objective of reducing gender inequalities. AFD has made the commitment for at least 50% of standard projects financed in foreign countries to have the promotion of gender equality as the primary or secondary objectives. This policy will be supported by an extensive training and awareness-raising campaign on gender.

[1] "Gender inequality means not only foregoing the important contributions that women make to the economy, but also wasting years of investment in educating girls and young women." in *Closing the Gender Gap: Act Now*, OECD, 2012.



51.4% OF AFD PROJECTS

included a Gender dimension in 2014

Promoting a responsible organization in its in-house operations



For a meaningful work environment

In a context of strategic changes and developments, building and consolidating human capital is one of the key areas of AFD's Corporate Social Responsibility towards its officers. One of the objectives of this Corporate Social Responsibility implemented by AFD is to provide the most favorable working conditions possible in order to attract and retain talented people, offer rich and motivating career paths, promote diversity, strengthen in-house cohesion and, finally, encourage a continuous and quality social and managerial dialogue. In addition, AFD has set out to reduce its ecological footprint in order to address the environmental issues that its operations involve.

Human resources in 2014

(Group)

AFD Group today employs 2,142 officers worldwide, meaning that its headcount has increased by almost a third in ten years. Locally recruited officers account for 38.5% of the Group's headcount.

INTEGRATION OF YOUNG PEOPLE



30%

of recruits are under 30



137

interns



106

international volunteers



23 Fixed-term

professionalization and apprenticeship contracts

163

new staff members, including 74 recruited abroad and in the French overseas territories

RECRUITMENT

52.6%

of women

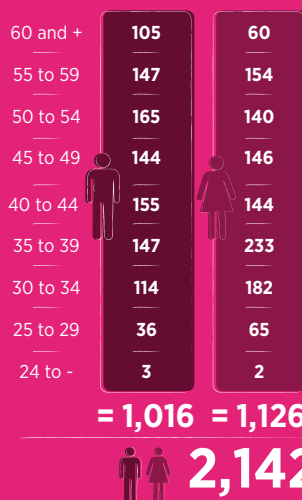
GENDER RATIO

219

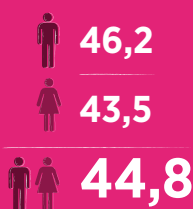
officers, including 33% on headquarters/network mobility assignment

IN-HOUSE MOBILITY

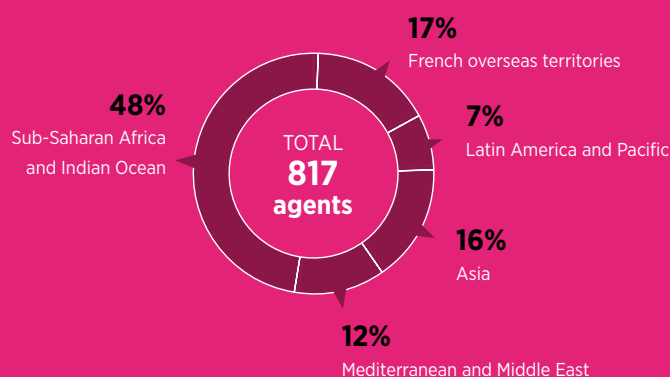
STAFF BREAKDOWN BY GENDER AND AGE



AVERAGE AGE



BREAKDOWN OF OFFICERS BY GEOGRAPHICAL AREA



INTERVIEW



CAREER DEVELOPMENT

I come from Réunion, I worked in the banking sector before joining the Saint-Denis agency as a research officer in 2006. I very quickly became familiar with AFD's dual financial and developmental culture thanks to the Newcomers and Development Activities training sessions. In the agency, I readily assume my role as a manager of a staff of ten: organization and coordination of the team, management of the business plan, supervision of the financial production, contribution to strengthening the overall performance of the department...

Olivier Saurier

Private Sector Manager at the Réunion agency



Supporting career paths for all and a meaningful work environment



MAKING A COMMITMENT

After seven years working in a large banking group, I needed to do move on and give more meaning to my work. This is what I found at PROPARCO. Our action contributes to an objective which I consider to be important: the development of Southern countries. The diversity of the sectors we work on, from the agro-industry to transport, and including energy, in very different geographical areas in Africa and Asia stimulates my daily work. It is also very motivating to go on field missions as it allows you to see the progress and tangible results of our work.

Adama Diakité

Investment officer in the Portfolio Monitoring Division (PROPARCO)

Favorable social benefits for all officers

AFD ensures that the **salary level** of its officers is competitive and motivating, both at headquarters and in its different agencies around the world. The wage policy applied is regularly analyzed for each market on the basis of common principles, but also by adapting this analysis to the different country contexts. All Group officers are entitled to favorable social benefits, in particular in terms of social protection (healthcare expenses, pension plans, disability insurance and retirement).

In addition, all officers benefit from a **redistribution** of the fruits of AFD's economic performance (incentive scheme for officers in the general framework and the French overseas territories and a performance bonus for officers recruited locally in foreign countries).

Skills development a top priority

AFD Group has adopted a set of human resources management tools that provide career-long support. They also give everyone, *via* the professional mobility policy and training policy, the means to build diversified career paths, develop permanent skills and strengthen their employability.

Group officers **benefit from systems that monitor career paths**: the annual assessment interview for all employees and career interview to prepare the key stages in the officer's career. These systems are based on forward-looking management tools for employment and skills, such as a skills reference base, and the mapping of professional activities, which aims to prepare officers for developments in activities and future needs for skills.





**3.96% OF THE
PAYROLL EARMARKED
for training**

**84% OF OFFICERS
benefited from at least one
training session**

**5,200 HOURS
of training for local officers**

INTERVIEW



ASSIGNMENTS IN AGENCIES: A CHANGE OF OUTLOOK

My work involves identifying and supervising the projects we finance in Colombia. I assist the director by supervising a team of four project officers and work on starting the activity in Ecuador, a new country of operation for AFD. This expansion means we have to innovate and reorganize ourselves. After having worked for an NGO for six years, at grassroots level, and at the headquarters since 2004, being assigned to an agency gives the opportunity of a new outlook, by further strengthening relations with local partners over time.

Carl Bernadac

Deputy Director of the Bogota agency (AFD)

Training

The training policy offers a range of actions that aim to maintain and permanently develop the staff's skills and expertise which AFD Group requires in a context where development issues involve many disciplines, with the need to mobilize wide-ranging and comprehensive skills: sectoral (energy, transport, water and sanitation, biodiversity, agriculture and food security, urban development), financial, economic, in project management, managerial, etc.

The overall training effort also concerns the local officers recruited in the agencies. Excluding local training sessions, 165 local agents have benefited from training sessions organized under the training plan.

To address the challenge posed by knowledge dissemination and building the skills of staff working in over 70 countries, training is increasingly based on new distance learning tools: e-learning, video, tutorials, etc. An initial distance learning project on managing results-based development projects, led by CEFEB, AFD Group's university, was implemented in 2014. Some forty officers from the network benefited from this training. The next module will be on the management of environmental and social risks in operations.

Thematic breakdown of hours

Number of hours in 2014

Banking	1,468
Office automation	1,145
The Fundamentals of Development and Crosscutting Themes	8,306
Personal Development, Communication and Human Resources	4,732
Sectoral expertise and specialized techniques	4,769
Management/finance/accounting	6,220
IT	1,252
Legal	2,404
Languages	2,926
Management	3,154

TOTAL

36,373

New recruits

A comprehensive integration system to ensure the strategic priorities, mandates, issues and procedures that structure AFD are clearly understood.



In-house dialogue

The founding pillars of a balanced social dialogue

The social dialogue at AFD Group is conducted on the basis of four core principles:

- **The objective of seeking the collective interest through** a constructive dialogue in order to more effectively support developments at AFD;
- **The respect of everyone's prerogatives** by drawing on the complementarity of actors;
- **The professionalism of negotiations**, ensuring that staff representatives have the means to fully exercise their mandate;
- **Anticipation**, by finding solutions to medium-term social issues through social dialogue.

In 2014, the social dialogue resulted in the **signing of five collective agreements**, including professional equality, mortgage loans allocated to AFD staff, the responsibility premiums related to expatriation, and comprehensive exchanges with the representative bodies when developments or modifications occurred in the organization. Seven issues concerning in-house reorganization were addressed by the Works Committee in 2014.

In the agencies abroad, the social dialogue is organized in accordance with the appli-

cable local regulations. In 2014, over half of the people recruited locally had a **staff representative**.

Social dialogue in the agencies

To make up for the lack of formal staff representation in about ten of its agencies (due to the absence of relevant legislation), from 2015, AFD is proposing the appointment of a "social dialogue correspondent" in each of the agencies in question. The agency directors will also benefit from a training and support mechanism on how to conduct social dialogue.

Organization of dialogue and communication at AFD

Dialogue at AFD is organized *via* several **main dissemination channels**:

- **Regular information notes** (102 in 2014);
- **Six issues of the in-house newsletter** "Écho des Continents", a reference tool for the in-house communication policy and a real vehicle for exchanges, analyses and in-house cohesion;
- **The news feed on Intranet** which published some 600 items of information.

It is also organized through **meetings between the Chief Executive Officer and officers**, which are held twice a year at headquarters. The trips to the field made by the Chief Executive Officer and directors provide opportunities for exchanges and dialogue with local staff.

Participatory approaches

This commitment to dialogue is also supported by collective approaches that aim to promote initiatives and facilitate the development and implementation of new ideas.

This is demonstrated by two initiatives launched in 2014:

- The LabCo mechanism, which was set up to capture new ideas at an early stage and future major trends that pose threats and/or strategic opportunities for AFD;
- AFD 2025, involving extensive collective reflection aimed at questioning the possible futures for AFD post-2025.

Partnership with “Nos quartiers ont des talents”

To date, some twenty AFD Group employees have accepted to mentor a young graduate, advise them on their career plan, and help them regain their self-confidence and understand the labor market.





Reducing the in-house environmental footprint

AFD Group's in-house actions fit in with a European and international regulatory and incentive framework: Grenelle Environment (Acts I and II), the national sustainable development strategy, exemplary administration plans, Kyoto Protocol, and the European energy-climate package are some of the texts which structure the approach.

The "in-house environmental responsibility" action plan is based on four areas:

- 1/ Evaluate:** Conduct annual Bilans Carbone® (carbon footprint assessments) of AFD's in-house operations, completed with periodic environmental diagnostics and a regular monitoring of various impact indicators, including energy and paper consumption and waste production;
- 2/ Take operational action:** Strengthen AFD's priority action plan to reduce its ecological footprint, with a focus on the following themes: procurement, energy efficiency and renewable energies, travel, waste management;
- 3/ Offset:** Voluntarily offset the greenhouse gas emissions generated by AFD Group's activity by financing environmental projects in developing countries (purchase of carbon credits);
- 4/ Raise awareness:** Communicate to AFD officers in order to sensitize them to sustainable development, both as professionals and citizens.

The Mistral

The Mistral building is a headquarters building and has been converted in accordance with the HEQ (High Environmental Quality) standard. The certification was obtained when the 7,200 m² of refurbished premises were delivered. Following this certification, the commitment to improving the energy efficiency of AFD's property, at headquarters and in the network, will be continued.

FOCUS

Issue of professional travel

Professional travel by officers and consultant missions is AFD Group's main item for greenhouse gas emissions and accounted for **55% of total emissions** at headquarters in 2014. It is a source of carbon that is difficult to reduce in view of AFD's activity, as the field missions conducted by AFD are essential for the appraisal and monitoring of projects on the spot.

Reflection on a responsible travel policy has been launched in 2015, with a review comprising a detailed analysis of practices and CO₂ emissions related to professional and home-work travel. As with the Mistral building, it is planned to install electric sockets in the Barthes car park (headquarters) for electric or hybrid cars.

Carbon offset at AFD

Along with reducing carbon emissions, the **voluntary process towards carbon neutrality** is part of AFD's environmental approach.

In 2014, the acquisition of EUR 157,000 of carbon credits marked a turning point in this commitment. It fully offsets AFD Group's greenhouse gas emissions for 2013, *i.e.* 31,300 teq CO₂.



"Sewa" cooking stove project in Mali

In partnership with Kinomé (Young Innovative Enterprise with a social vocation, recognized by the Ethic'Evolution® label and member of the Ashoka network, a network of over 3,000 social entrepreneurs around the world), AFD has opted to offset its carbon emissions, as it has been doing since 2007, by supporting the Malian project for the "Sewa" improved cooking stove.

This project is led by a group of Malian entrepreneurs and aims to improve air quality in homes, reduce expenditure on traditional fuels for families and curb deforestation. The "Sewa" stoves are low-consumption cooking stoves with high environmental and social quality. They allow Malian families to save time and money thanks to their energy efficiency. Indeed, they consume almost half as much coal. This reduces the share of the monthly budget allocated to buy fuel (30% on average in Mali).

The money saved can be reinvested to buy food, drugs, or build up a small amount of savings, which allows women to engage in new economic activities. Another important point is that smoke emissions are reduced, especially carbon emissions. 2.2 tons of CO₂ are thus avoided per household per year. These emission reductions are valued to become carbon credits. AFD purchases these credits in order to offset its own emissions. The funds from this carbon finance mechanism finance R&D for the cooking stove and reduce the price of the "Sewa", which has made it affordable for 23,000 additional households.

FOCUS



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