



CORPORATE SOCIAL RESPONSIBILITY 2017

#WorldInCommon



AFD
AGENCE FRANÇAISE
DE DÉVELOPPEMENT



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Rémy Rioux,
Chief Executive Officer of AFD and Chairman of PROPARGO

1.

FOREWORD

2017 was a year of momentum for AFD Group. Our institution's activity continued to grow and exceeded the record level of EUR 10bn of financing approvals. The transformation process started in the previous year was continued in order to allow it to achieve the objectives set for the Group by the State and to adapt to the new development policy issues. The Group's mandates and competences have developed and its teams have become much more diverse.

In terms of societal responsibility, there are two new noteworthy aspects. Firstly, the adoption of a new policy in this area in March 2018, which is part of an approach for continuous improvement and exemplarity, with a greater focus on the evaluability of our actions.

The second new aspect is that we have adopted a new transparency and dialogue policy. It reflects our commitment to openness. We aim to better communicate and meet the requests of our partners, integrate their concerns into the Group's strategy and practices, and provide a platform for exchanges and co-construction for all development actors.

This report highlights a consolidation of our Corporate Social Responsibility approach. It is based on three pillars: i) promote sustainable development in the field, in our operations; ii) act within an approach based on transparency and dialogue; iii) finally, strengthen in-house social and environmental responsibility.

In 2017, the following aspects for the "Sustainable development in Group operations" pillar are worth noting:

- Enhanced action on the fight against climate change. The Group has earmarked over EUR 4bn of financing for projects in foreign countries with climate co-benefits. A new "climate" bond for the fight against climate change was successfully issued. It is contributing to the achievement of the objective of the Paris Agreement to redirect financial flows towards assets compatible with a low-carbon and climate-resilient economy;

- Our action to promote gender equality. In 2017, 46% of AFD projects and 36% of PROPARCO projects have a positive impact on reducing gender inequalities. At the same time, we are working to ensure that we make progress on gender-related issues, by implementing tools, training and awareness-raising actions;

- The adoption of a new environmental and social risk management policy. We are attentive to the dialogue with all stakeholders and to our impacts and have also developed our “Sustainable Development Analysis and Opinion” mechanism to ensure that each funded project contributes to the various dimensions of sustainable development;

- PROPARCO, which celebrated its 40th anniversary in 2017, has, for its part, continued to strengthen measures to assist its clients in integrating sustainable development issues. In line with its strategy, it has continued to develop the measurement of the impact of its operations by adopting indicators based on the Sustainable Development Goals. It has also set out to overhaul the monitoring of the impacts of its financing in order to enhance the management of its activity and more effectively report on it.

For the “Transparency and dialogue” pillar, the following is worth noting:

- The focus on an enhanced transparency approach. The membership of the International Aid Transparency Initiative meets the need expressed by partner countries. In line with this membership, we have, for example, extended the scope for the publication of our data to financing for projects for non-sovereign counterparties;

- AFD’s Environmental and Social Complaints Mechanism, which was set up in early 2017, is fully in line with a process for accountability and dialogue. It is now fully operational and has addressed a first complaint during the year;

- In addition, we have implemented an ambitious program to fight against corruption and influence peddling, in order to meet the requirements of the “Sapin II” Law on transparency, the fight against corruption and the modernization of economic life.

For the “In-house Corporate Social Responsibility” pillar, we are continuing:

- To promote gender equality, in line with our external action. A new ambitious agreement, aiming to promote equality in recruitments, compensation and career management and paths has been signed;

- Action in the field of direct environmental responsibility, which mobilizes a number of employees at both the headquarters and in the network. It is in this context that the assessment and offset of the Group’s carbon footprint are conducted, as well as the implementation of the mobility plan.

Overall, the Group is among the leaders of a panel of 38 comparable institutions established by Vigeo for non-financial rating. This result is a credit to us, but it also binds us.

As for the future prospects, 2018 will be the year of implementation for our new Corporate Social Responsibility policy.

AFD Group will be implementing its new transparency and dialogue policy to serve its partners in the South and civil society. We will be strengthening

our tools for this purpose and consolidating the culture of accountability and dialogue in the institution.

We will be further integrating sustainable development issues into our financing, by mobilizing teams and the dialogue with our clients and partners.

We will be continuing to align our in-house procedures with our external action, in terms of both our responsibility as an employer, with the implementation of a process for AFNOR “equality and diversity” certification, and our direct environmental responsibility.

Finally, 2018 will be marked by the adoption of AFD Group’s new strategy, which will support it for the implementation of the new presidential ambition for the French development policy. The Corporate Social Responsibility approach puts the environment, social issues and openness to stakeholders at the center of the Group’s action and will have a key role to play in the achievement of this renewed ambition.

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G4-8

G4-9

G4-13

2.

ABOUT US

Agence Française de Développement (AFD) is a public development finance institution that has been implementing France's development assistance policy for over 75 years. It is a public industrial and commercial institution (EPIC), with the status of specialized financial institution. Its action fits in with the Orientation and Programming Law on Development and International Solidarity Policy (LOPDSI) of July 7th 2014. These orientations are set out in the 3-year Contracts of Objectives and Means between the Government and AFD.

PROPARCO, AFD's private sector financing arm, has been working for development in countries in the South for nearly 40 years. In addition to financing, PROPARCO's role is also to promote the emergence of responsible economic and financial actors in developing and emerging countries, and help its clients improve their environmental, social and governance performance.

AFD Group finances and supports development projects and programs (public and private) in a hundred or so developing countries and in the French overseas territories. To carry out its mandate, it has over 2,500 officers¹ based in Paris and Marseille and in a worldwide network of 85 agencies.

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.

2.1 OUR MANDATE

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To address the challenges of a world where there has been a sharp increase in inequalities, despite the decline in extreme poverty, and where there are greater interdependencies, AFD Group's role is to promote more resilient and low-carbon growth and development models that are better able to meet the economic and social aspirations of the people on this planet. Its action to support sustainable development, combat climate change, reduce inequalities and vulnerabilities, and provide a response to crises aims to contribute to building a safer, fairer and more sustainable world, "a common world", as AFD's new motto says.

To achieve this, AFD Group's action is fully in line with the Sustainable Development Goals (SDGs) and aims to successfully complete six major transitions:

→ **The demographic and social transition:** finance basic social services, such as education and health, and contribute to the quality of social ties for the 8.5 billion inhabitants which the world will have in 2030;

→ **The energy transition:** ensure access to reliable, sustainable, affordable and carbon-free energy for all, in order to contribute to keeping global warming below 1.5 to 2°C compared to the pre-industrial era;

→ **The territorial and ecological transition:** sustainably develop the potential of all urban and rural territories, taking ecological and social issues into account;

→ **The digital and technological transition:** make digital technologies a driver to speed up development pathways and achieve the SDGs;

→ **The economic and financial transition:** support the transformation of the economy in order to increase social and environmental added value;

→ **The political and citizen-based transition:** reinvent more inclusive and horizontal governance models.

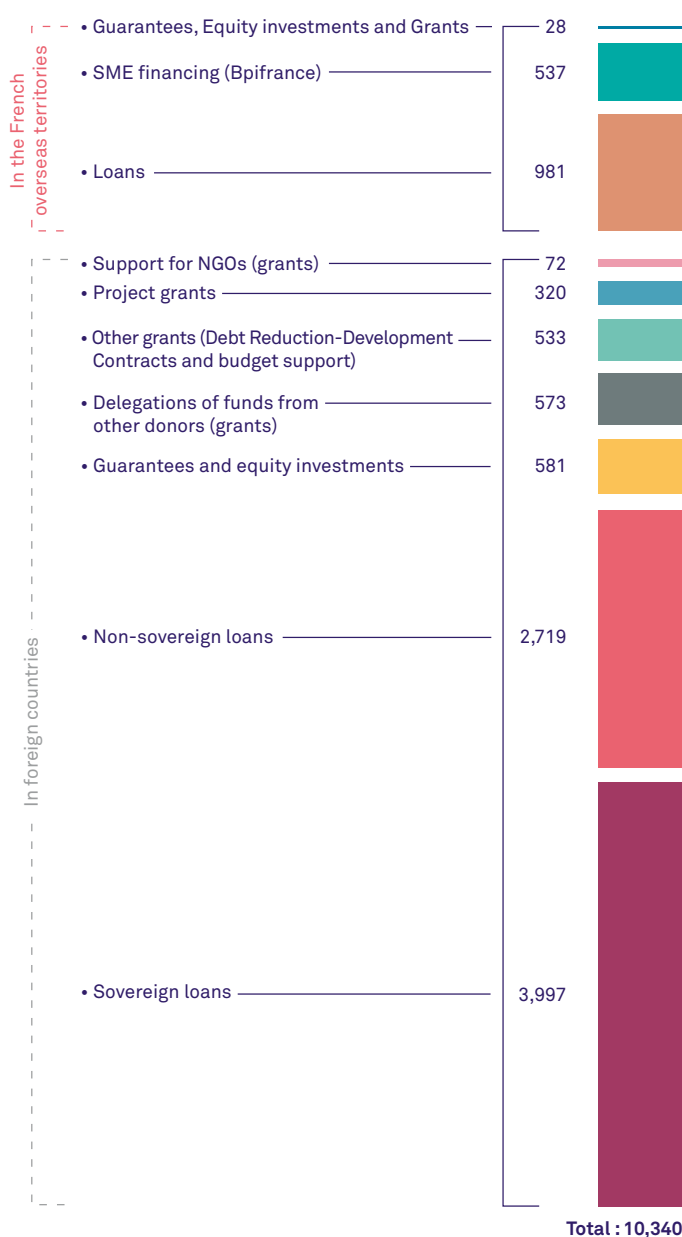
This approach to development promoted by AFD Group is combined with the need to work in partnership with all development actors, and take into account the diversity and specificity of the needs and expectations of partner countries and actors.

In this context, AFD participates in the definition of public policies to define development trajectories, and contributes to international debates, sharing know-how and expertise, and to the dialogue with the relevant actors.

Knowledge production is consequently a fully-fledged activity at AFD. It aims to put forward development solutions to allow informed choices and guide practices towards sustainable development, thereby contributing to differentiating its range of activities from other donors.

AFD's studies and research production activities are based on three priority thematic areas: (i) social cohesion and inequalities, with a focus on Africa, gender and social ties; (ii) governance, the Commons

Financial tools mobilized in 2017 (EUR M)



Over EUR 10bn of financing committed in 2017 (AFD Group)

and territories, a theme on which AFD is continuing its research, with a focus on the theme of the operationalization of the Commons and the role a donor plays in their management; (iii) the climate, energy and natural resources, where it is continuing to analyze the interactions between economic development and prosperity, on the one hand, and the environment, on the other hand.

AFD is also continuing to develop GEMMES macroeconomic models for an application in Brazil and Côte d'Ivoire, in addition to a new global model. A Colombia model will be developed in 2018, in partnership with this country, and will be used as a tool to enhance the public policy dialogue. A similar approach will be undertaken in several other countries. Finally, AFD will continue its risk supervision analyses by conducting twenty or so country diagnostics.

This work is essential in order to (i) gain a better understanding of the institutional, economic, social and environmental contexts of countries of operation; (ii) feed into AFD's strategic research; (iii) contribute to the international debate and France's position on sustainable development issues; and finally (iv) coordinate the dialogue on public policies between researchers, decision-makers, civil society and national and international partners.

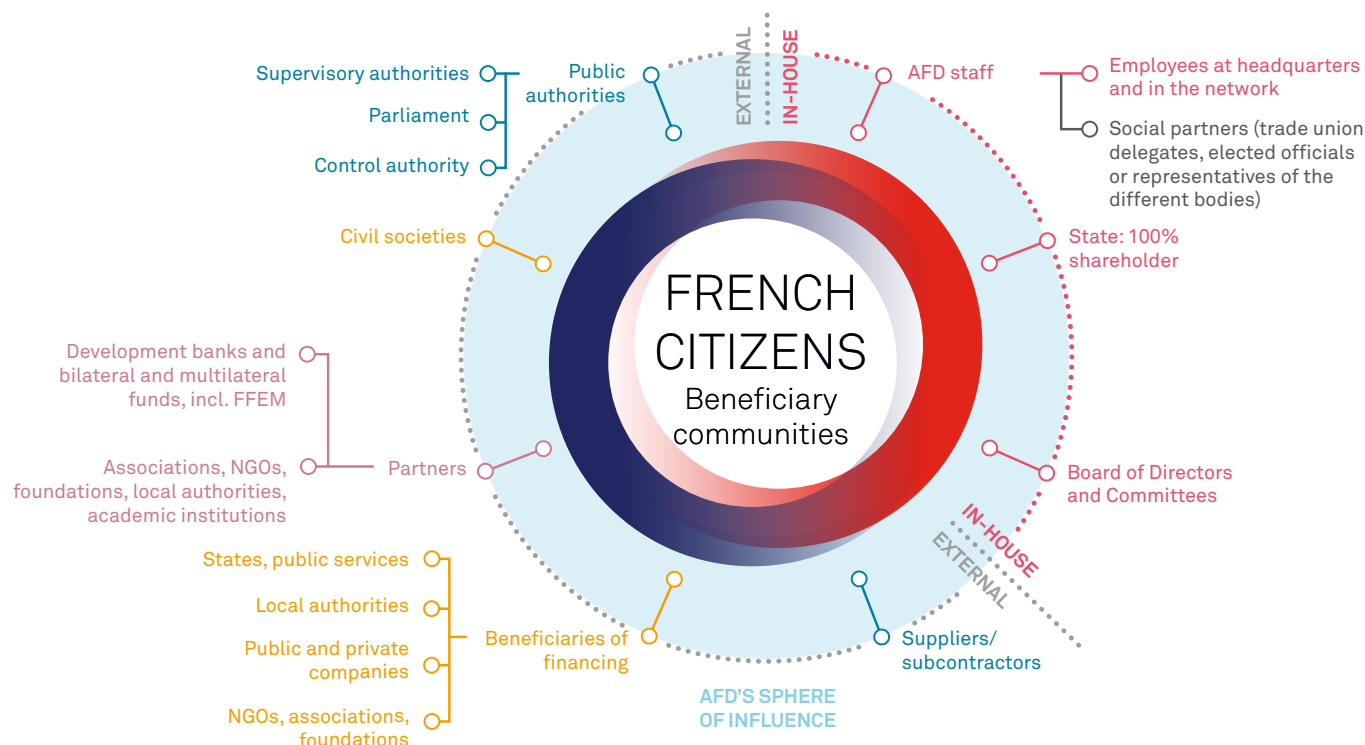
PROPARCO, AFD's subsidiary, contributes to the Group's mission by promoting private investments in developing countries, given that the private sector is an effective driver for achieving the Sustainable Development Goals.

AFD also handles the management of the French Facility for Global Environment (FFEM), which cofinances projects that reconcile environment and development.

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2.2 OUR STAKEHOLDERS

G4-24



2.3 OUR VALUES

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G4-57

The Group has a Professional Ethics Charter which defines the references for the values and conduct that guide its action and that of its employees:



AFD Group and its employees recognize commitment, integrity, openness and adaptability as core values.



The commitment to development, both personal and collective, is implemented in a spirit of responsibility.



Integrity implies probity, intellectual honesty and respect for the Group's property.



Openness, for the Group and each individual, is expressed by being responsive to, welcoming and respecting persons, stakeholders and cultures in their diversity.



Adaptability, in order to effectively meet changing needs, as far as possible implies innovation and reactivity, as well as geographical and operational mobility.

2.4 AN INTERNATIONAL PRESENCE

AFD operated in 109 countries and territories in 2017.¹ PROPARCO, for its part, operates in 80 developing and emerging countries.²

AFD Group has a network of 85 agencies and representation offices around the world.²

AFD's countries of operation



Agency or representation office



Asia and Pacific



Africa



Middle East



Latin America and the Caribbean



French overseas territories



ASIA AND PACIFIC



AFGHANISTAN
Kabul



BANGLADESH
Dhaka



BURMA
Rangoon



CAMBODIA
Phnom Penh



CHINA
Beijing



INDIA
New Delhi



INDONESIA
Jakarta



LAOS
Vientiane



PAKISTAN
Islamabad



PHILIPPINES
Manila



SRI LANKA
Colombo



THAILAND
Bangkok



UZBEKISTAN
Tashkent



VIETNAM
Hanoi
Ho Chi Minh City

AFRICA



ALGERIA
Algiers



ANGOLA
Luanda



BENIN
Cotonou



BURKINA FASO
Ouagadougou



BURUNDI
Bujumbura



CAMEROON
Yaoundé
Douala (PROPARCO)



CENTRAL AFRICAN
REPUBLIC
Bangui



CHAD
N'Djamena



COMOROS
Moroni



CONGO
Brazzaville



CONGO
(DEMOCRATIC REP. OF)
Kinshasa



CÔTE D'IVOIRE
Abidjan



DJIBOUTI
Djibouti



EGYPT
Cairo



ETHIOPIA
Addis Ababa



GABON
Libreville



GHANA
Accra



GUINEA
Conakry



KENYA
Nairobi



MADAGASCAR
Antananarivo



MALI
Bamako



MAURITIUS
Port Louis



MAURITANIA
Nouakchott



MOROCCO
Rabat
Casablanca (PROPARCO)



MOZAMBIQUE
Maputo



NIGER
Niamey



NIGERIA
Abuja
Lagos (PROPARCO)



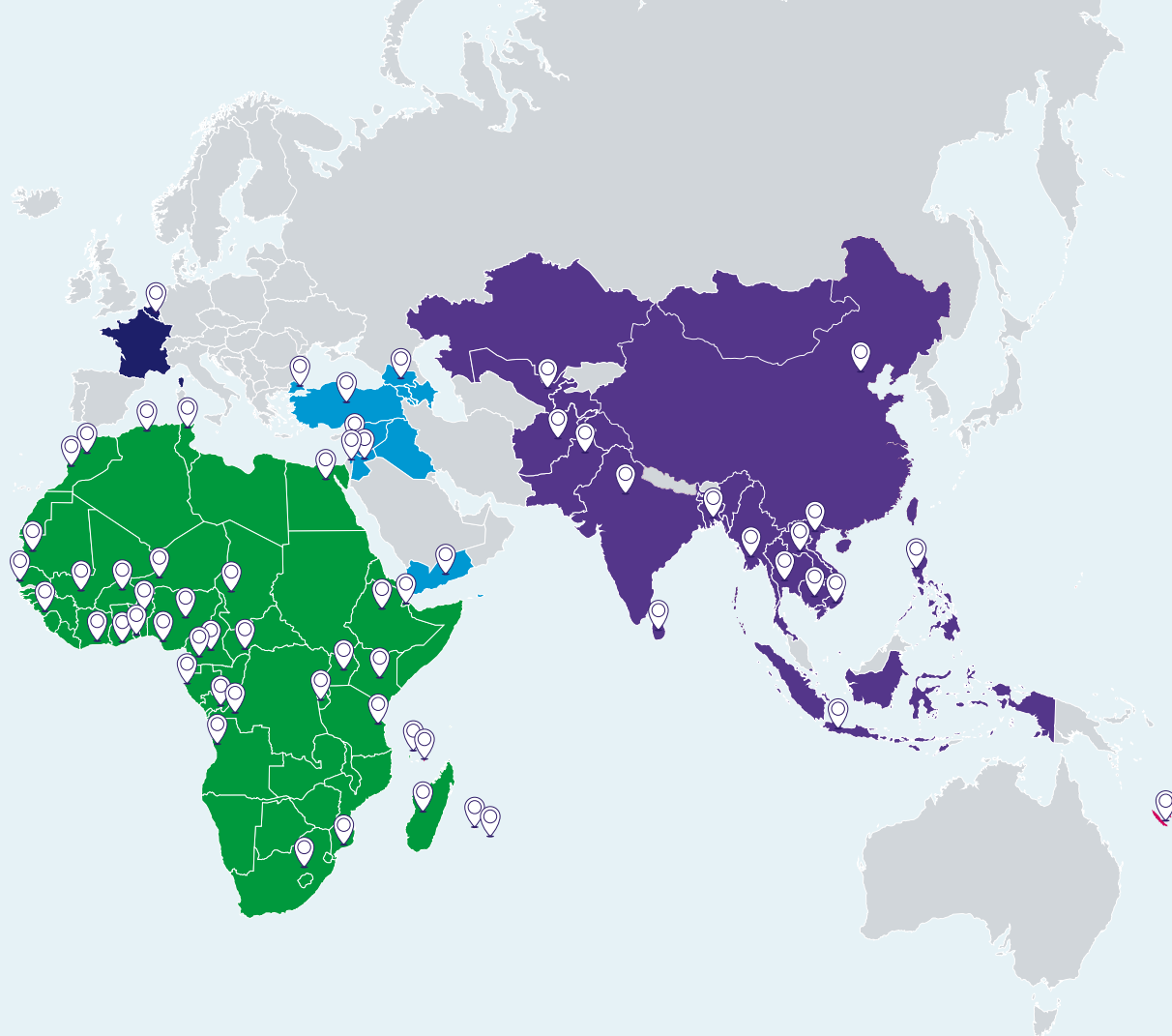
SENEGAL
Dakar



SOUTH AFRICA
Johannesburg



TANZANIA
Dar es Salaam



📍 **TOGO**
Lomé

📍 **TUNISIA**
Tunis

📍 **UGANDA**
Kampala

MIDDLE EAST

📍 **GEORGIA**
Tbilisi

📍 **JORDAN**
Amman

📍 **LEBANON**
Beirut

📍 **PALESTINIAN TERRITORIES**
East Jerusalem

📍 **SYRIA**
Damascus

📍 **TURKEY**
Istanbul
Ankara

📍 **YEMEN**
Sanaa
(temporary closure)

LATIN AMERICA AND THE CARIBBEAN

📍 **ARGENTINA**
Buenos Aires

📍 **BOLIVIA**
La Paz

📍 **BRAZIL**
Brasília
São Paulo (PROPARCO)

📍 **COLOMBIA**
Bogotá

📍 **CUBA**
Havana

📍 **DOMINICAN REPUBLIC**
Santo Domingo

📍 **ECUADOR**
Quito

📍 **HAITI**
Port-au-Prince

📍 **MEXICO**
Mexico City

📍 **PERU**
Lima

📍 **SURINAME**
Paramaribo

📍 **URUGUAY**
Montevideo

📍 **VENEZUELA**
Caracas

IN THE FRENCH OVERSEAS TERRITORIES

📍 **FRENCH GUIANA**
Cayenne

📍 **FRENCH POLYNESIA**
Papeete

📍 **GUADELOUPE**
Pointe-à-Pitre

📍 **MARTINIQUE**
Fort-de-France

📍 **MAYOTTE**
Mamoudzou

📍 **NEW CALEDONIA**
Nouméa

📍 **RÉUNION**
Saint-Denis

📍 **WALLIS-ET-FUTUNA**
Mata-Utu

WITH EUROPEAN INSTITUTIONS

📍 **BELGIUM**
Brussels

📍 **GERMANY**
Frankfurt

📍 **LUXEMBOURG**
Luxembourg

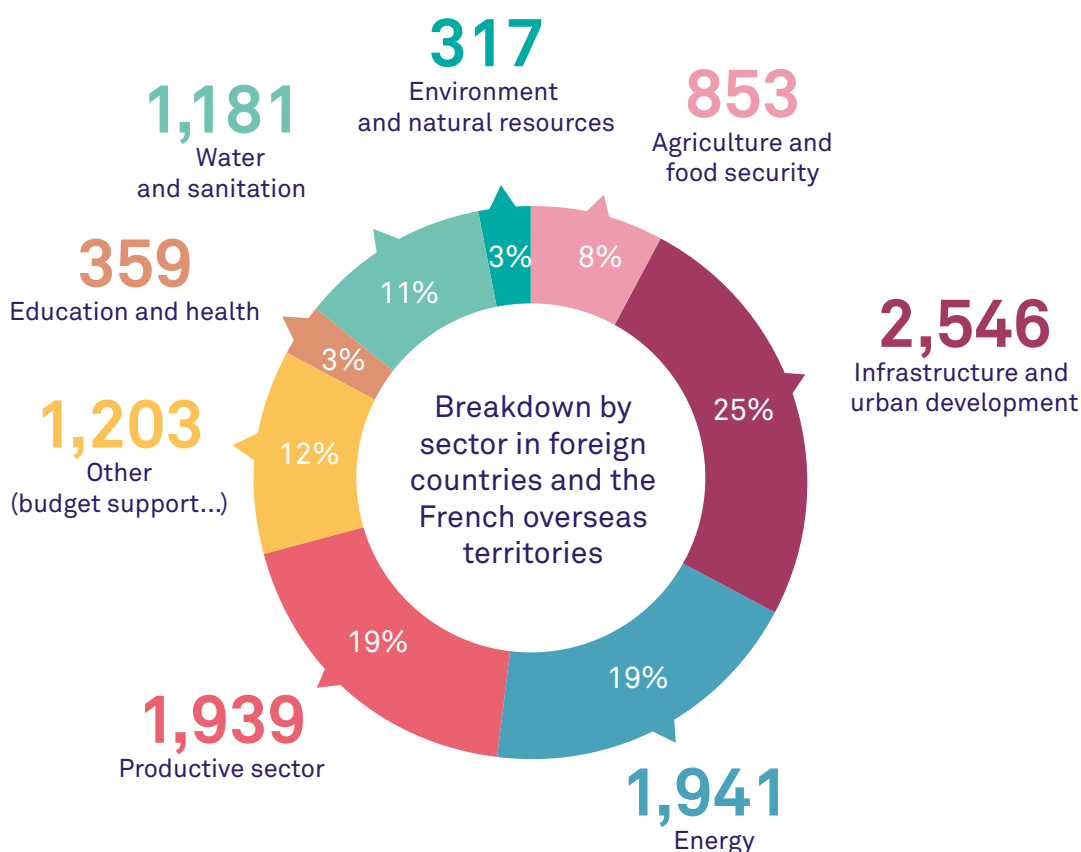
📍 **USA**
Washington
New York

¹ This indicator was controlled by KPMG during its Management Report audit.

² The contact details of all the agencies and offices and information about their activities in the field are available on the websites: www.afd.fr and www.proparco.fr. Activities in countries where there is no AFD representation are followed by the agency of a neighboring country or directly from headquarters.

2.5 OUR ACTIVITY

2.5.1 Sectors financed in 2017 (EUR M) Scope: Group



Focus AFD's action for education, training and youth employment

Scope: AFD

AFD's education-training-employment strategy for 2016-2020 has three objectives: (i) support basic education, particularly at high school, in order to build the core skills for autonomy, with the dual priority of equity and quality, (ii) strengthen training-employment policies, in order to develop professional and cross-functional skills, with the dual priority of professionalization and integration, (iii) support higher education, in order to boost research and innovation capacities, with the dual priority of competitiveness and innovation.

In 2017, AFD financed 14 new education projects in foreign countries, for a total amount of EUR 156m, including EUR 94m in grants. This financing was divided between basic education (EUR 52m), higher education (EUR 63m), vocational training (EUR 39.5m) and financing for NGO projects in the sector (EUR 2m). AFD especially focused on Sahel countries, which benefited from EUR 48m of financing, in particular thanks to a EUR 28m delegation from the Global Partnership for Education in Burkina Faso, and two training/integration projects in the context of the Tiwara initiative in Mali and Niger.

2.5.2. Financing by geographical area (EUR M)

Scope: Group

AFD Group financing approvals (EUR M)	Overseas France	Non-geographical and one-off projects	Latin America and Caribbean	Asia and Pacific	Mediterranean and Middle East	Sub-Saharan Africa
2013	1,506	81	1,193	1,209	838	3,002
2014	1,548	72	1,226	1,229	1,059	2,945
2015	1,570	38	998	1,397	1,190	3,123
2016	1,594	417	1,375	1,367	1,446	3,203
2017	1,545	190	1,365	1,365	1,790	4,084

The report on AFD's activity data is available at:
<https://www.afd.fr/media/download/4083>

AFD Group disbursements (EUR M)	Overseas France ³	Non-geographical and one-off projects	Latin America and Caribbean	Asia and Pacific	Mediterranean and Middle East	Sub-Saharan Africa
2013	608	10	809	430	840	1,484
2014	692	42	927	615	824	2,023
2015	1,002	62	1,313	633	639	1,879
2016	930	77	986	710	1,140	1,853
2017	700	278	639	889	1,343	1,866



Focus The Priority Countries of French aid⁴

Scope: Group

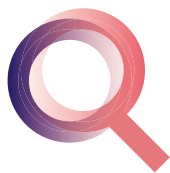
In 2017, AFD Group's financing approvals in the Priority Countries of French aid reached EUR 1.26bn, a 26% increase compared to the previous year. This volume accounted for 12% of the Group's activity in foreign countries.

Grant activity⁵ in these countries stood at EUR 319m, i.e. 27% of AFD's financing for Priority Countries in 2017. In these countries, 12% of AFD's financing approvals in 2017 (i.e. EUR 141m) benefited social sectors (education and health). AFD focused the bulk of grant resources on supporting health, social protection and nutrition.

³ Excluding BPIfrance's activity.

⁴ The list of priority countries updated by the CICID of 30th November 2016 comprises the following 17 countries: Benin, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Ethiopia, Haiti, Guinea, Madagascar, Mali, Mauritania, Niger, Senegal, Togo.

⁵ The grant element comprises: grants, global budget support, Debt Reduction-Development Contracts (C2Ds), grants to NGOs. It does not include delegated credits.



Focus

The “Sahel Alliance” and AFD’s action for Sahel countries

Scope: AFD

The Sahel region is a strategic priority for AFD, which has strengthened its commitment due to the increase in areas and sources of tension (insecurity, inequalities, climate change, underemployment). Since September 2017, AFD has been responsible for coordinating the multi-partner “Sahel Alliance” initiative launched in July by France, Germany and their development banks, as well as the European Union and several multilateral actors. This initiative, which aims to improve living conditions for the most vulnerable populations, is based on taking into account the link between security and development and a mutual accountability with beneficiary States.

The Alliance’s credibility lies in its capacity to rapidly demonstrate its ability to deliver initial results in the field. Consequently, the first component of operations appraised by AFD aims to (i) achieve tangible and rapid results in the field, (ii) promote the same dynamics with the other members of the Alliance and (iii) launch new operating methods combining short-term impacts and more structural medium-term programs.

In particularly vulnerable areas, AFD will scale up its efforts *via* the Tiwara initiative (in the Sahel region) and Kouri initiative (around Lake Chad), whose operations target the most fragile populations based on three areas: the social and economic integration of young people, the response to demographic challenges and support for local development. In 2017, in addition to the project to strengthen the employability of young people in the Mopti region in Mali, AFD implemented a regional project to help secure and develop livestock raising practices and a project to reduce gender inequalities in Niger.

3.

AN ORGANIZATION COMMITTED TO SUSTAINABLE DEVELOPMENT

AFD Group is committed to adopting best practices in its activities. The main principles are: the implementation of the principles of aid effectiveness, the dialogue and work in partnership with development actors, the monitoring and evaluation of the results of its development action, the application of controls to prevent corruption, fraud, money laundering and terrorist financing, and the integration of Corporate Social Responsibility into both the projects it finances and its in-house operations.

3.1 NORMS AND STANDARDS

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:

- The United Nations Universal Declaration of Human Rights;
- The International Labour Organization's Fundamental Conventions;
- The World Bank Group standards and IFC performance standards for PROPARCO;
- 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 26 000 standard;
- The French law on the "New Economic Regulations" (NRE) and the Grenelle Environment Acts;
- The Environment Charter included in the French Constitution;
- The Paris, Accra and Busan declarations of the Global Partnership for Effective Development Co-operation;
- The 2030 Agenda for Sustainable Development of the United Nations and its 17 Sustainable Development Goals;
- The Paris Climate Agreement.



Focus A new strategic ambition for 2022

In 2018, AFD Group has adopted a new strategy.

This strategy aims to structure the Group's new vision of the future – "a world in common" – in order to address the current development challenges and support it for the implementation of the Presidential objective of devoting 0.55% of France's Gross National Income to Official Development Assistance by 2022.

The document was prepared with support from the work of the 8 workshops launched by AFD's Chief Executive Officer, Rémy Rioux, to mark AFD's 75th anniversary. The synthesis of this work was subsequently subject to consultation with all AFD officers, as well as digital consultation, which largely mobilized external stakeholders.

AFD Group has made the environment and social issues central to its strategy. It has taken the SDGs and Paris Agreement as its reference framework. Consequently, the strategy sets out the interpretation of the SDGs adopted by the Group and is based on six main transitions: (i) the demographic and social transition, (ii) the energy transition, (iii) the territorial and ecological transition (iv) the digital and technological

transition, (v) the economic and financial transition, and (vi) the political and citizen-based transition. This "internalization" of the SDGs will be implemented in the Group's strategies, as well as in its operations, its accountability and its communication.

Finally, AFD Group's objectives are to open up to new partnerships, strengthen its financial model, mobilize the private sector more, receive a diversity of new employees and new expertise, and fully integrate the benefits of research, innovation and digital technologies. Consequently, the Group will aim to be exemplary from the social and environmental perspective and in the measurement of the impact of its projects.

3.2 THE ETHICS MECHANISM

AFD Group's ethics mechanism was created in 2004 and is based on three pillars: a Charter, a Committee and an Advisor.

AFD Group's Professional Ethics Charter⁶ sets out the conduct required in the exercise of its mandate to support populations in foreign countries and the French overseas territories. This text is publicly available and is applicable on a daily basis to everyone working for the Group. AFD Group's partners and suppliers are also asked to read the Charter. The Charter is annexed to the employment contract of all Group officers when they are hired.

The Charter sets out the references which drive the action of the Group and its employees: a mandate, core values (commitment, openness, adaptability and integrity) and an ambition, which are implemented in accordance with laws and regulations. It outlines the main commitments in terms of compliance, Corporate Social Responsibility, the fight against money laundering, corruption and fraud, and cautions against risky conduct.

The Charter is similar to a "social contract" in which the employer sets ambitious objectives in terms of social relations, the environment, and health and safety in the workplace. Employees, for their part, undertake to serve with high personal standards and according to the

rules, respect people and their dignity, preserve their professional independence and confidentiality, and consult without delay their line management, the Human Resources Department, Compliance Department and/or Ethics Advisor in the event of a problem, suspicion or doubt. Finally, managers undertake to actively mobilize their teams, listen to and encourage their team members, delegate and promote initiatives and talents. They apply the Group's strategy, its procedures and the Ethics Charter, with a special concern for exemplary conduct.

The Ethics Charter was updated in 2012. In the context of the new CSR Action Plan, it will be updated again in the second half of 2018, in the most participatory manner possible in order to promote its ownership by all.

The Professional Ethics Committee was revamped in May 2017 on more representative and operational bases and comprises members appointed by Senior Management (a representative for PROPARCO and one for each of AFD's seven executive departments), an elected representative from the Central Works Committee and the Ethics Advisor. It is chaired by Senior Management and gives opinions and advice on the proper application of the Ethics Charter and the Group's ethics processes (training,

awareness-raising...). It also examines the difficulties of applying or interpreting the Charter and publishes the relevant standards and recommendations. Furthermore, it proposes amendments or additions to the existing provisions of the Charter. Finally, it examines the difficulties or problems related to its application on a non-nominative basis.

The Ethics Advisor reports to Senior Management and ensures the Charter and the related documents are applied correctly, at headquarters and in the network, with support from the Professional Ethics Committee. He/she conducts training and awareness-raising actions (a total of 50 in 2017) and provides an individual listening and advice service to the Group's structures and officers at their request, respecting anonymity, in order to reply to questions over the "ethical" way of managing a given situation (125 consultations in 2017). Finally, the Ethics Advisor supervises AFD's Environmental and Social Complaints Mechanism, which was launched by AFD in 2017.

⁶ <https://www.afd.fr/en/ethics-charter-afd-group>



Focus The mediation mechanism for working relations

In January 2017, AFD decided to create the position of in-house mediator. During this first year, the mediator conducted work on informing about mediation and its function. This allowed collective work to be set up on interpersonal communication tools and conflict prevention. The mediator also organized awareness-raising sessions on mediation for actors in the quality of working life, particularly staff in the Human Resources Department, members of the Health, Safety and Working Conditions Committee (CHSCT) and staff representatives.

Finally, the in-house mediator held confidential interviews with a hundred or so officers experiencing interpersonal difficulties. At the request of the officers in question, she conducted mediation herself in various situations or, depending on the case, mobilized an external mediator. This first year allowed the specific nature of the mediator's function in the organization to be clarified (independence, neutrality, impartiality, confidentiality) and her subsidiarity in terms of the usual regulation methods (line management decisions and social dialogue).

3.3 GOVERNANCE OF SUSTAINABLE DEVELOPMENT

Sustainable development issues benefit from cross-functional support in AFD Group and have now been largely taken on board by its staff. The Group is committed to translating these issues into its governance and mainstreaming them into its strategies, operations and in-house operation.

In this respect, the main orientations for sustainable development and Corporate Social Responsibility are defined by Senior Management, which also gives the impetus and decides on the resources. The Board of Directors, for its part, deliberates on these orientations and their integration into strategies, operations and in-house operation (adoption of the policy, etc.). The Executive Committee ensures they are implemented in each executive department.

A progress report on the implementation of the Action Plan is submitted to the decision-making bodies every year. In 2017, this progress report, as well as the assessment/evaluation of the CSR Action Plan, were presented to the Executive Committee and Works Committee (as well as to the committee of representatives of foreign countries in March 2018).

Teams are responsible for cross-functional support for the integration of sustainable development into operations, on subjects concerning the climate, gender, environmental and social risks, operations in crisis and conflict countries, economic influence, procurement, capacity building for partners and sustainable development opinions. These teams, which are responsible for providing support to operational teams and counterparts on managing the environmental and social risk of operations, comprise 20 people at AFD (against 16 people in 2016) and 14 people at PROPARCO (against 12 in 2016). There is also the team at AFD responsible for the climate (comprising 13 people) and the team responsible for the "Sustainable Development Analysis and Opinion" mechanism, housed within the Strategy, Forward-Looking and Institutional Relations Department (6 people).

20

people at AFD and

14

at PROPARCO responsible for providing support for the management of the environmental and social risks of operations.



Focus PROPARCO Creation of the Support Towards Sustainable Development Department

PROPARCO has overhauled its organization to align it with its ambitious strategy to double its volumes of financing in order to triple their impacts by 2020.

In line with this objective, in 2017, it set up a Support Towards Sustainable Development Department with increased resources and positioned at the same level as the operational departments. This department, which started its activity on 1st January 2018, comprises PROPARCO experts in the following fields: environmental, social, governance, impact, business support and innovative financial instruments. It is tasked with: implementing a range of services to support projects and PROPARCO's

client companies and (ii) assisting the project teams in the appraisal of PROPARCO's financing and investments, for the fulfillment of its obligations and commitments in terms of impact analysis, compliance with international environmental, social and governance standards, the fight against climate change, social ties, as well as monitoring and capitalization.

One of this department's roles is also to put forward proposals in terms of strategy and more effectively promote PROPARCO's expertise and achievements both in-house and externally.

3.4 CORPORATE SOCIAL RESPONSIBILITY APPROACH

AFD Group's Corporate Social Responsibility Action Plan, adopted by the Board of Directors on 27th March 2014, formalizes the Group's CSR approach for 2014-2016, and was renewed for 2017. Through this policy, the Group has underscored its aim of making sustainable development the objective of its action, *via* six commitments covering both the field of its operations and its in-house policy.

3.4.1 Coordination of the approach

A team, which reports to the Strategy, Forward-Looking and Institutional Relations Department (Strategy, Partnerships and Communication Department), coordinates the Corporate Social Responsibility approach for the entire AFD Group. It is supported by a network of in-house reference persons representing all Group structures responsible for implementing the various areas of the policy.

The network of CSR reference persons is involved in coordinating the CSR approach and its accountability.

In 2017, this network was closely involved in the preparation of the new CSR policy for 2018-2022 (see Focus). It was also mobilized for non-financial reporting activities (preparation of the CSR report, of the non-financial sections of the management report and registration document, responses to rating agencies...), as well as for various communication and awareness-raising actions for staff.

The aim of sensitizing teams to Corporate Social Responsibility issues has led to three indicators based on CSR criteria being integrated into the profit-sharing agreement for 2015-2017: the first on the publication of information about financing, the second on responsible printing, and the third on respecting time limits for the payment of invoices.

3.4.2 Evaluations of the approach

AFD Group's Corporate Social Responsibility is subject to independent in-house evaluations, *via* missions conducted by AFD's Internal Audit Department or *Ex Post* Evaluation Division, and externally.

During its audit missions in the network, the Internal Audit Department ensures that local regulations on social and fiscal management and the Ethics Charter are complied with. For projects, it verifies that the environmental and social aspects have been addressed in accordance with the procedures in force.

An external evaluation of the CSR Action Plan for 2014-2016 was conducted between August 2016 and January 2017. Its results were presented to all staff members, as well as to external stakeholders, and provided the starting point for the preparation of the new policy.



Focus The CSR policy for 2018-2022: A renewed ambition for AFD Group

On 8th March 2018, AFD's Board of Directors adopted a new Corporate Social Responsibility policy for AFD Group.

This policy, which concerns the period 2018-2022, aims to assist the Group in the implementation of the 2030 Agenda for Sustainable Development.

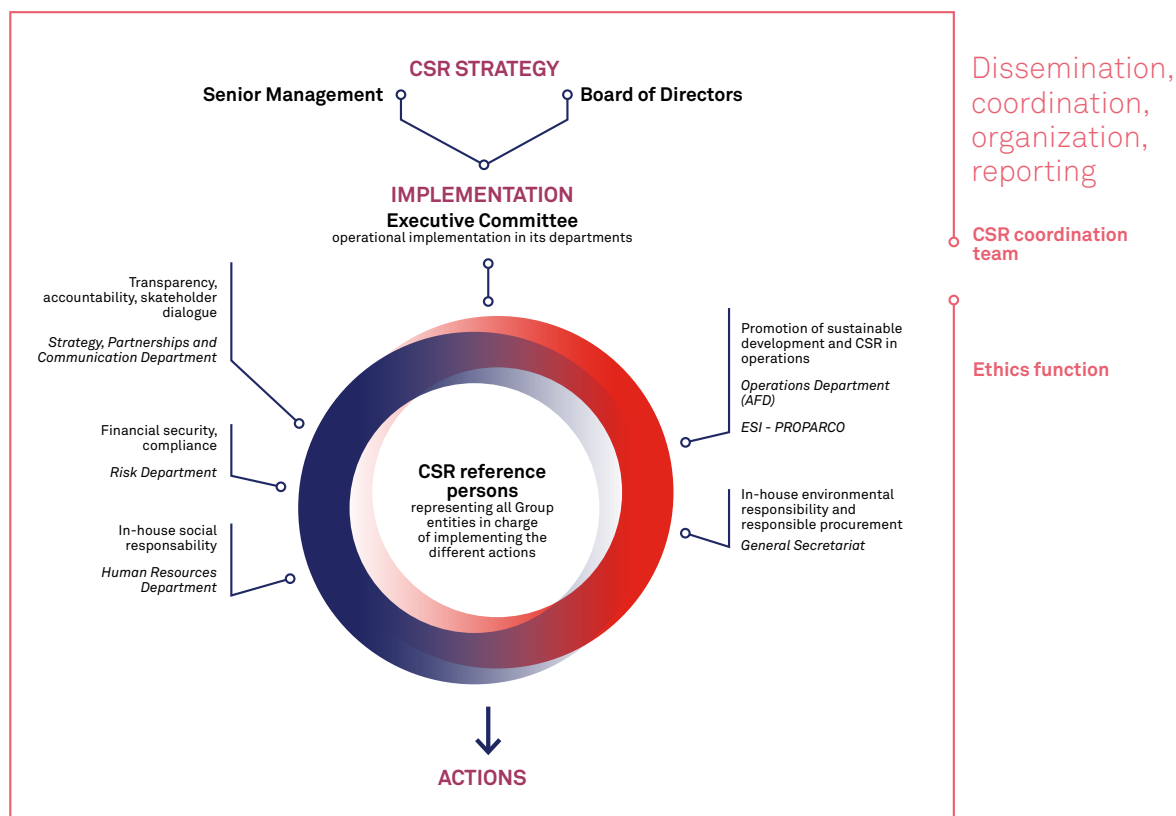
The CSR policy is thereby intended to be a vehicle for the exemplary nature of AFD Group, ensuring consistency between its mandates and the quality of its operations, and cohesion within teams.

The CSR policy covers, in a consistent manner, all the relevant issues for the Group, both external and internal.

For this purpose, it takes up and further develops (as the independent evaluation of the previous Action Plan called for) the 6 areas of commitments which the Group has been working on since 2014:

- Integration of sustainable development into operations;
- Governance and ownership of the CSR approach;
- Transparency and stakeholder dialogue;
- Professional ethics and financial exemplarity;
- Socially responsible and equitable staff management;
- Control of the direct environmental and societal footprint.

Corporate Social Responsibility: A management involving the entire organization



Focus Non-financial ratings, a tool for progress for AFD Group

Non-financial ratings allow a comparison between the performance and practices of issuers in terms of social, environmental and governance matters and are a decision-making tool highly valued by investors, which AFD, as a bond issuer, is subject to.

Over the past 12 months, AFD Group's CSR approach has been subject to two non-financial ratings, by the agencies Vigeo and Oekom. The two ratings highlight strong performance in all areas.

The Vigeo agency gave AFD Group a rating of 70/100 (against 69 points in 2015 and 57 in 2014), making it first⁷ among a panel of 38 "peer" institutions (banks and agencies with specific objectives and multilateral development banks). The Group is continuing to make progress, with noteworthy performance in all areas:

- Social pillar: AFD group has a very high rating for the handling of human rights-related issues in operations, as well as for the promotion of social rights among its employees;
- Environmental pillar: the Group fully integrates issues related to the environment and climate change in its activities;
- Business conduct: there is a very high level of performance in transparency and the prevention of corruption;
- Governance: all CSR issues are clearly integrated into the Group's governance, proving the soundness of the approach.

Finally, the Group is responsive to controversies and its communication on CSR is very developed. The Oekom agency gave the Group a rating equal to C+, as well as the "Prime" status awarded to companies which are among the leaders in their sector.⁸ Since the previous rating in 2015, the Group's performance has improved, particularly in the environmental and governance fields, with an improvement in its overall performance:

- The organization's governance and the handling of issues related to ethics and financial transparency receive a very high rating;
- The Group shows strong performance in the social field, both in terms of respect for human rights in operations and the promotion of diversity and equality in teams;
- The environmental field is also well rated, particularly concerning the environmental impact of financing activities.

⁷ With CDC, rated 71/100.

⁸ AFD Group's performance is above the sectoral average for most of the "key questions" listed by Oekom.

3.5 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.

Through its Registration Document, it complies with the decree relating to the transparency obligations of companies for social and environmental issues, which it is subject to as a bond issuer. In 2017, an independent auditor (KPMG) issued a moderate assurance (limited audit), attesting to the fact that "all the significant aspects of the information on Corporate Social Responsibility, taken as a whole, are presented in a sincere manner in accordance with the Frame of Reference".⁹

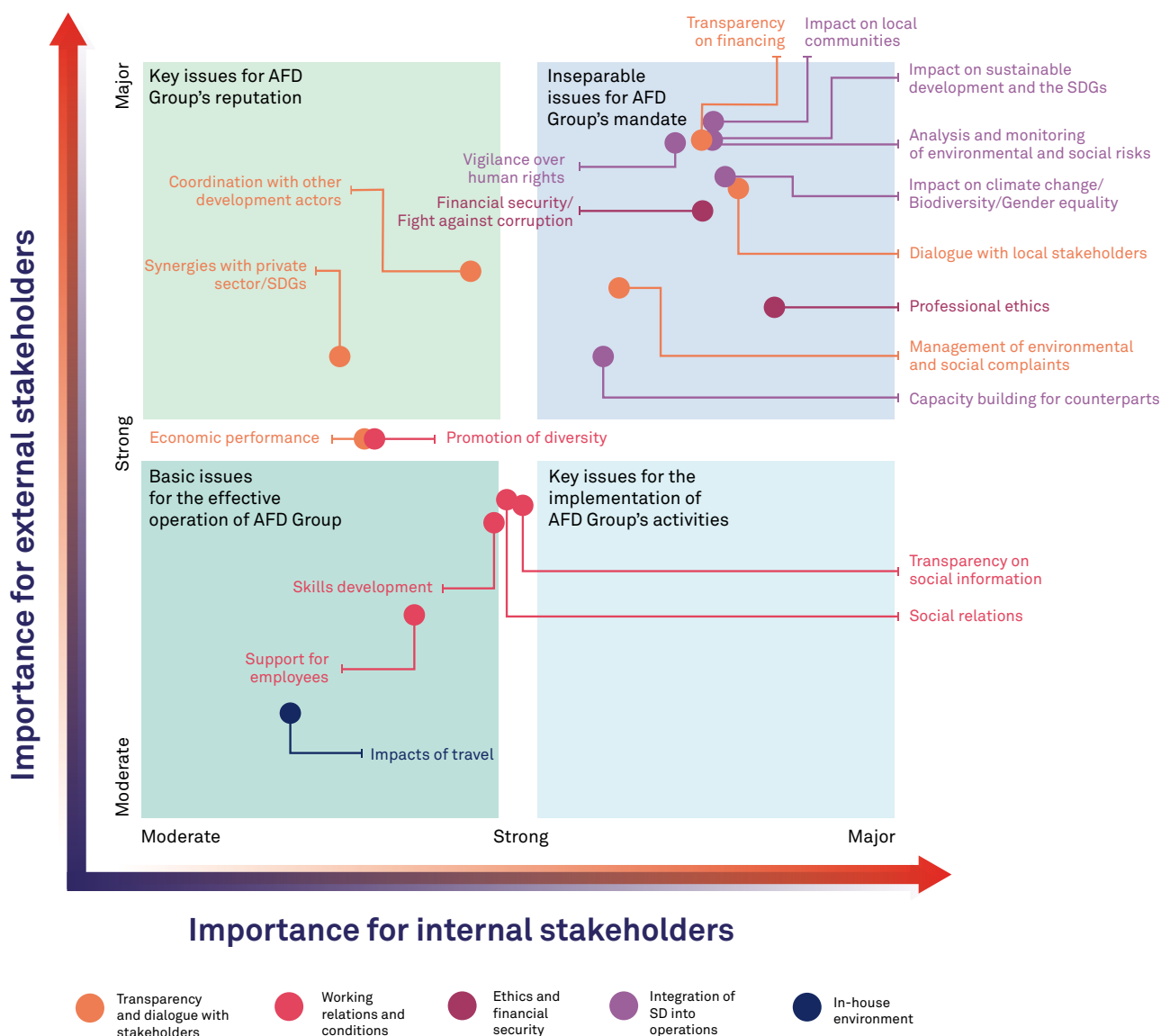
Furthermore, in addition to the Communication on Progress at the Global Compact¹⁰ published since 2007, AFD has been publishing an annual Corporate Social Responsibility Report since 2012, within the framework of the Global Reporting Initiative (GRI).¹¹

This report for 2017 has been prepared in accordance with the "GRI G4 Guidelines, 'In Accordance', Core Option", and concerns the responsibility issues deemed relevant (or material). This relevance has been determined on the basis of a materiality analysis, i.e. a methodical analysis of the organization's specific activities and objectives, as well as of external stakeholders' expectations.

It was conducted in 2015, updated in 2017, and is set out in Chapter 8 of this report. Non-financial information by project is available on the Group's Open Data website.¹² An assessment of the environmental and social risk for sovereign loans may be given via the project database published on the Open Data website. In addition, AFD can, upon written request for specific information, disseminate the environmental and social study concerning the funded operation, where appropriate.

⁹ Reasoned opinion on the fairness of the CSR information.
¹⁰ AFD's Global Compact profile: <https://www.unglobalcompact.org/what-is-gc/participants/293#company-information>
¹¹ Index of AFD's GRI content: <https://www.afd.fr/sites/afd/files/2018-06-11-01-07/afd-content-index-gri-2018.pdf>
¹² <http://opendata.afd.fr/page/accueil/>

AFD Group's materiality matrix
(Updated in May 2017)



4.

AN ATYPICAL GOVERNANCE MODEL

AFD, a public financial institution, has an atypical structure in the landscape of financial institutions, both in terms of its “open” organization and its non-profit financial model. AFD Group focuses on the beneficiaries of its financing and provides solutions tailored to the specific contexts of its operations and concessional financing, taking debt risks into account.

4.1 FINANCIAL INSTRUMENTS TAILORED TO OPERATIONS

4.1.1 Solutions tailored to specific contexts of operations in the field

AFD Group's field of action today covers over a hundred foreign countries across all continents and the French overseas territories, which open onto three oceans. Consequently, 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 tools mobilized by AFD Group and its sectors of activity vary depending on the region.

Africa is and will remain central to AFD's action, with a new vision, "All Africa", which calls for a change in perspective and now requires considering Sub-Saharan Africa and the Mediterranean region, which are increasingly connected, as a whole. Africa continues to account for the vast majority of grants and interest rate subsidies allocated by AFD abroad (89% of the State's financial effort benefited Africa and the Mediterranean in 2017). This strategy is based on strong bilateral commitments and a multi-stakeholder approach.

In Sub-Saharan Africa, a priority area for operations where there are the most crucial development challenges, AFD operates in all sectors of activity and uses its full range of financial instruments. AFD has pursued its efforts to adapt to crisis and fragile situations in countries, particularly in the Sahel region,¹³ while continuing to focus on the structural areas: energy and transport infrastructure, access to water and sanitation, investment in youth training and the development of rural territories.

In the Mediterranean region, loans are mainly used. Action to fight against climate change (mitigation and adaptation) remains central. The other focus areas for AFD's action in the region are local development and the cohesion of territories, upgrading the productive fabric and job creation.

In fragile, crisis and post-crisis countries, flexible instruments, mainly grants, are mobilized. AFD's "Peace and Resilience" Fund with EUR 100m a year, set up in 2017, has allowed four "initiatives" to be

launched to implement AFD's operational strategy in a crisis area.

In the other countries of operation, which are mainly located in Asia and Latin America, promoting regulated globalization that builds a responsible model for the environmental and social aspects is the guiding principle for AFD Group's activity. AFD's financing in these regions more specifically focuses on the fight against climate change and social cohesion issues.

AFD Group, whose wealth lies in its dual status as a bank working for sustainable development in the French overseas territories and an international bilateral development agency, aims to assist each of these overseas territories with their sustainable development projects and significantly strengthen ties with their neighborhood and therefore the overall consistency of its action.

¹³ See thematic focus in Chapter 3.

4.1.2 AFD's project cycle

Contributing to sustainable operations with a strong development impact and defining and proposing appropriate means and financial instruments requires being responsive to officials and

contracting authorities and paying special attention to their needs and concerns. This requires a dialogue and a negotiation, which are structured at the various stages of the project cycle.

Beneficiaries of financing States, companies, local authorities, NGOs	Agence Française de Développement contributes to financing projects
1 - Project idea Submitted to AFD for financing	2 - Analysis of proposals Especially of the project's objectives and conformity with AFD's priorities for operations in the country in question
3 - Feasibility study Generally entrusted to external consulting firms	4 - Analysis of feasibility studies and financing requests Analysis of the economic, social and environment effects of projects, their compliance with France's aid policy, the financing plans, corruption, environmental, social, economic risks...
5 - Negotiation on the financing terms	
6 - Financing requests sent to AFD Agreement on project content and financing terms	7 - AFD makes a decision on the financing
8 - Signing of loan or grant agreements	
9 - Physical implementation of projects Selection of companies in accordance with local law and in compliance with AFD's procurement principles (competitive bidding in particular)	9 - Disbursements of financing Control of compliance with the clauses set out in the agreement. Vigilance over the risks of money laundering, terrorist financing and corruption. Technical and financial monitoring of the project
10 - Repayment to AFD in the case of loans	

11 - Ex post evaluation of the project

Evaluation of the achievements, their viability and their economic, social and environmental impact.

In 2017: 18 ex post evaluations concerning 29 projects, and 20 in-depth evaluations concerning various sectors or geographical areas.

4.1.3 Measure, prevent and limit debt risks

Due to the very nature of AFD's role as a development agency, and in particular the subsidiary and/or incentive nature of the institution's operations, the acceptable level of credit risk for AFD's operations may sometimes be higher than with traditional banking institutions. Indeed, AFD Group needs to be able to operate in difficult geographical areas, with risky counterparties and/or long-term maturities.

AFD and its subsidiary PROPARGO use a risk analysis to take into account the debt risks of the countries where they operate (macroeconomic risks, country risks, credit risks of counterparties...), which allows them to assess the opportunity of lending. A Risk Committee meets at least twice a year to analyze the macroeconomic risks of the country of operation, as well as the credit risks of counterparties, and make recommendations to Senior Management in this respect.

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... It uses various international standards to determine its capacities to operate via sovereign loans in LDCs, as well as the Debt Sustainability Framework (DSF).¹⁴ Furthermore, AFD's responsible policy for sovereign loans provides it with a framework (more stringent

than the World Bank's framework) for its operations with low-income countries, which aims to avoid any risk of overindebtedness for the latter.

For credit risk exposure to their non-sovereign clients, AFD and its subsidiary PROPARGO seek to obtain adequate coverage via guarantees (personal or similar and real). These guarantees are subject to a periodic in-house valuation which, depending on the case, takes into account the type of guarantee, the quality of the guarantor and the geographical area of operation.

The debt restructuring for developing countries conducted by France is one of the solutions provided to address the payment difficulties experienced by indebted countries. This restructuring is part of the framework of the Paris Club for which France, represented by the General Directorate of the Treasury, is the Chair and provides the General Secretariat. The Paris Club, in association with international financial institutions, including AFD, comes up with coordinated and permanent solutions to the payment difficulties of indebted countries via debt relief. This debt relief may be obtained through rescheduling or, in the case of concessional treatments, a reduction of debt service obligations for a defined period (flow treatments) or at a fixed date (stock treatments).

For countries within the Heavily Indebted Poor Countries (HIPC) Initiative, the French Government has set up a progressive and

specific mechanism to write off the balance of public liabilities that it continued to hold over these States after the intervention of the Paris Club. This mechanism, for which AFD is the operator, provides for the beneficiary country to sign a Debt Reduction-Development Contract (C2D) with France, under which the repayments it makes for the loans in question are paid back to it to finance poverty reduction programs. It is consequently a mechanism which transforms loans into grants.

Debt Reduction-Development Contracts ("C2Ds"):

EUR
440m

¹⁴ The DSF is a coordination tool between donors which makes it possible to stop lending to a country whose debt exceeds the sustainability thresholds. In this context, AFD only lends in cases where there is a low risk and continues to lend for a year in cases where a country goes from a low risk to a moderate risk. AFD does not lend when there is a high risk.

GRI G4-DMA

G4-EC1

4.2 AFD: A "NON-PROFIT" FINANCIAL MODEL

Volume of bond issues:

EUR
6.233bn^v

EUR
1.750bn
of outstanding Climate bonds.

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

The interest rate of the credit products is consequently made up of the cost of the financial resource, plus a margin covering the overhead costs, as well as the estimated cost of risk and, where appropriate, less an interest subsidy, the level of which varies depending on the nature of the borrower and the State of which it is a national.

In all cases, the borrower benefits from soft conditions (for both the rate and maturity) to which AFD has access on financial markets thanks to the quality of its signature.

Since 2004, and pursuant to the amended Article 79 of the Amending Finance Law n° 2001-1276 of December 28th 2001, the State may receive a dividend.

AFD finances itself on financial markets, in the form of public bond issues. In 2017, the volume of bond issues stood at EUR 6,233m. The good rating of its issues in turn allows it to allocate soft loans to its beneficiaries.

Following its first issue of a 10-year climate bond for EUR 1bn in 2014, in 2017, AFD issued its second climate bond for EUR 750m with a 6-year maturity (see Appendix 3). AFD's outstanding Climate Bond amount consequently now stands at EUR 1.750bn.

AFD is also mandated by the State to finance, through grants, projects or programs that benefit the poorest countries. The cost of appraising and managing this financing is covered by budgetary resources.

The contribution made by the Ministry for Europe and Foreign Affairs allows AFD to finance projects in the form of grants and support NGO initiatives. The financing from

^v This indicator was controlled by KPMG during its Management Report audit.

the Ministry of the Economy and Finance is used for certain operations (budget support, etc.), as well as to subsidize loans, i.e. bear the cost of part of the interest rate on loans and, therefore, reduce its cost for the beneficiaries. Finally, certain projects in the French overseas territories are supported by funds allocated by the Ministry of Overseas France.

AFD allows its beneficiaries to benefit from better financing conditions, thanks to its capacity to raise funds on financial markets on the best terms and devise innovative cofinancing.

Its equity capital is invested in order to generate stable products which finance the non-banking activities conducted by AFD as a public institution, with the agreement of the State: knowledge production, financing of studies, support and advice to French public authorities...

Following AFD's request to the banking supervisory authorities to change its status as a credit institution under French law to the status of financing company, on June 30th 2017, the European Central Bank delivered a favorable opinion. From this date, AFD's status under French law is consequently that of a financing company. This change in status does not affect AFD's EPIC public enterprise status under French law.

4.2.1. PROPARCO's action

PROPARCO's action aims to mobilize and boost private financing to support the creation and growth of industrial, agribusiness and service SMEs, and strengthen and deepen the financial and banking sector and private investment in infrastructure essential for the development of economies.

PROPARCO offers a full range of financial instruments to meet the specific needs of private investors in developing countries: loans, quasi-equity, equity and guarantees. It finances companies and projects whose activity contributes to the creation of jobs and decent incomes, the provision of essential goods and services and the fight against climate change in developing countries.

It has set out to triple its "impacts" by 2020 by doubling its activity. Furthermore, it operates with the highest level of requirements in terms of social and environmental responsibility and contributes to helping its "clients" make progress in this area. Finally, it also works to innovate and support innovation in countries.

PROPARCO is one of the main European development finance institutions (EDFIs), with which it conducts a number of joint operations.

At 31st December 2017, PROPARCO's share capital stood at EUR 693m. AFD is its majority shareholder with 65%.¹⁵

State resources:

EUR
1,225m

Project grants:^v

EUR
320m

Grants:¹⁶

EUR
924.5m

¹⁵ The balance sheets, main ratios and indicators and income statements of AFD and PROPARCO are set out in AFD Group's Registration Document.

^v This indicator was controlled by KPMG during the Management Report audit.

¹⁶ Grant elements comprise: grants, Debt Reduction-Development Contracts (C2Ds), support for NGO initiatives, delegated credits from MEAE, co-development operations, mesofinance, the French Facility for Global Environment (FFEM). They do not comprise activities conducted with resources delegated by other donors. This indicator was controlled by KPMG during the Management Report audit.

4.3 AFD GROUP'S GOVERNANCE

AFD Group's governance is based on a group of structures which guarantee the transparency of its operation and its sound management. This governance is regulated by a body of legislative texts (banking law, decrees defining AFD's statutes, conclusions of the Interministerial Committee for International Cooperation and Development – CICID, in-house regulations and procedures).

4.3.1 AFD's Board of Directors

Operation of the Board of Directors

Pursuant to Article R. 513-35 of the Monetary and Financial Code, AFD's Board of Directors deliberates on the institution's strategic orientations and approves the Contract of Objectives and Means and the agreements on operations managed on behalf of the State; AFD's financial support on its own behalf, on behalf of the

State or other third parties and management mandates; the annual amount of borrowing to be contracted by AFD; an estimate of operating income and costs; the general conditions of financing; the annual accounts and management report; the acquisitions and sale of real estate; the creations or closures of agencies or representations; AFD's interest transactions and arbitration clauses; the appointment of auditors. The Board of Directors is informed of the quality evaluations, analyses and assessments concerning AFD and its operations.

The Board of Directors may delegate part of its powers, to the extent that it determines, to three specialized committees (for operations in the French overseas territories, for operations abroad, for support to the initiatives of non-governmental organizations).

The operation of the Board of Directors is formalized in rules of procedure, pursuant to Article R. 513-36 II of the Monetary and Financial Code.

Composition of the Board of Directors and appointment system

Pursuant to Article R. 513-34 of the Monetary and Financial Code, in addition to its Chairperson, the Board of Directors comprises: six members representing the State, four members appointed due to their knowledge of economic and financial issues, one member appointed due to their knowledge of ecology and sustainable development, four parliamentarians (two MPs and two senators), two elected members representing AFD's staff. The Chairperson of the Board of Directors is appointed by a decree based on a report by the Minister of the Economy, Minister of Development, Minister of Overseas France

GRI G4-16

G4-34

GRI LA-12

and Minister of Immigration. Members of the Board of Directors have a three-year mandate.

The Board of Directors has 18 members and 17 alternates.

Out of the 35 members appointed at 31st December 2017, 8 are women (including 4 alternates).¹⁷

The Board is chaired by Laurence Tubiana. Details concerning the names, functions and other mandates and functions of the members of Senior Management and Board of Directors are given in AFD Group's 2017 Registration Document and on AFD's website: www.afd.fr.

Remuneration of the members of the Board of Directors

The mandate of the members of the Board of Directors is not remunerated. However, the Chairperson of the Board of Directors receives a function allowance, the amount of which is fixed by joint decision of the Ministers of the Economy, Foreign Affairs and Overseas France.

Conflicts of interest

Independence in the exercise of the functions as a Board member is required by the "Charter for AFD Board and Committee Members". It contains provisions to address any potential conflicts of interest. Furthermore, the Chairperson of the Board of Directors and Chief Executive Officer of AFD, respectively, declare their interests and assets to the Commission on the Financial Transparency of Public Life.

In 2017, no conflicts of interest were identified between the duties, with respect to AFD, of the members of the Board of Directors and their private interests and/or other duties.

4.3.2 AFD's Senior Management

The management and administration of AFD are entrusted to a Chief Executive Officer appointed for three years by decree. The Chief Executive Officer represents and commits AFD and exercises the powers delegated to him/her by the Board of Directors.

He/she relies on a Management Committee for this purpose, which comprises directors from AFD Group's different departments and divisions. This committee comprised 59 people in 2017, including 17 women.¹⁸

The remunerations of the Chief Executive Officer, Deputy Chief Executive Officer and Associate Chief Executive Officer are given in AFD Group's 2017 Registration Document. It should be noted that there are no fringe benefits or specific pension scheme, stock options, or variable remuneration for AFD's corporate officers.

4.3.3 The Group's control bodies

AFD Group has several committees to manage risks.

The Group's Audit Committee gives an opinion to the Board of Directors, which appoints its members, on the preparation and control of accounting and financial information. The Government Commissioner attends its meetings. This Audit Committee is responsible for:

- Verifying the clarity of the information provided and the relevance of the accounting methods adopted, and issuing an opinion on the institution's financial statements;
- Assessing the accounting and financial aspects of the internal audit system;

- Supervising the choices of the auditors and discussing the conclusions of their work.

AFD's accounts are audited by two **auditors** appointed by the Board of Directors.

The Group's Risk Committee is responsible for:

- Conducting a regular review of the strategies, policies, procedures, systems, tools and limits, submitting its findings to the Board of Directors, and providing it with an opinion on the Group's overall strategy and the risk appetite;
- Assessing all the significant risks and risk management policies;
- Assessing the measures adopted to ensure continuity in the activity.

The Group's internal audit mechanism aims to monitor the following objectives:

- The completion and optimization of operations;
- The quality and reliability of financial information, as well as of the information systems;
- The compliance of operations and internal procedures with laws and regulations;
- Compliance with the decisions of Senior Management.

The Group's permanent control mechanism ensures (i) the consistency, effectiveness, completeness and compliance of the mechanisms put in place to guarantee the conformity, security and validity of operations, and (ii) the performance of due diligence related to the monitoring of all types of risk.

¹⁷ The distribution of the members of the Board of Directors by age group is as follows: under 30: 1 member; between 30 and 50: 16 members; over 50: 16 members.

¹⁸ 34 members of the Management Committee are aged between 30 and 50; 25 members are over 50.

“

*The Board of Directors and its specialized committees met **35 times** in 2017.*

*The Board of Directors is composed of **35 members**. It comprises 8 women, which includes the Chair of the Board.*

The **periodic control function** is conducted by the Internal Audit Department and concerns the conformity of operations, the level of risk incurred, compliance with procedures, and the effectiveness and appropriateness of the permanent control mechanisms put in place by AFD.

The compliance function supervises the risk of non-compliance in order to prevent, detect and manage this type of risk.

PROPARCO's Board of Directors is chaired by the Chief Executive Officer of AFD Group and is composed of 16 Directors and 6 Non-Voting Directors. Through the expertise of its members, who come from international development finance institutions, the banking sector, the industrial sector and ethical funds, it consequently plays a crucial role in PROPARCO's performance and development.

4.3.4 PROPARCO's activity and governance

PROPARCO is a financing company subject to the provisions of the Monetary and Financial Code. Its governance bodies (in particular the Board of Directors and committees of the Board of Directors) guarantee the transparency of its operation and its sound management. They rely on the expertise of their members from the public and private sectors. Alongside AFD, its majority shareholder, it gathers French, African and Latin American public and private financial institutions, service companies, industries working in its countries of operation, as well as investors, funds and ethical foundations.

PROPARCO's Board of Directors meets four times a year. Its role is primarily to determine PROPARCO's strategic orientations and ensure they are implemented. It defines the orientations and monitoring policy in terms of taking, managing, supervising and reducing the risks which PROPARCO is or may be exposed to. It approves the annual accounts and ensures they are sincere.



Find out more about PROPARCO's governance:
<https://www.proparco.fr/en/node/229>

5.

REPORT, INFORM, DIALOGUE

The objective of conducting sustainable operations with strong impacts for development requires submitting the results of action to the judgment and recognition of stakeholders, including the State, civil society organizations, national and international public authorities, peer organizations, employees, the beneficiaries of financing, local communities and residents, as well as the financial and banking world. In this context, the commitment to “Report, inform, dialogue” is one of the pillars of AFD Group’s Corporate Social Responsibility approach.

5.1 STRENGTHENING THE TRANSPARENCY APPROACH

AFD Group has underscored its commitment to continuously improve its response to growing demand for information and explanations from its stakeholders with regard to its governance, its strategy and the purposes, objectives and results of France's development assistance policy, which is mainly implemented by the Group. For the latter, it involves a partnership-based approach, dialoguing and working with all its stakeholders at national and international level on development-related issues.

To provide a framework for this exercise, the Group has published its new transparency and dialogue policy, which aims to: (i) report on its action; (ii) contribute to legitimizing the development assistance policy; (ii) enhance transparency and the dialogue. It is based on three principles:

- **Openness**, by automatically making information concerning AFD's operational and institutional activities available in order to better meet stakeholders' expectations;
- **Listening and dialogue**, with the involvement of the various development actors in decision-making processes by opening spaces for debate;

• **Safeguarding the non-disclosure of sensitive information**, in order to communicate while taking professional secrecy and business secrecy into account, according to the framework set by the Monetary and Financial Code and French legislation relating to the protection of personal data.

Information about the projects financed by AFD¹⁹ and its subsidiary PROPARCO is published on the Group's Open Data website: <https://opendata.afd.fr/page/accueil/>. Two interactive maps provided summaries of 993 projects at the end of 2017 (i.e., 810 for AFD and 183 for PROPARCO).

PROPARCO also provides an interactive map on its website,²⁰ giving access to data on the funded projects (subject to the client's agreement). 99% of the new projects signed by PROPARCO in 2017 are published on it.

AFD's project data are also published on the website of the International Aid Transparency Initiative,²¹ as well as on the open platform of French public data.²² At the end of 2017, some 44% of AFD's total activity had been published on these websites, as well as on the Open Data website, and 69% of its sovereign activity.²³ In addition, AFD now publishes on its Open Data portal pro-

visional disbursement data over a 3-year period by country and by sector, as well as performance sheets on its decentralized *ex post* evaluations.

In 2018, the scope for transparency will be extended to AFD's non-sovereign financing.

¹⁹ These websites at the minimum present information for each project on the identity of the client, the detailed description, the sector of activity, the project location, the provisional start-up date, the technical completion date, the progress report updated every six months, the type of financing, the credit amount, the total amount of disbursements and the communication brief and/or the presentation sheet of the operation.

²⁰ <https://www.proparco.fr/en>

²¹ International Aid Transparency Initiative (IATI): <http://iatiregistry.org/publisher/afd>

²² www.data.gouv.fr

²³ Sovereign financing above EUR 100,000 under implementation financed in all countries of operation. N.B.: This indicator was controlled by KPMG during the Management Report audit.



Focus AFD and the International Aid Transparency Initiative (IATI)

In 2017, France continued its efforts to enhance the transparency of its international action. This is why it joined the International Aid Transparency Initiative (IATI), asking AFD, its main operator for Official Development Assistance, to represent it in the context of this initiative. This membership will allow AFD to better comply with the IATI standard and improve the quality of the data it publishes.

5.2 STRENGTHENING STAKEHOLDER DIALOGUE

The 2030 Agenda for Sustainable Development calls on all actors (State and non-State) to work together to address the challenges of its implementation. In this context, stakeholder dialogue is an essential process for coordinating AFD Group's strategy and activities with the challenges of this agenda in a virtuous

manner. This process also reflects the Group's aim of providing a partnership platform for all development actors: CSOs, territorial authorities, companies, French and international institutions...

It is for this reason that the new transparency and dialogue policy recognizes that:

• Dialogue is a pillar of Corporate Social Responsibility in that it contributes to integrating concerns in terms of social and environmental issues, ethics and human rights into the organization's strategy and practices;

Methods and objectives of dialogue with the Group's main stakeholders



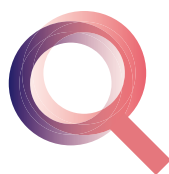
- The dialogue process takes into account the diversity and difference of everyone's opinions, cultures and expertise in a spirit of openness, and seeks to promote a better understanding of points of view by promoting the expression of consensus and dissensus;

- Dialogue is a vehicle for change for an organization, but also for its stakeholders designed with a view to continuous improvement, mutual learning, innovation and impact. In this respect, it goes beyond information or communication approaches.

5.2.1 Dialogue on strategies

The strategy papers prepared by AFD, which determine its areas of operation, in sectors, geographical areas or for cross-cutting issues, are subject to consultation with administrations and stakeholders (civil society organizations, territorial authorities, companies, research institutes, etc.) prior to being submitted to the Board of Directors. Once these strategy papers have been validated, they can be consulted on AFD's website.

In 2017, this dialogue concerned the new cross-cutting strategic frameworks on the partnership with civil society organizations, the climate, support for the external aid of territorial authorities; sectoral strategies on financial systems, sustainable cities, governance, energy; the geographical strategy for Latin America; the Group's Corporate Social Responsibility policy.



Focus

Open digital consultation on the new Strategic Orientation Plan

Following a first experience with its digital strategy in September 2016, AFD launched a new open digital consultation to allow all its stakeholders – both internal and external – to react to the strategic proposals which will guide its action for the period 2018-2022.

The consultation showed that there was a strong vote in favor of all the strategic proposals. The main questions concern requests for clarification either to specify certain terms used by AFD, or to give details on the objectives and operational methods for certain commitments.²⁴

²⁴ For further information: <https://en.consultation-numerique.afd.fr/>

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5.2.2 Dialogue on projects

There is a need to dialogue with authorities, communities and local associations on projects submitted for financing, especially when they have environmental and social risks, in order to take their opinions and concerns into account and thereby ensure that living conditions are improved for populations and that projects are sustainable.

During the appraisal and implementation of the projects it supports, AFD ensures – through clauses and assistance – that the contracting authority consults the various stakeholders. For projects with significant environmental and social impacts, AFD applies the World Bank's Environmental and Social Framework, whose revision in 2016 introduced measures concerning the responsibility of involving stakeholders at all stages of a project.²⁵

²⁵ Environmental and Social Standards (ESS)
10 : Stakeholder Engagement and Information Disclosure.

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Focus

AFD

Stakeholder dialogue central to the To Petola project (Kinshasa, DRC)

The low level of waste collection and treatment in Kinshasa, in a context of a sharp increase in the population, leads to dramatic consequences on health and the environment. AFD is currently appraising a project in the city mobilizing all actors in the sector: from the household to the manager of the treatment center, and including the "push-pusher", the informal pre-collector.

AFD is aware of the fact that any sustainable solution necessarily requires dialogue and giving actors a sense of responsibility. From the very inception of the project, it sought to create links between these actors and facilitate the governance mechanisms. The public company responsible for waste, the municipalities and

representatives of civil society were brought together with the government of the city-province of Kinshasa (prospective contracting authority) in the context of a workshop. The discussions confirmed the approach adopted for the project and its level of maturity.

They highlighted (i) the importance of certain actors, the possible tensions the project will need to take into account, and the respective capacity-building needs; (ii) the requirement of focusing on simple sorting and recovery solutions, with high-labor intensity and as close as possible to households; (iii) the financial and economic aspects likely to have an impact on the project.

5.2.3 Dialogue on development issues

AFD Group attaches great importance to dialogue with all actors involved in development. This dialogue gives a better understanding of what everyone does, opens up new prospects, feeds into reflection, and mutually strengthens actions.

The Group especially maintains a close dialogue with civil society organizations. In 2017, this approach, for which the responsibility is shared by all the Group's departments, was implemented using the following main methods:²⁶

- High-level dialogue meetings organized by AFD's Senior Management with representatives of several large civil society organizations, for example, during the preparation of the international meetings for the year;
- The participation of civil society organizations in the consensus-building and consultation meetings organized during the process to define AFD's strategies (and in particular for the new strategy for partnerships with CSOs);
- An ongoing dialogue with Coordination SUD on the financing methods for French CSOs and the joint organization of thematic seminars;

- A dialogue with the Group's operational departments on sectoral concerns, the Sectoral Innovation Facility for NGOs (FISONG), and in the context of technical committees;
- Dialogue meetings organized by AFD and PROPARCO in the contexts of questioning by NGOs or their advocacy campaigns.

²⁶ For further information, see 2017 Registration Document (§ 2.3.2.1 "Conditions for dialogue with these stakeholders").

Dialogue with the main development actors



In 2017, AFD Group mobilized EUR 122m for CSOs, including EUR 70.6m via the CSO Initiative window.

	Objective of the dialogue	Forms of dialogue
International and European organizations	Find out about international standards Report on the commitment to international initiatives	Participation in international forums Financing of international initiatives Global Compact: participation in the Steering Committee and Annual Report
Development banks and international financial institutions	Have common tools Integrate best practices	Sectoral cooperation, cofinancing, joint exchange programs...
Private sector	Influence private sector practices Integrate private sector good practices and solutions	Symposiums and events PROPARCO's "Private Sector and Development" magazine Investors' Club...
Academic world and think tanks	Participate in reflection Integrate and disseminate good practices	Publication of studies, working groups, forums...
CSOs	Ensure that projects are effective and sustainable Consult civil society on AFD's strategic choices Communicate on the use of Official Development Assistance	Partnerships and/or consultation during the preparation, implementation and evaluation of projects Dialogue on strategies Working groups, seminars and communication on specific themes

5.2.4 Regulatory and institutional dialogue

AFD is held accountable to a wide range of stakeholders defined by legislation. This accountability is applied at AFD's Board of Directors, whose members are representatives of ministries, parliamentarians, CSOs, staff representatives and qualified individuals. It is also applied with social bodies and regulatory and control authorities, as well as *via* institutional documents and regulatory reporting (parliamentary reports, Group Registration Document, social report, economic and social database, etc.).

Beyond this obligation, AFD maintains a regular dialogue with parliamentarians, as well as with administrations (beyond simply the supervisory authorities: Ministries for Europe and Foreign Affairs, Economy and Finance and Overseas France), both in the context of official bodies (CICID co-secretariat) and in more informal contexts (sectoral, technical meetings, etc.).

Finally, AFD participates in the permanent multi-stakeholder dialogue bodies proposed by administrations, such as the French Interministerial Group on Food Security (GISA) and the National Council for Development and International Solidarity (CNDSI).

	Objective of the dialogue	Forms of dialogue
Administrations	<p>Define the policy and strategic orientations</p> <p>Be accountable for the efficient use of public funds</p> <p>Make financing sustainable</p>	<p>CICID and meetings of the CICID co-secretariat</p> <p>Contract of Objectives and Means</p> <p>AFD's Board of Directors</p> <p>Dialogue in the context of the preparation of strategies</p> <p>Management control/Audit</p> <p>Other (GISA, CNDSI...)</p>
Parliamentarians	<p>Inform parliamentarians of AFD's activities and analyses</p>	<p>AFD's Board of Directors</p> <p>Hearings before parliamentarians</p> <p>Parliamentary reports, replies to written parliamentary questions</p>
Regulatory and control authorities	<p>Be accountable for the sound financial management of the institution</p> <p>Financial Market Authority (Art. 225 Grenelle II)</p>	<p>Publication of an annual Management Report and Registration Document</p> <p>Possible hearings</p>

5.3 RESPONDING TO GRIEVANCES BY STAKEHOLDERS

In early 2017, AFD launched its Environmental and Social Complaints Mechanism. This mechanism allows any person or group of persons (particularly local and indigenous populations) affected from an environmental or social perspective by an AFD-funded project to submit a complaint.²⁷

The mechanism functions under the supervision of AFD's Ethics Advisor, who reports to the Chief Executive Officer and ensures its independence from the operational departments. The mechanism Secretariat, which is housed in the Strategy Department, coordinates its operation, handles its in-house and external communication, follows the complaints, and is responsible for coordination with both the project teams and the panel of independent experts, which handles complaints.

In 2017, two complaints were received.²⁸ They were both made by a Cameroonian citizen concerned about the stormwater drainage project in the Urban Community of Douala. The complaints concerned the compensation following the land expro-

priation made necessary by the project area. The first complaint, received in July, was not registered due to the ongoing dialogue between the complainant and the Urban Community of Douala, the project contracting authority, in accordance with the Mechanism's Rules of Procedure. Following a deterioration in the situation, a second complaint was submitted, then registered. After analysis, the panel concluded that the complaint was eligible and proposed to conduct both dispute resolution and a compliance audit.

An internal and external awareness-raising campaign on the Mechanism was conducted in 2017, in order to train the project teams at headquarters and in agencies in

the operational changes brought about by the existence of the Mechanism, but also to inform AFD's financial partners. A page has been created on AFD's website and all the Mechanism's documents have been published online (including the complaints form in English and French). The Mechanism information sheet has been disseminated to AFD's partners. An information meeting for civil society was organized in Paris in July, which was attended by some thirty

²⁷ For example, these complaints can concern issues related to pollution, the destruction of natural resources, population displacement, land rights, working conditions, human rights, rights of indigenous people.

²⁸ No complaint registered by the Mechanism in 2017 concerned the violation of human rights or the rights of indigenous people.

AFD's website page on the mechanism is available at this address:
<https://www.afd.fr/en/responsible-development>

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organizations. Projects for joint seminars emerged, such as with the NGO "RSE et PED", which made it possible to inform its African networks about the Mechanism in early 2018.

Finally, in June 2017, AFD became a member of the Independent Accountability Mechanisms Network (IAMnet), following the approval of its eighteen members. IAMnet is an international network for cooperation between the

complaints mechanisms of the various donors. Thanks to this network, AFD benefits from feedback from its peers and can inform about its Mechanism.

PROPARCO will become a member of the DEG-FMO joint mechanism in 2019. Close cooperation is planned with the AFD mechanism.

5.4 COMMUNICATING ON OFFICIAL DEVELOPMENT ASSISTANCE ISSUES

In the context of the 2030 Agenda for Sustainable Development, each country is obliged to promote the new paradigm of interdependence and solidarity, as shown in target 7 of SDG n° 4 "Quality Education": "Ensure all learners acquire knowledge and skills needed to promote sustainable development, including among others through education for (...) global citizenship".

Consequently, following on from the SDGs, and as an expression of a renewed ambition for France's development assistance policy, the CICID stated the need to raise the awareness of all citizens, from a very early age, about development issues and has entrusted AFD with a mandate to do so.²⁹

Development education is therefore now an integral part of AFD's mandate. This subject, which was already present more or less formally, has gradually gained ground in the Group's activity. The Group's communication strategy especially promotes educational actions and tools, as well as awareness-raising events, in order to share the main issues related to sustainable development, citizenship and international solidarity with the broadest public.

For example, in 2017, AFD deployed an SDG system using the character Elyx, created with the artist Yacine Ait Kaci (stand, postcards, posters) at several events, including the Solidarity Fair, Solidays and the Fiesta des Suds festival in Marseille.

In the context of the partnership with the Institut de l'Engagement,³⁰ AFD officers has led a series of workshops on the SDGs for young people aged between 16 and 28.

2017 was a year in which "Born Somewhere" set up home in Bordeaux. This immersive exhibition invites visitors to step into the shoes of inhabitants from various countries and territories – Cambodia, Niger, Cameroon, Morocco, Colombia, Nigeria and French Polynesia – and discover sustainable development issues through them. This experience targets a broad public – both young and adult and largely unaware of development issues. At the same time, it focuses on schoolchildren and is part of a more extensive mechanism aiming to sensitize, train and mobilize the citizens of tomorrow in terms of addressing sustainable development issues. In Bordeaux, a partnership with the Multi-Stakeholder Regional Network made it possible to work with local NGOs to lead workshops on international solidarity in over 50 classes.

Furthermore, AFD Group is working to constantly strengthen ties with the educational world. In 2017, AFD was involved in the "Raconte ta ville" ("Tell us about your city") operation in French Guiana: seven schools are taking part in designing web documentaries questioning issues about cities and sustainable development in their environment.

AFD conducts communication actions in the new sectors of activity of its mandate, such as sport and culture, with the participation of famous personalities (Salif Traoré from Magic System,

the European champion basketball player Emmeline Ndongue and the NBA legend Ronny Turiaf), who contribute to getting the general public interested in the major development issues and major questions concerning the future and balance of the world.

AFD is also supporting the entire ecosystem of actors who contribute to conducting development education, whether NGOs (such as the Sport and Development Conference organized in July 2017 with PL4y International), or local authorities (such as the educational actions of the Resources Center of the Seine Saint Denis Department...).

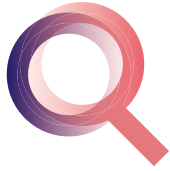
Finally, for several years now, AFD has been coordinating a blog for reflection and debate "Ideas for Development – ID4D", which is open to all development actors (AFD experts, researchers, NGOs, private sector, institutions, local authorities, etc.). In 2017, this website had some 10,000 unique visitors a month. Some 90 posts and interviews were published between January and December 2017.

²⁹ No complaint registered by the Mechanism in 2017 concerned the violation of human rights or the rights of indigenous people.

³⁰ The Institut de l'Engagement (Commitment Institute) is an association which identifies and assists young people who have shown remarkable qualities during a general interest mission, but who do not have the qualifications, financial resources or the professional network to implement a project which lives up to their potential.



Find out more about the list of events which AFD contributes to:
<https://www.afd.fr/en/actualites/agenda>



Focus

ID4D: Promoting an open debate of ideas on development

Climate, migrations, education, inequalities, the Commons... For 10 years, the “Ideas for Development – ID4D”³¹ blog has been providing a platform for exchanges and reflection on all topical development subjects.

ID4D was launched by AFD in 2008 and meets a strong commitment of our institution: promote an open and instructive debate and make AFD a platform at the center of reflection on development.

While this blog is coordinated by AFD, it is open to all development actors: donors, ministries, local authorities, NGOs, private sector, researchers...

ID4D today has over 350 authors and over 1,000 publications – posts, interviews, press reviews, Actu du Dev'. With 10,000 unique visitors a month, ID4D has firmly established itself in the French-speaking and English-speaking international development community.

At the same time, AFD leads a cycle of conferences with the same name (“The ID4D Conferences”).³² In 2017, 6 conferences were organized in Paris and Brussels.



Find out more about the ID4D blog:
<http://ideas4development.org/>

³¹ <http://ideas4development.org/>

³² <https://ideas4development.org/evenements/>



Focus

PROPARCO

Private Sector & Development (PS&D):

Facilitating private sector experience-sharing for development

Private sector operators are key players in the development of low-income countries and have direct hands-on experience of the issues facing the economies of these countries. To promote this experience, since 2009, PROPARCO has been leading the Private Sector & Development (PS&D) initiative, which comprises a thematic magazine and (since 2015) a blog with contributions from these operators, who highlight the solutions implemented to overcome the specific constraints of these countries. By disseminating the operational experiences of private sector players, the PS&D initiative aims to catalyze the development of a sustainable and structural private sector in low-income countries.

In 2017, 5 PS&D magazines were published: 3 issues on the topics of the port sector in Africa, the role of companies in crisis-hit countries

and the pharmaceutical industry, respectively, as well as 2 special issues on digital innovations and independent power producers in Africa. 7 articles and 4 videos presenting new reviews and testimonies by entrepreneurs were also published on the blog.

The contributions of the blog and magazine are disseminated as extensively as possible in French and English among economic and institutional actors from French civil society and in our countries of operation, by e-mail to a mailing list, by post to subscribers, as well as on PROPARCO's social networks.

To follow on from these contributions, a conference for discussion and debate on the topic “Vulnerabilities and crises: What role for companies?” was organized on 30th May 2017 in partnership with AFD.

6.

ENSURING AND PROMOTING SUSTAINABLE DEVELOPMENT IN OPERATIONS

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

This commitment to sustainable development leads to greater account being taken of the impacts of the funded actions, as well as the economic, social and environmental issues facing the Group's partners.

AFD is firmly committed to continuously achieving progress and our commitment is embodied in a twofold objective: prevent risks and promote the positive impacts that projects have on sustainable development.

Aim of more effectively controlling project-related risk

AFD Group needs to be careful to ensure the proper use of the financing (loans, guarantees, grants and equity investments) it allocates and in terms of the reputation and good governance of the companies it grants its financing to. This first and foremost involves controlling the environmental and social risks of funded projects. To this end, AFD and its subsidiary PROPARCO implement procedures to control risks and improve the quality of projects, as well as the environmental and

social performance of the beneficiaries of financing.

Furthermore, the Group maintains a high level of vigilance in terms of controlling the risks of the misappropriation of aid, corruption, fraud, money laundering and terrorist 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 preservation of the atmosphere and the fight against climate change (a key marker for the action of AFD Group) are all issues integrated into the Group's strategic intervention frameworks and into the implementation of projects.

AFD and its subsidiary PROPARCO measure the expected impacts and the outcomes of funded projects, for the purposes of learning and improving operational strategies and future projects.

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G4-DMA

6.1 MANAGING THE ENVIRONMENTAL AND SOCIAL IMPACTS OF PROJECTS

A number of development operations may involve risks *vis-à-vis* the environment and the populations concerned.

The approach taken by AFD Group is based on the World Bank Safeguard Policies and International Finance Corporation (IFC) Performance Standards and involves (i) assessing the environmental and social risks and impacts of each project submitted to the decision-making bodies and the remedial measures already planned at this stage to be implemented by the beneficiaries of the financing; (ii) proposing additional measures to be implemented by the beneficiaries, which aim to limit these risks or offset the effects; (iii) monitoring the implementation of these measures during the implementation phase of the operation; (iv) managing unforeseen events; and (v) improving project quality and the environmental and social performance of the beneficiaries of its financing.



Focus AFD

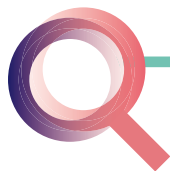
Adoption of the environmental and social risk management policy

On 13th July 2017, AFD's Board of Directors adopted the "Policy to manage the environmental and social risks related to AFD-funded operations", which formalizes the principles AFD uses as a basis to allow contracting authorities to avoid, mitigate or offset the negative impacts of funded projects.

This document summarizes AFD's overall approach to managing environmental and social risks and recalls its commitments. It is consequently in line with AFD's aim of assisting its partners in the management of the environmental and social risks of funded operations on the basis of the most demanding international standards.

Furthermore, during the adoption of the policy, the Board of Directors reiterated its wish to support and help project teams in formalizing projects and to be better informed about the difficulties encountered, particularly about the environmental and social issues. It also emphasized the communication aspects and the involvement of populations affected by projects.

The environmental and social risk management policy is available on AFD's website (<https://www.afd.fr/en/environmental-and-social-risk-management-policy-afd-funded-operations>).



Focus PROPARCO From managing “ESG” risks to assistance

PROPARCO implements AFD Group's environmental, social and governance (ESG) risk management procedure to assess, impose and monitor the application of reference standards, which are based on IFC's Performance Standards and OECD standards. Through regular collaboration between EDFs, PROPARCO contributes to the development of specific tools for sectors, types of companies and contexts which improve ownership of these standards.

PROPARCO conducts a corporate governance assessment of its clients³³ and, where necessary, implements improvement measures negotiated with the latter.

In the context of a diagnostic conducted working closely with the client, it defines recommendations and, where applicable, a specific program for short, medium and long-term assistance. It has several diagnostic and assistance tools for this purpose: Rapid Risk Screening (rating tool for pre-analysis), a progress matrix to measure the maturity of governance, a results matrix to rate the results of due diligence, questionnaires, model documents for companies... It has also prepared a “Vademecum” of good practices.

In 2017, some twenty projects were subject to recommendations during appraisal. 6 comprehensive corporate governance action plans were prepared, which are monitored by PROPARCO.

Since 2014, PROPARCO has had environmental and social tools and performance indicators to improve the monitoring of all its projects and clients in its portfolio. Projects deemed to have the highest risks are monitored by independent consultants or by PROPARCO's teams. These indicators are regularly provided with data and allow an overall vision of the status of projects to be obtained.

An evaluation of these indicators on progress in E&S performance, conducted in 2017 on the period 2014-2017, led to the following three conclusions: (i) the indicators are suited to their objectives, (ii) the quality of available data in the information system needs to be improved, (iii) while the resources implemented by clients significantly improve in the first financing phases, following the recommendations made, this does not necessarily lead to results in the E&S aspects (or at best within a longer time frame).

The monitoring of the implementation of the recommendations made to clients is essential to ensure that best practices are complied with over the long term. In certain cases, on the basis of the various indicators, PROPARCO can decide to provide more specific support to the project or client, with technical assistance where necessary.

³³ Equity investment except for investment funds, debt of over EUR 10m, family business and client's wish.

“

PROPARCO has supported

139

companies for environmental and social issues since 2015.

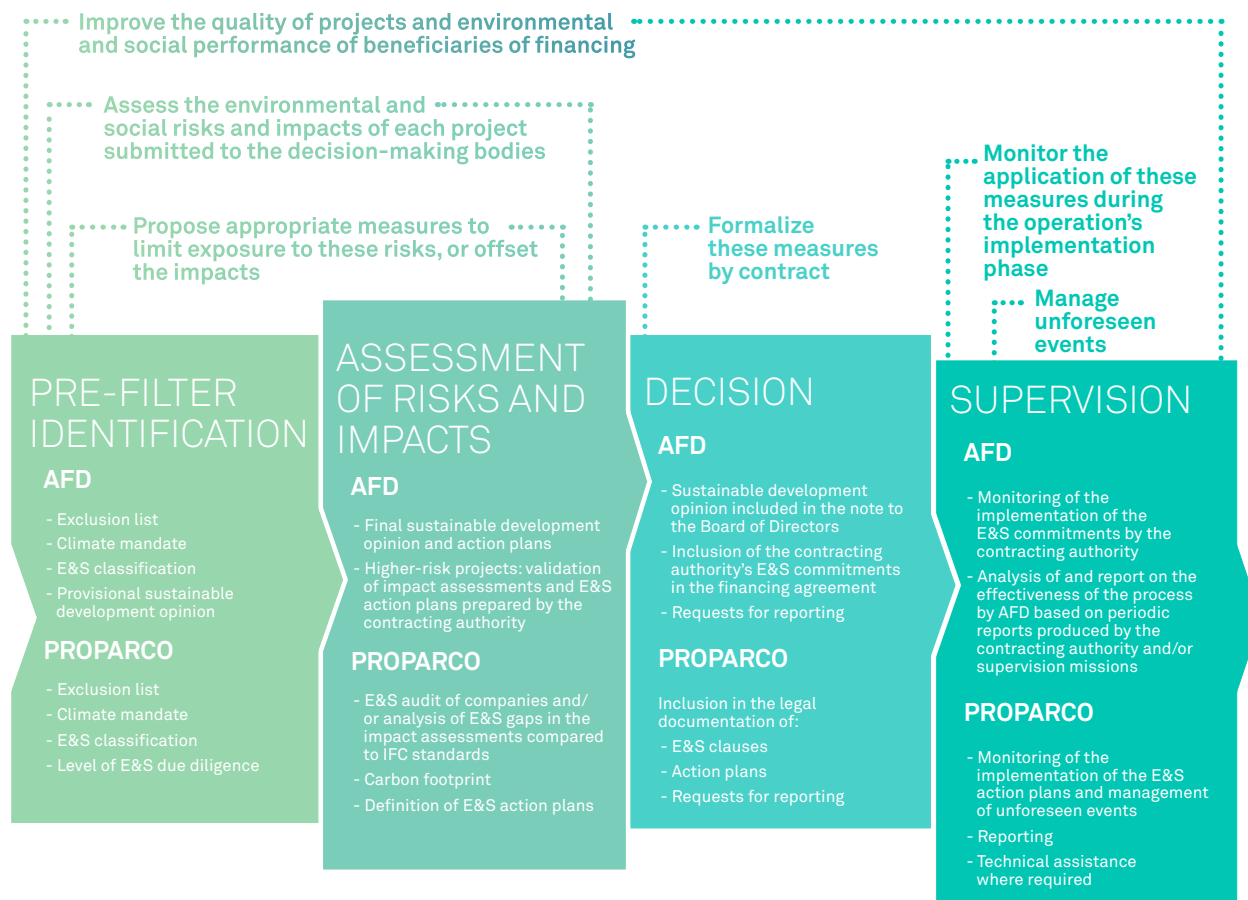
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technical assistance projects were signed by PROPARCO in 2017, for EUR 162,000.³⁴

³⁴ Including two environmental and social technical assistance projects.

6.1.1 Environmental and social risk management during the project cycle

E&S RISK MANAGEMENT THROUGHOUT THE PROJECT LIFE CYCLE



Identification

AFD Group does not finance certain projects due to criteria of an ethical, regulatory, environmental and social nature. These criteria are set out in an exclusion list, which is validated by the Boards of Directors of AFD and PROPARCO and published on their websites.³⁵ In addition, in line with its Strategic Intervention Frameworks, the Group applies specific due diligence for each sector of operation (see below).

The assessment of environmental and social risks is crucial prior to any decision to allocate financing. There is a typology of risks for each sector, to which AFD Group responds in an appropriate manner via its environmental and social risk management process. A set of tools for ex ante assessment and environmental and social monitoring has been put in place for this purpose.

The monitoring of the environmental and social risk distribution concerns all AFD and PROPARCO "project" operations, whether they are financed directly or via financial intermediaries (banking institutions in particular).³⁶

³⁵ https://www.afd.fr/sites/afd/files/2017-10/exclusion-list-afd_0.pdf

³⁶ Given its specific features and environmental and social impact, which is negligible or impossible to assess, AFD's "non-project" financing is currently not subject to an environmental and social assessment. This is, in particular, the case for Global Budget Support (GBS), loan refinancing for Heavily Indebted Poor Countries, the Study and Capacity Building Fund (FERC) and the Governance Capacity Building Fund (FRCG). This is also the case for financing by the French Facility for Global Environment (FFEM) for projects initiated by NGOs and by MEAE, which have specific appraisal procedures.

Classification of projects by their level of environmental and social risk³⁷ in 2017

Environmental and social risks of AFD's portfolio in 2017
(% of the number of project commitments)

Risk	Number	%
A	29	7%
B+	52	13%
B	89	22%
C	171	42%
IF-A	23	6%
IF-B	27	7%
IF-C	5	1%
Z	15	4%
Total	411	100%

Environmental and social risks of AFD's portfolio in 2017
(% of the amount allocated)

Risk	Amounts (EUR M)	%
A	985	12%
B+	2,179	28%
B	1,895	24%
C	1,501	19%
IF-A	641	8%
IF-B	471	6%
IF-C	13	0%
Z	237	3%
Total	7,922	100%

Environmental and social risks of PROPARCO's portfolio in 2017 (% of the number of projects signed)³⁸

Risk	Number	%
A	13	20%
B+	13	20%
B	2	3%
C	0	0%
IF-A	14	21%
IF-B	16	25%
IF-C	7	11%
TOTAL	65	100%

Environmental and social risks of AFD's portfolio in 2017
(% of the amount signed)³⁹

Risk	Amounts (EUR M)	%
A	236	22%
B+	265	25%
B	33	3%
C	0	0%
IF-A	300	29%
IF-B	178	17%
IF-C	39	4%
TOTAL	1,050	100%

³⁷ A = high risk; B+ = significant risk; B = moderate risk; C = low risk; IF-A = financial intermediation/high risk; IF-B = financial intermediation/moderate risk; IF-C = financial intermediation/low risk; Z = projects outside the scope.

³⁸ These figures correspond to 65 projects subject to an E&S analysis out of the 69 projects signed by PROPARCO in 2017.

³⁹ These figures correspond to 65 projects subject to an E&S analysis out of the 69 projects signed by PROPARCO in 2017.

Appraisal

For the higher-risk projects, the contracting authority conducts specific studies (impact assessment and environmental and social audit), with support from specialized consultants, which describe the environmental and social risks and impacts, and propose the mitigation measures to be implemented. They are generally set out in an Environmental and Social Management Plan (ESMP).

For companies and financial institutions, AFD Group can request additional studies or audits in order to assess the compliance of their environmental and social management systems with international standards.

Decision

Following these procedures, the Group's specialized teams define specific environmental and social clauses and environmental and social commitment plans and action plans, which are included in the financing contractual documentation. Their implementation is monitored regularly, with support from independent consultants for the higher-risk projects. Furthermore, attention is paid to ensure

that the beneficiary takes the environmental and social dimension into account in the bid invitations, in order to give priority to responsible companies in the award of works contracts, especially for those with high impacts, and ensure that the recommended mitigation measures will actually be implemented. AFD has developed model bidding documents for this purpose, with enhanced environmental and social clauses, which are proposed to contracting authorities for the implementation of high-risk works. This procedure is now generally applied, as the model bidding documents for works contracts now systematically contain enhanced environmental and social clauses.

Supervision

AFD Group's specialized teams monitor the implementation of the environmental and social commitments made by the beneficiaries of financing, through the monitoring reports they prepare, supervision missions, or with support from specialized consultants.

For projects with the highest environmental and social risk cofinanced with multilateral donors, it is necessary to provide for a Complaints Mechanism to

be set up to allow the contracting authority to handle complaints in terms of the project. This Complaints Mechanism gives people who may be affected by projects the possibility of having a mechanism which collects and provides a response to their complaints and concerns related to the project impacts.

6.1.2 Due diligence by sector

AFD Group has adopted general policies to ensure that the Sustainable Development Goals are respected and promoted in all its activities. It also has a crosscutting exclusion list which indicates the types of project that it *a priori* refuses to finance due to criteria of an ethical, regulatory, environmental and social nature. Finally, it applies sustainable development policies to its sectors of operation, which are described below:

Agriculture and food sector

"Zero deforestation" target

AFD Group ensures that none of the projects it finances, whoever the initiator, contribute to forest degradation or deforestation. Conversely, the agricultural projects supported must promote the conservation and restoration of forest areas and ecological corridors. The programs to extend or rehabilitate large plantations of perennial crops and for monospecific forestry apply an exemplary "zero deforestation" policy. This policy requires that there is no net loss of primary forests or biodiversity, as well as compensation actions for any loss of secondary forests.

Integrated territorial approach

AFD supports the definition and implementation of territorial policies that reconcile nature, climate and development. From the national to local level, AFD's operations

combine master plans for development, land use plans and support for territorial authorities. These projects integrate, where applicable, restoration through forests of degraded territories, as well as the conservation of the most sensitive forest ecosystems. AFD supports economic operators in the timber industry which invest without degrading the forest heritage, by replenishing it.

Respect of land rights

The Group uses the "Operational Guide to Ex Ante Analysis of Agricultural Investment Projects that Affect Land" (perennial plantations, agro-industrial crops, hydro-agricultural, pastoral, forest structures, etc.). This grid was developed on the basis of the work of the members of the "Land & Development" technical committee, with the active participation of AFD and PROPARCO. It helps take account of the criteria for the sustainability of the investment, the equitable distribution of added value between farmers and companies, and compliance with land rights.

Sustainable fishing

AFD Group supports fisheries policies which aim to maintain or rebuild stocks, create added value by equipping actors onshore, obtain the environmental certification of fisheries, and strengthen public or professional institutions, which are essential in continuously adjusting the fishing effort and ensuring the measures adopted are respected.

Mining sector

AFD Group appraises very few operations in the mining sector. For the operations appraised in this sector, AFD and PROPARCO carefully examine the institutional environment and ensure that the companies and countries strengthen the governance of the sector and improve their standards in terms of the management of the impacts that their activities have on the local environment and the governance of the sector.⁴⁰

In the context of its Sectoral Intervention Framework for "Food Security in Sub-Saharan Africa", AFD Group has undertaken not to finance research on or the purchase, promotion or multiplication of genetically modified seeds.

Major dams

AFD applies enhanced due diligence in the context of financing projects for major dams, which includes taking into account issues related to natural resources and biological diversity, health, safety and working conditions, land acquisition, involuntary displacement and population resettlement, dam safety with regard to the impacts of climate change, etc.

⁴⁰ No project of this kind was appraised in 2017.

Energy

Renewable energy and energy efficiency a priority

AFD Group gives priority to financing renewable energy and energy efficiency, with the aim of reducing the energy divide and improving access in rural and suburban areas, but safe energy is also an objective (protection and strengthening of energy systems).

Coal

AFD Group refuses to finance projects for coal-fired power plants if they are designed without CO₂ capture or storage. In 2017, no project of this kind was financed.

Gas and hydrocarbons

AFD now finances very few projects in the gas and hydrocarbons sector. No project was financed in this sector in 2017. AFD has also decided to operate in a very selective manner in line with the principles of the Paris Agreement and its "Climate and Development" strategy. It applies the carbon footprint analysis to all its projects.

In 2017, AFD financed one project for a hybrid solar-diesel power plant in Niger, in line with the priority of access to electricity in Africa.

into the assessment and implementation of all types of project.

AFD Group uses the IFC Performance Standards and World Bank Environmental and Social Safeguard Policies for this purpose. Questions raised over human rights, which are addressed in these standards, give an understanding of subjects related to:

- Working conditions and the protection of the workforce (and particularly the fight against forced labor and child labor);
- The health and safety of communities potentially affected by projects (and particularly the potential violence against these communities);
- The acquisition of land and involuntary resettlement (in particular to avoid forced evictions);
- The rights of indigenous populations.

The implementation of these standards is combined, when required, with the creation of complaints mechanisms at project level to collect and handle potential claims from people affected by these projects. It is obligatory for the financing agreements signed with partners and beneficiaries to mention the commitments made by the counterparties to respect the rights of potentially affected people, and they reiterate the need to comply with the ILO Fundamental Conventions, in order to make them legally binding.

- Awareness-raising for all the new International Volunteers leaving for the network;

- Training on corporate governance;
- Training on risk management and E&S support for projects in the sectors of infrastructure-energy, services-industries-agriculture, banks-financial markets, investment funds, portfolio monitoring.

^V This indicator was controlled by KPMG during the Management Report audit.

⁴¹ 211 employees followed this training, i.e. 17.1% of staff at headquarters.

GRI G4-HR2

Biofuel development

The Group makes sure that biofuel development is strictly planned and supervised to ensure that it benefits local populations, complies with land rights, and does not compete with local agricultural food production. It also ensures that this production is environmentally friendly, is consistent with the "zero deforestation" target, and that the carbon footprint is positive.

GRI G4-DMA

6.1.3 Due diligence on human rights

G4-S02

AFD Group operates in countries where human rights are not always fully respected, despite the fact that these countries officially adhere to the relevant fundamental conventions.

The mandatory due diligence in the field of operations must include an assessment of the social risks of funded projects. Consequently, the issue of the application of international standards for human rights is constantly raised and integrated

6.1.4 Training

Various training modules are offered to Group employees to help them integrate human rights into project financing, gain an understanding of the contexts of operations and, more generally, strengthen in-house capacities.

→ In 2017, 1,909^V hours of training were given at headquarters to officers on issues related to human rights. The participants⁴¹ followed operational "gender and development" modules and gender awareness-raising workshops, training on environmental and social due diligence and on environmental and social risk management, on the management of conflict-sensitive projects, on child labor, on "conflict-sensitive programming", on "psychosocial programs, vehicles for development" and on CSR.

→ In 2017, PROPARCO once again organized a training cycle for its investment officers, which is led by the "Environment, Social, Governance" team. It comprised:

1,909

hours of training related to human rights issues were given in 2017.

6.2 CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

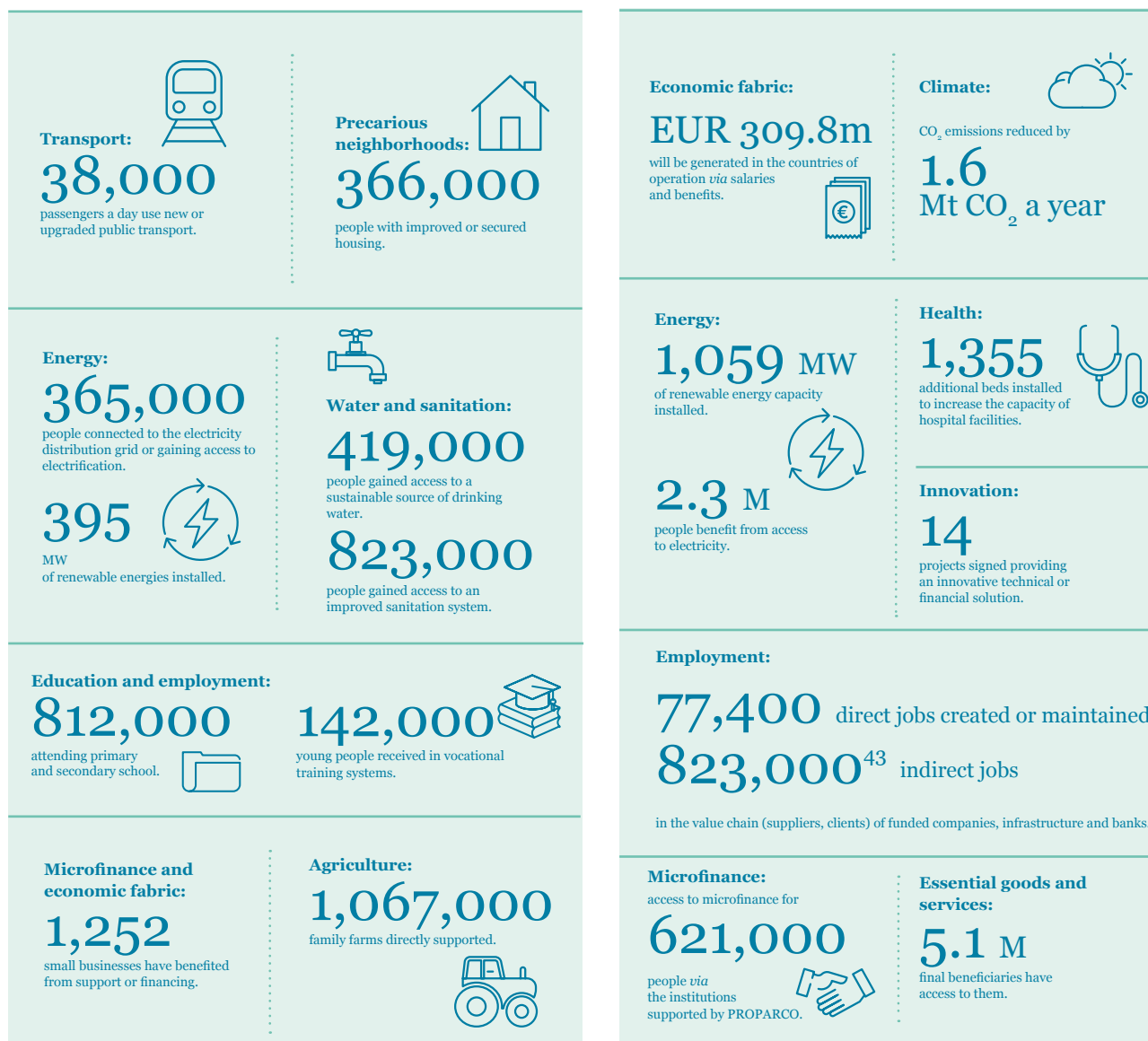
6.2.1 Our results in the field

AFD

Ex post results of 2017

PROPARCO OVERALL EXPECTED RESULTS OF PROJECTS SIGNED IN 2017

The financing signed by PROPARCO in 2017 will contribute to the following expected results:⁴²



6.2.2 AFD's Sustainable Development Analysis and Opinion mechanism

The "Sustainable Development Analysis and Opinion" mechanism was set up in 2014 and aims to facilitate the crosscutting integration of sustainable development issues into AFD-funded projects. This mechanism involves (i) a "sustainable development analysis" conducted by the project team during the appraisal, which assesses the expected outcomes (positive or negative) for each of the dimensions of sustainable development, and (ii) an inde-

pendent "opinion" set out in the notes to the decision-making bodies. The sustainable development issues are addressed during dedicated committee meetings, from the identification to the submission to the project allocation decision-making bodies.

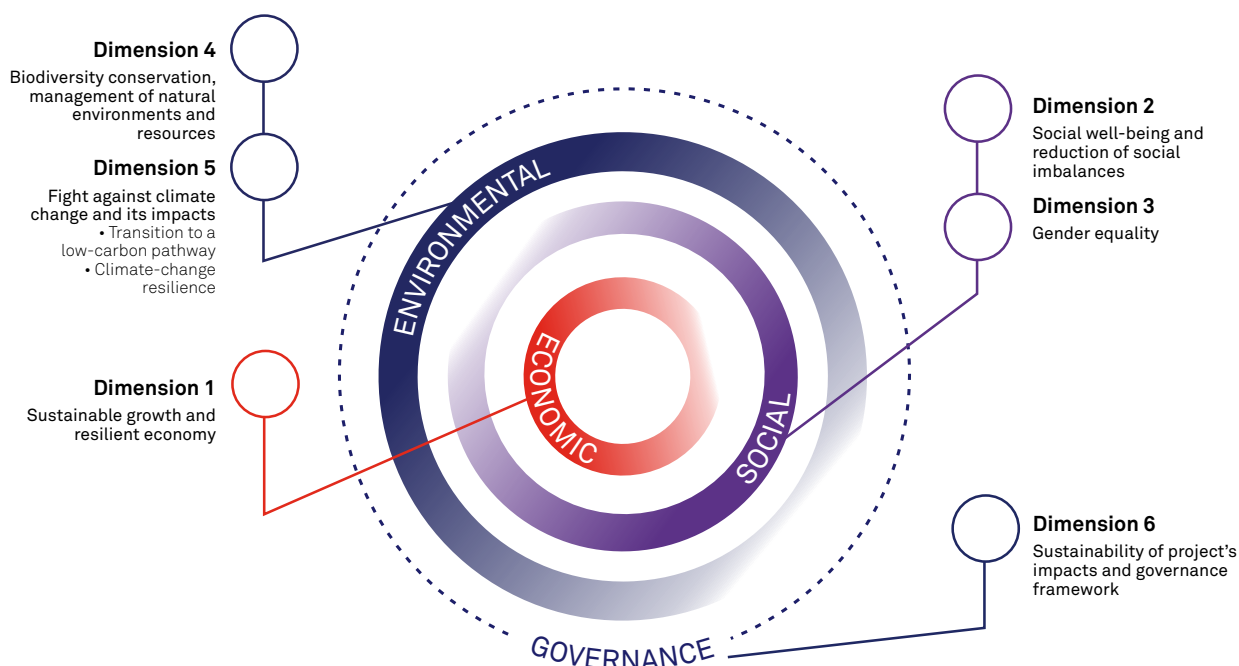
The scope of the mechanism covers all AFD-funded projects, excluding PROPARCO, FFEM, BPI, FEXTE and operations related to partnerships with NGOs; these projects are subject to an analysis, but not systematically to a "sustainable development" opinion.⁴⁴ However, in 2017, 100% of AFD operations concerned by this

mechanism were subject to a sustainable development opinion.

⁴² Results based on the 64 projects signed in 2017 subject to an estimation of impacts *via* the project rating tool GPR® (out of the 69 projects signed in 2017).

⁴³ The methodology for this indicator is currently being reviewed.

⁴⁴ The exceptions are: global budget support; study funds; guarantees; full delegations; certain operations for low amounts; FICOL calls for projects for local authorities; operations with the mutual recognition of procedures with a lead donor other than AFD; amending resolutions for projects already allocated; additional resolutions for minor amendments to the amount without a change in purpose.



The analysis is based on six dimensions⁴⁵ and assesses the consistency of project with the Sustainable Development Goals. It also gives the possibility of assigning negative and positive ratings for the same dimension in order to better reflect the complexity of projects and take into account the simultaneous presence of positive and negative impacts depending on the populations or territories in question. The other change in the mechanism concerns the development or strengthening of tools to take into account these issues further upstream in the preparation of projects, via the dialogue in the field with counterparts (launch of a guide about the dialogue on sustainable development issues, implementation of training for agencies), and capitalization work on sustainable development issues on certain types of project.

6.2.3 PROPARCO's results measurement mechanism

In 2016, PROPARCO adopted a new strategy which focuses on the impacts its operations have on the development of the countries where it operates.

This strategy also emphasizes PROPARCO's role in assisting clients on environmental, social and governance issues, through advice or technical assistance, and makes Africa the central priority for PROPARCO, which is positioned as "the most African" development finance institution.

The aim of the strategy for 2020 is to double the volume of commitments (to EUR 2bn a year by 2020), while tripling its "impacts" on development. Five indicators

have been defined to monitor these commitments:

1. The maintenance or creation of direct and indirect employment;
2. The reduction of greenhouse emissions;
3. Access to essential goods and services for populations;
4. Support to companies on environmental, social and governance issues;
5. Innovation.

This results and impact measurement mechanism is based on three components: the *ex ante* assessment of project impacts, the annual follow-up of the main impacts of projects in the portfolio and the *ex post* evaluation, which measures the impacts of projects on development and PROPARCO's non-financial added value.

The mechanism to analyze impacts on sustainable development is integrated into all the stages of the project cycle. The analysis produced during the appraisal aims to assess the project's contribution to the objectives for impacts defined in the context of the strategy, as well as its contribution to the various dimensions of sustainable development, including economic and social development, the reduction of gender inequalities, the protection of the environment and the fight against climate change, and the existence of a sustainable governance framework.

In 2017, in line with its new strategy, PROPARCO undertook a complete overhaul of its impact measurement mechanism, which aims to allow it to more effectively manage its operations and improve its reporting and communication on the impact of its activity. An implementation project is underway and concerns (i) the revision of the list of results indicators, in order to better target the expected impacts of PROPARCO's contribution and (ii) the measurement methodologies, in order to improve the estimate of the impact. This project also aims to improve the process to collect data and monitor indicators throughout the project. Finally, it will lead to the introduction of a new data collection and compilation tool for impact measurement, which will replace the current GPR tool.

⁴⁵ The six dimensions of the sustainable development analysis are: (i) sustainable growth and resilient economy; (ii) social well-being and reduction of social imbalances; (iii) gender equality; (iv) biodiversity conservation, management of natural environments and resources; (v) climate: transition to a low-carbon path (v-a) and Resilience to climate change (v-b); (vi) Sustainability of project impacts and governance framework.

EUR 513M

were allocated to finance capacity building for partners,
i.e. 5% of Group financing approvals.

Sub-Saharan Africa benefits from

55.5%

of financing for capacity building.

GRI G4-DMA

6.2.4 Building the capacities of counterparts and partners

Special attention is given to the capacity of beneficiaries to successfully implement their projects, by managing debt risks or *via* capacity building tools.

The aim of the capacity building activities is to allow the contracting authority to more effectively manage the works contracts and handle the specific actions it is responsible for and for which its lack of experience may be detrimental to their achievement. AFD Group's two main support methods are to share its know-how (sectoral expertise and institutional arrangements for the project) and finance external expertise activities (training, coordination of communities of practice, exchanges of experience, technical assistance).

In 2017, AFD's Center for Financial, Economic and Banking Studies (CEFEB) became the Development Campus in AFD's Knowledge Development Department. In 2017, it contributed to building the capacities of AFD's partners thanks to 46 classroom-based or distance training actions and the coordination of communities of practice. The increased use of distance learning and coordination has allowed a wider audience to be reached, with 5,100 participants. This training focused on topics such as the energy transition, project management, urban development and local authority management, and inclusive and responsible finance. In 2017, the Development Campus also put online AFD's first MOOC⁴⁶ "Energy transitions in countries in the South and emerging countries", in partnership with EMS and broadcast on the Coursera platform. Some 4,000 listeners consequently benefited from six weeks of lessons and educational activities (quizzes, case studies, forums...). The beneficiaries of the capacity building activities of the Development Campus are mainly from Africa and work in ministries, public institutions, local authorities, financial institutions, companies and NGOs. This is the case for 73 young professionals enrolled on a long-term diploma course, the Master's Degree course in Project Management for Development (MODEV).

AFD also supports capacity building with dedicated tools, such as the Study and Capacity Building Fund (FERC), the Governance Capacity Building Fund (FRCG), and the Technical Expertise Fund (FEXTE). All AFD's sectors of activity are concerned, whether it be for residential technical assistance, short-term expertise, or periodic expertise.

In 2017, EUR 513m of financing (grants, loans or delegated funds) was allocated to finance capacity building for partners, i.e. 5% of the EUR 10.34bn of Group financing approvals. The infrastructure and urban development sector had the highest amount of financing (25% of the total), followed by the sectors of agriculture and food security (23%), environment and natural resources (16%) and water and sanitation (14% of the total).

Sub-Saharan Africa accounted for 55.5% of financing for capacity building, with EUR 284m, followed by Asia with EUR 75m (i.e. 14.5%), Latin America and the Caribbean with EUR 62m (12%), the Mediterranean region and Middle East with EUR 60m (i.e. 12%) and, finally, multi-continent financing (EUR 31m, i.e. 6%).

PROPARCO, for its part, has been developing capacity building tools for several years as a complement to its financial tools, with technical assistance aiming to assist client companies in their governance and in-house management or improve their environmental and social practices. A EUR 3m budget has been earmarked for these activities for 2017-2020. These expert missions for private players respect the fundamental principles of blending resources (additionality and subsidiarity) and strengthen the solidity of the companies invested in and their contribution to the sustainable development of a territory. PROPARCO deploys these technical assistance (TA) missions ensuring there is an alignment of means, adequate resources and ownership of the actions by the beneficiary company. In 2017, 15 technical assistance projects were conducted. Furthermore, 42 companies, financial institutions, infrastructures or funds improved their environmental and social performance and their governance thanks to support from PROPARCO's experts.

Finally, PROPARCO manages the technical assistance activity of the Investment and Support Fund for Businesses in Africa (FISEA), which supports capacity building for companies located in Sub-Saharan Africa in which FISEA invests, either directly or indirectly *via* investment funds. The aim of the EUR 6.5m technical assistance facility is to contribute to these objectives, by helping improve the performance of companies through support for their capacity building: leadership and organization, marketing, human resources, financial management, technical functions. In 2017, the amount of TA signed for the companies or funds invested in by FISEA reached a total of EUR 3.7m, EUR 1.8m of which have already been disbursed. The FISEA fund is actively involved in the implementation of the Social Business strategy.

Capacity building and Corporate Social Responsibility

AFD and PROPARCO contribute to the dissemination of Corporate Social Responsibility standards and help the organizations it finances take ownership of these practices and implement them. Consequently, certain projects receive specific support and technical or financial assistance in this field.

The issues of social responsibility and sustainable development are also largely integrated into the training programs of the Development Campus (formerly CEFEB), *via* the Master's Degree course in "Project Management for Development" (MODEV), of which several modules of the "common core" are devoted to sustainable development, technical seminars, the Lead Campus program, a high-level training program for young African leaders from the private sector, and MOOCs developed with support from academic partners. The development of an MOOC on the SDGs has been initiated in partnership with the Virtual University of Environment and Sustainable Development (UVED) and will be launched in the course of 2018.

⁴⁶ Massive Open On Line Course.



Focus AFD

Support for the implementation of an environmental and social management system at SAED

The development of the Senegal River valley *via* the development of irrigated agriculture has been a priority of the Senegalese public authorities for some thirty years now.

Major water investments have been made by the State *via* the Organization for the Equipping and Development of the Senegal Delta and Senegal and Faleme Rivers (SAED), which was set up in 1974. AFD has been one of the technical and financial partners of SAED since the 1980s. AFD's support aims to assist SAED

in an enhanced environmental and social management of its projects and concerns (i) the commitment of SAED's management to control the environmental and social risks of its activities, (ii) the implementation of a sustainable environmental monitoring mechanism at the central and decentralized levels, and (iii) the operational implementation of ARO (Avoid, Reduce, Offset) environmental and social management measures for projects in the rural sector in the Senegal River valley.

GRI G4-DMA

G4-EN12

G4-EN13

In the context of its activities, the Campus mobilizes a number of partnerships with universities, donors, associations and NGOs, with the aim of building capacities and raising awareness of CSR. For example, the LeaD Campus program offers a full week, out of the three classroom-based weeks, devoted to CSR thematic areas as part of the "My Society" module.

Finally, the CSR correspondents, along with the teams responsible for cross-functional support, and the team responsible for the Sustainable Development Analysis and Opinion, can be mobilized for external training for the Group's partners and counterparts, including training modules in the field, webinars, etc.

6.2.5 Impacts on biodiversity

AFD has adopted a Crosscutting Intervention Framework (CIF) on Biodiversity for 2013-2016 (renewed for 2017 and 2018) in order to guide actions. The objective is to protect, restore, manage and develop ecosystems, mainstream biodiversity into development policies, and strengthen partnerships for biodiversity between France and developing countries.

For the implementation period of the CIF (2013 to 2018), the average annual volume of commitments stands at EUR 252.6m, for an average objective of EUR 160m. In 2017, biodiversity commitments stood at EUR 314m, with EUR 29.9m excluding funds delegated by other donors. The amount earmarked for biodiversity in the year is higher than in previous years. This is due to both a few "earmarked" operations and especially the increasing share of projects

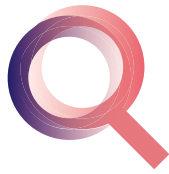
which indirectly contribute to biodiversity conservation. 20 million hectares benefited from conservation, restoration or sustainable biodiversity management programs during the year.⁴⁷

Finally, 15 Group officers followed a 40-hour biodiversity training course in 2017.

⁴⁷ See also "Crosscutting Intervention Framework for Biodiversity 2013-2016" (link in the Appendix). N.B.: This CIF has been renewed for 2017 and 2018.

20 million

hectares benefited from conservation, restoration or sustainable biodiversity management programs during the year.



Focus PROPARCO Support for financial institutions in Bangladesh for environmental and social risk management

In the context of the long-term financing they are providing to financial institutions (FIs) in Bangladesh, international donors require the latter to develop or strengthen their internal environmental and social risk management systems (ESMS). This development of ESMS is conducted at varying paces depending on the institutions and requires strong technical expertise.

The "Bank Initiative" project, which was subsequently renamed Environmental and Social Risk and Opportunity Management (ESROM), came into being in 2015 at the initiative of FMO, PROPARCO and DEG. The aim was to help local financial institutions and their clients develop E&S risk management practices. In this context, 150 people followed a training course financed and organized by donors.⁴⁸

In 2017, PROPARCO decided to allocate a contribution of EUR 16k to the "ESROM 2.0 program", which is cofinanced with FMO, DEG, Oe-EB and the Green Climate Partnership Fund (GCPF). This new program, which is on a larger scale than the first, plans to train the investment officers, credit risk analysts and E&S managers of nine partner banks in Bangladesh on the following points:

- Management of E&S due diligence, to be conducted with clients with a high E&S risk;
- Understanding and interpretation of an environmental and social impact assessment, with a focus on clients with a high E&S risk;
- Application of IFC Performance Standards in terms of the identification, mitigation and management of environmental and social risks.

This program, in which three of its clients will participate, gives PROPARCO the opportunity to continue to support banks which undertake to adopt responsible practices, with a greater strike force to improve the integration and reduction of environmental, health and safety risks in the entire banking sector in Bangladesh, and step up its role of networking private players to promote the exchange of good practices. It also allows PROPARCO to contribute to the French Government's strategy by improving the practices of textile industries in Bangladesh, which account for a significant share of the portfolios of the trained banks.

6.2.6 Impacts on reducing gender inequalities

AFD Group's action for gender is based on France's priorities in this field and on the SDGs (SDG 5 and the crosscutting gender objective for the 17 SDGs). AFD adopted its first Gender and Development strategy back in 2014.⁴⁹ In this context, it reports on its action on gender equality and submits the assessment of the implementation of this strategy every year to the High Council for Gender Equality (HCE) for an evaluation.

AFD has made a commitment for at least 50% of projects financed in foreign countries to have promoting gender equality as the primary or secondary objective, according to the definition of the OECD's Development Assistance Committee (DAC) marker.

Through this operational commitment, AFD is addressing four main gender issues in terms of the objectives in its various sectors of operation:

- Ensure access to basic services for girls and women;
- Combat violence against women;
- Ensure access to training, employment and financing opportunities for adolescent girls and women;
- Ensure that younger and older women participate in project decision-making and governance.

In addition to these issues, there is a fifth specific objective for projects financed via CSOs:

- Change the social structures at the root of inequalities (standards, values, behavior).

Assessment of the first gender strategy for 2014-2017

The first assessment showed the structural rooting of the integration of gender issues into AFD-funded operations and indicated that there are very positive dynamics.

100% of projects within the scope of gender accountability⁵⁰ are now subject to reflection on gender and consequently (i) a rating based on the DAC marker and (ii) an internal rating, based on the gender equality dimension of the Sustainable Development Analysis and Opinion mechanism.

⁴⁸ PROPARCO contribution of EUR 30k

⁴⁹ The Crosscutting Intervention Framework (CIF) "Gender and the Reduction of Gender Inequalities 2014-2017" was approved by AFD's Board of Directors on 27th March 2014: <https://www.afd.fr/fr/cadre-intervention-genre-reduction-inegalites>

⁵⁰ Scope of accountability on gender: all projects, with the exception of projects in the French overseas territories, PROPARCO projects, global budget support, non-earmarked credit lines, delegated funds (EU, DFID...) and study and capacity building funds (FERC, FEXTE...).

GRI G4-FS7

G4-DMA

In 2017, 46% (in number) of AFD projects, including projects financed via the NGO window,⁵¹ integrated objectives to reduce gender inequalities according to the OECD DAC “gender” marker, with 39% of projects rated 1 (gender is a secondary objective) and 7% rated 2 (main objective).

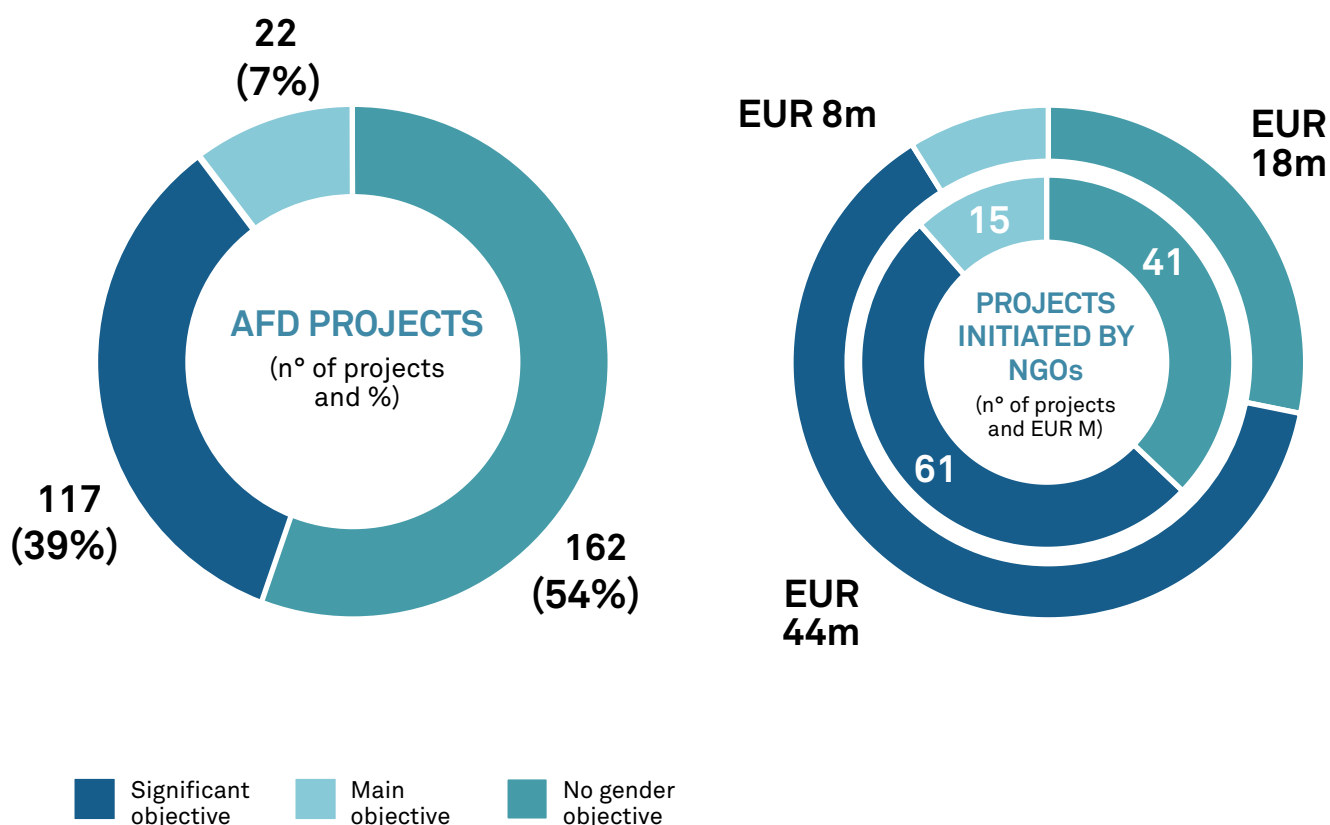
Despite differences in the level of involvement by sector, “gender” experiences are beginning to emerge in all AFD’s geographical areas and fields of operation, with

flagship projects for which AFD has set a priority objective for capitalization.

Finally, gender is gradually being integrated into the studies produced for project appraisal.

⁵¹ The projects from the NGO window aim to reduce gender inequalities by taking action on various dimensions, which are often combined: care for victims of violence and exploitation, economic and social empowerment for women, equal access to services, sexual and reproductive health, citizen and political participation, access to rights, deconstruction of the social roles assigned to men and women...

PROJECTS INCLUDING A GENDER DIMENSION IN 2017



To complete the annual quantitative data on gender related to the projects financed by the Operations Department, a qualitative study has analyzed the gender dynamics of these projects since 2014. This study, whose methodology combines a documentary base and qualitative interviews, identified the main thematic areas supported by AFD projects on gender, as well as the modalities for dialogue and partnerships on the theme, the promotion of issues by AFD, the role of agencies...

A number of repositories for expertise, tools and training sessions have been set up to establish an institutional culture on gender:

- Support from social and environmental experts and the creation of a network of 79 gender reference persons at the headquarters and in the network;
- Creation of a “gender” community on the corporate social network;
- Development of specific tools taking gender into account: production of 9 sectoral

methodological toolkits,⁵² which aim to facilitate gender mainstreaming in the sectors of operation, and 57 country profiles;

⁵² Education, training, employment; health and social protection; private sector, entrepreneurship and financial inclusion; water and sanitation; transport and mobility; urban development; rural development, agriculture, biodiversity; energy; environmental and social due diligence. In 2017, work was initiated to also support the integration of these issues into the crosscutting thematic areas of climate, governance, and crises-conflicts-vulnerability.

- Implementation of an awareness-raising process on gender for AFD partners;
- In-house capacity building at AFD on gender issues: preparation of a training plan (sectoral training, generic training, exhaustive training for the gender reference persons at headquarters and in the agencies). In 2017, several awareness-raising sessions were organized, benefiting 91 people, including 68 managers. Furthermore, a total of 182 operational officers were trained in gender at the headquarters in 2017.

In the interest of transparency and sharing resources, all the gender tools developed by AFD are available at: <https://www.afd.fr/en/page-thematique-axe/gender-equality>

In the same vein, PROPARCO is attentive to the impact that its investments have on gender equality. In 2017, 41% of its projects included objectives to reduce inequalities according to the OECD DAC "gender" marker, with 35% of projects rated 1 and 6% rated 2. In particular, in the companies supported in 2017, 36% of projects have a positive impact on gender equality.



Focus

Gender central to AFD Group's new strategy

In 2018, France will adopt a new gender strategy, which for the Group will lead to the need to strengthen its commitment to mainstreaming gender issues into all its development instruments.

Consequently, AFD Group now aims to be among the committed and reference donors on gender, by continuing its operational investments in this thematic area, developing partnerships with the other donors and strengthening exemplarity in terms of the in-house human resources policy. In this context, a "professional gender equality and diversity" audit has been conducted in the first half of 2018 and will be followed by the adoption of an action plan, with a view to an AFNOR certification process (see Chapter 7).

6.2.7 Social Business

Social business is an important issue for AFD Group, as it acts as a catalyst for private initiatives and innovation for development. The objective is to support projects conducted by companies or private actors who want to give excluded populations access to essential services, such as health, education and financial services. It also involves promoting financially sustainable projects, which can be reproduced and cost less for public resources.

There are 3 criteria to define a social business:

- have a social or environmental objective, whose purpose must be the rationale of the enterprise;
- not be dependent on grants, and have an autonomous and sustainable economic model;
- have management practices that are consistent with the social objective, particularly in terms of governance, corporate social responsibility practices and profitability targets.

Operations with companies from the inclusive economy are part of PROPARCO's strategic objectives, and also provide an opportunity for AFD Group to support more sustainable and shared economic growth and improve living conditions for the poorest.

In 2015, AFD Group launched a Social Business/Social Entrepreneurship initiative. This 3-year initiative (2015 to 2017) aimed to allocate EUR 100m of financing for projects which develop social entrepreneurship. This initiative reached completion on 31/12/2017, with the following results:

- The total financial amount allocated under the initiative stands at over EUR 160m, meaning the planned objectives were largely exceeded;
- 50 projects were financed, particularly in the fields of social housing, health, microfinance institutions, structuring the agriculture sector based on cooperatives, financing incubators, equity investments in Social Business funds, etc.;

- 80% of financing went to Africa;

- The initiative reached over 11 million final beneficiaries.

A new strategy, which will propose to extend the definition of Social Business to Inclusive Business, is currently under consideration and should be approved in 2018. Its objective in terms of financing will be EUR 1bn over 5 years, mobilized to finance projects in line with the new definition of Social & Inclusive Business, whether they are led by CSOs, large companies creating Inclusive Business sectoral credit lines, or inclusive microenterprises, SMEs and start-ups. Part of the strategy will focus on supporting inclusive women's entrepreneurship.

GRI G4-FS6

6.3 ENSURING THE ACTIVITY IS “100% PARIS AGREEMENT” FOR THE CLIMATE

6.3.1 The new Climate and Development strategy

AFD Group's climate commitment has become a key marker for its action. The Group has been working on this global challenge for over 10 years and has further strengthened its ambition for the climate by being part of the dynamics of the Paris Agreement and Sustainable Development Goals. Consequently, in November 2017, AFD's Board of Directors adopted a new "Climate and Development Strategy" (2017-2022), which is based on 4 objectives:

Objective 1: Ensure a “100% Paris Agreement” activity

Echoing the French Government's Climate Plan announced by Minister Nicolas Hulot on 6th July 2017,⁵³ AFD Group has pledged to make all its financing consistent with low-carbon and resilient development. This unprecedented ambition, which demonstrates the Group's proactive positioning in terms of the climate, is also one of the main strategic focuses which will guide its action for the coming years. It comes in addition to the existing commitment to achieve and maintain an objective of 50% of AFD's annual financing to have a direct beneficial impact for the climate. It requires analyzing each Group operation with regard to its consistency with long-term low-carbon and resilient development.

In this context, since December 2017, AFD's Sustainable Development Analysis and Opinion mechanism has been analyzing the consistency of each operation with the low-carbon and resilient pathways of countries, as well as the impacts on redirecting investments.

Finally, during the One Planet Summit in December 2017, AFD announced the creation of a “2050 Facility”, which aims to finance the preparation by countries of their low-carbon and resilient development pathways.

Objective 2: Increase climate finance volumes

The objective adopted for 2012-2016 for 50% of AFD's annual financing in foreign countries to target projects with climate co-benefits has been renewed and will be extended to the entire AFD Group by 2022. In this context, AFD has set the objective of reaching EUR 5bn a year for the climate by 2020 in foreign countries, including EUR 1.5bn earmarked for adaptation.

Focus AFD

The “Climate” analysis of the Sustainable Development Analysis and Opinion mechanism



To support the choice of projects in view of the “100% Paris Agreement” objective, since 2017, the Sustainable Development Analysis and Opinion mechanism has included the new objective of a 100% Paris Agreement” activity *via* two analytical frameworks concerning the project's contribution to i) low-carbon pathways; ii) long-term resilience to climate change.

The criteria to assess the consistency of each operation are qualitative and depend on the national context. They concern the following drivers of the project:

- Alignment with the country's low-carbon or adaptation policies;
- Impacts on public policies;
- Mobilization of financial actors, knock-on effects of the private sector;
- Technical impacts, including: (i) long-term carbon efficiency or (ii) the project's impact on the issues of vulnerability to climate change and the integration of uncertainty (robustness and/or flexibility).

Projects are rated from -2 to +3 in terms of the assessment of each of these criteria. The notification of the rating will shed light on the consistency or incompatibility of a project with the Paris Agreement.⁵⁴

In this context, in 2017, AFD approved the first EUR 15m tranche of the new Adapt'Action Facility, a tool to serve its climate strategy which aims to help achieve the adaptation targets of the Paris Agreement in the most vulnerable geographical areas and support the growth in the Group's adaptation financing.

Objective 3: Redirect financial and investment flows

AFD has continued to integrate climate financial risks into its risk analysis and credit decision processes and has launched a study to conduct a mapping of the exposure of its current portfolio to physical risks, gain a better understanding of its level of exposure and develop a tool to measure these risks when new loans are allocated.

AFD Group is also seeking to maximize the knock-on effect that its financing has on redirecting private investments, mostly *via* credit lines to banks or direct financing by PROPARCO. In 2017, the pri-

vate financing mobilized by the Group stood at EUR 1.32bn, *i.e.* 33% of the Group's climate finance.

In 2017, the Group continued its action in the field of Climate Bond issues, which it started in 2014 with its first 10-year Climate Bond for EUR 1bn. AFD adheres to the Green Bond Principles: justification of the use of funds, monitoring of flows, an external opinion and robust reporting. In 2017, it continued to structure its action in this field, firstly by adopting a programming framework to be a more regular climate bond issuer and, secondly, by introducing several innovations: extension of the typology

⁵³ The Climate Plan states that “AFD will become the first bilateral development bank with an explicit mandate to implement the Paris Agreement and its goal of keeping climate change below 1.5°C/2°C and strengthen the resilience of economies and populations across its entire activities portfolio.”

⁵⁴ Consequently, negative ratings (-2, -1) mean that the project is not compatible with the Paris Agreement, the neutral rating (0) that it is compatible, and the positive ratings (+1, +2, +3) that it makes a positive contribution to the low-carbon and resilient development of the country.

logy for projects backed to its climate bond issues to better reflect the diversity of the Group's actions and creation of a project selection committee. In this context, AFD has issued its second climate bond issue, for EUR 750m with a 6-year maturity. The outstanding amount of its Climate Bonds has therefore now reached EUR 1.75bn (see reporting in the Appendix).

PROPARCO also takes action to strengthen and develop local financial systems. In June 2017, it invested EUR 35m, jointly with IFC (which, for its part, invested EUR 100m), in the first green bond issue of Morocco's Banque Centrale Populaire (BCP) to promote sustainable and environmentally friendly projects. These bonds have a 10-year maturity and will allow BCP to refinance certain renewable energy projects over the long term. The main objective of the operation is to create a sustainable financing mechanism to allow banks to support long-term investments with green assets, by channeling private institutional money towards climate finance through financial markets.

Objective 4: Jointly build solutions and influence standards

AFD Group takes action on practices related to climate finance by actively participating in the major international meetings and debates on climate finance in the context of COPs, Climate Weeks and other climate summits. For example, it was very actively involved in the preparation and successful organization of the One Planet Summit held on 12th December 2017 at the initiative of President Emmanuel Macron, where AFD led discussions on public climate finance.

AFD is also involved in a large number of initiatives to improve the mainstreaming of the climate into the strategies and operations of financial institutions: Mainstreaming Climate Action in Financial Institutions initiative, Taskforce on Climate Financial Related Disclosure, Green Finance initiative of the Paris Stock Market...

AFD is a founding member of Mainstreaming Climate Action in Financial Institutions, which brings together some forty public and private financial institutions on the issue of mainstreaming the climate into their intervention strategies and operating methods. It is a member of its coordination committee and leads, alongside the Inter-American Development Bank, the working group on climate risks. In this context, it has undertaken to apply 5 main voluntary principles to make climate finance the mainstream focus for its investments: 1) engage in climate strategies; 2) manage climate risks; 3) promote climate objectives; 4) improve climate performance; 5) report on its climate action.



Focus Adapt'Action Facility for the most vulnerable countries

The Adapt'Action Facility was launched in May 2017 and aims to support 15 of the most climate-vulnerable countries for the implementation of their climate commitments (in particular for their Nationally Determined Contribution, or NDC) *via* technical assistance, capacity building activities and institutional support activities. The Facility is implemented in each country with three complementary and simultaneous areas of operation:

- Strengthening of the country's "climate" governance, to ensure an effective implementation of the NDCs – a component implemented by Expertise France;

- Translating NDCs into sectoral public policies and preparing concrete action plans in key sectors (water resources management, agriculture, reduction of disaster risks in the face of extreme climate events...);
- Supporting the preparation of transformational adaptation programs and projects (by financing vulnerability and feasibility studies...).

The Facility has a 4-year budget target of EUR 30m and aims to speed up investments for adaptation by specifically targeting Africa, LDCs and small developing island States. It provides support to give countries the technical and institutional capacities to facilitate their access to climate finance. In November 2017, the Facility's first activities were identified in 6 countries (Comoros, Niger, Dominican Republic, Tunisia, Madagascar and Mauritius), and it plans to start operating in 9 additional countries in 2018.



Focus Climate financial risks

Climate financial risks are divided between the physical risks related to the impacts of climate change and transition risks resulting from the dynamics of transition towards a low-carbon world (public policies...). The assessment of the exposure of credit institutions and finance companies to this type of risk is encouraged by Article 173 of the Law on Energy Transition for Green Growth.

In accordance with its mandate and its concern for being exemplary in terms of the climate, AFD Group has adopted a roadmap which involves taking a proactive position on climate finance risks. In this context, it has started to develop in-depth analyses on the transition risk for certain countries, with a first study on South Africa. For physical risks, it has provided financial and technical support for the methodological development of the Climate Risk Impact Screening (CRIS) tool alongside other public and private financial actors. Finally, it is actively involved in international forums to discuss and jointly build standards on the issue of climate risk (TCFD, Mainstreaming Climate Action in Financial Institutions initiative, IDFC, Finance For Tomorrow...).

6.3.2 AFD's climate finance in 2017

Key figures

In 2017, AFD Group approved EUR 4bn of climate finance in foreign countries (+12% compared to 2016), i.e. 124 projects, bringing its total commitments to over EUR 29bn since 2005.

With some EUR 3.4bn of climate finance approvals in foreign countries in 2017, AFD has once again achieved its objective of 50% of financing for the climate. This objective is set out by geographical area: the "climate" activity reached some EUR 1.4bn in Sub-Saharan Africa (i.e. 48% of AFD's activity in the region), EUR 668m in Latin America (i.e. 64%), EUR 626m in the Mediterranean (i.e. 41%) and EUR 650m in Asia (i.e. 56%).

With EUR 646.7m of "climate" finance approvals, PROPARCO achieved its highest level of activity with a climate co-benefit since the adoption of this objective in

2012, i.e. 47%. This financing mainly contributed to funding private renewable energy infrastructure projects. It should be noted that in its strategy for 2017-2020, PROPARCO has set an objective for impacts in terms of climate change mitigation, which aims to reduce greenhouse emissions by 5 Mt CO₂eq by 2020 via its direct or intermediated financing. In this context, the projects financed by PROPARCO in 2017 will lead to a reduction of the equivalent of 1.8 Mt CO₂ a year throughout their life cycle.

AFD Group climate projects

The Group's projects which generate "climate co-benefits" concern 3 areas:

• **Climate change mitigation:**⁵⁵ In 2017, this financing reached EUR 2.8bn (including 23% financed by PROPARCO), i.e. 74 projects, and will avoid 4.8 Mt CO₂eq every year.

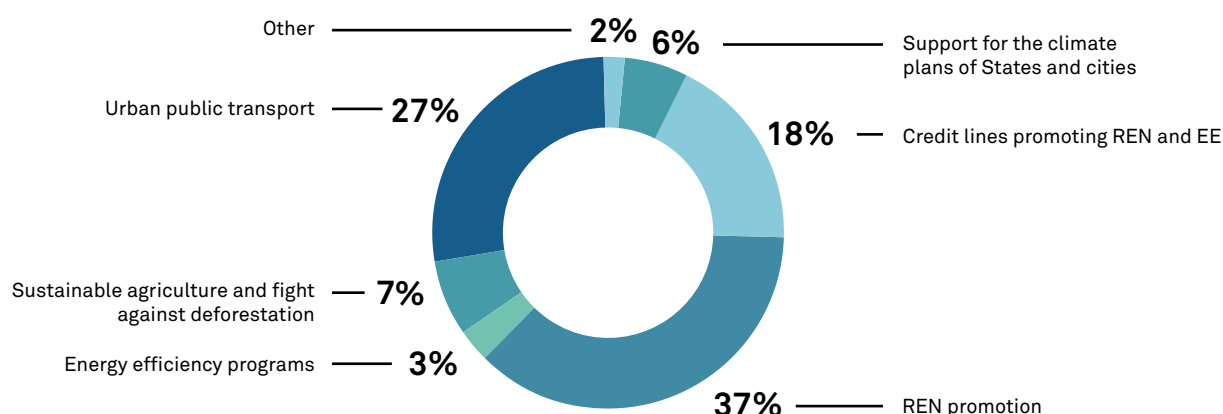
• **Adaptation to the impacts of climate change:**⁵⁶ There has been a significant increase in financing for projects in the field of adaptation (+41%), to EUR 854m for 55 projects in 2017, i.e. 21% of total climate activity, mainly earmarked for the water and sanitation sectors.

• **Public policy loans for the climate (climate budget or sectoral support):** In 2017, public policy loans with climate co-benefits reached EUR 0.53bn (+65% compared to 2016), i.e. 13% of the Group's climate activity, mainly directed towards Latin America and the Mediterranean (84% of the total).

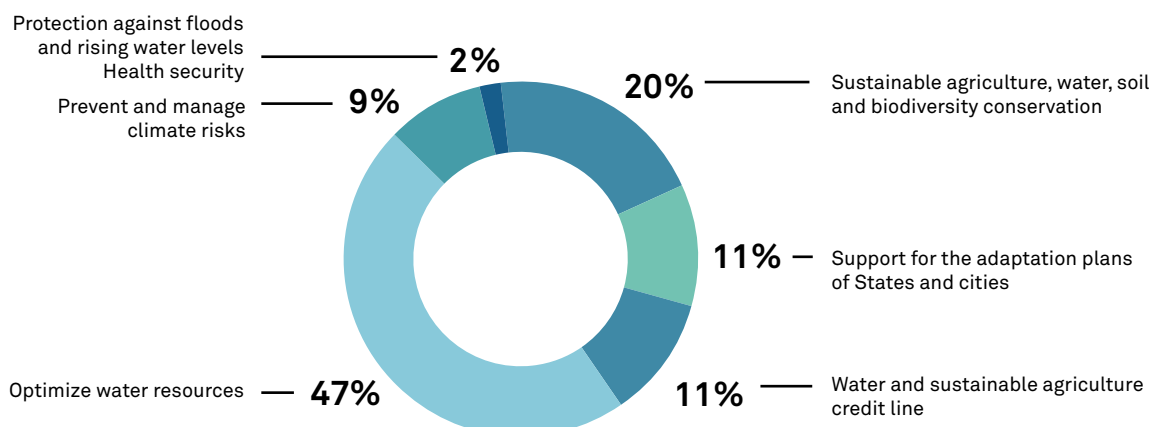
⁵⁵ Meaning the limitation of greenhouse gas emissions.

⁵⁶ Meaning the reduction in exposure and vulnerability in terms of climate hazards for people and territories.

EUR 2.8BN FOR 74 MITIGATION PROJECTS



EUR 850M FOR 55 ADAPTATION PROJECTS



6.3.3 Enhanced partnership strategy

AFD continues to play a major role in the network of actors in development and climate financing. In October 2017, it was appointed Chair of the International Development Finance Club (IDFC), a network of 23 national, regional and international development banks from all over the world, 19 of which are based in developing countries. With annual commitments of some USD 800bn a year, including some 20% earmarked for the climate, IDFC is the world's leading public donor for the climate. AFD has several areas of cooperation with IDFC, including the implementation of the Paris Agreement, the accounting methodology for climate finance (in particular for adaptation) and the joint commitments made by IDFC and the group of multilateral development banks during the One Planet Summit.

AFD has been accredited for the Green Climate Fund since 2015 and has continued its cooperation with the signing, during COP23 in November 2017, of the accreditation framework agreement. This agreement will allow AFD's first two operations approved by the Green Fund, in October 2016 and April 2017, respectively, to be implemented: i) a program for flood risk protection in urban areas

Focus Partnership initiatives for the climate

As a French financial institution, during the One Planet Summit, AFD adopted the Charter of French Public Investors for the Climate. This Charter was signed by the

main public financial institutions (Caisse des Dépôts, Bpifrance, Agence des Participations de l'État, Fonds de Réserve pour les Retraites, Etablissement de Retraite Additionnelle de la Fonction Publique), with the aim of further mainstreaming the climate into their operations. It comprises 5 principles concerning the integration of the climate into investment decisions, the financing of the low-carbon economy and dedicated financial instruments, the dissemination of good practices and accountability.

in Senegal (EUR 50m of AFD financing), and ii) a project for the development of irrigation and agricultural adaptation to climate change downstream from the Kaddoussa Dam in Morocco (EUR 41m of AFD financing). Some fifteen operations are currently being identified/appraised with the Green Fund.

PROPARCO has also received its accreditation for the Green Fund and will shortly be submitting projects to it in order to support the private sector's contribution to the fight against climate change.

6.4 CONTROLLING RISKS OF THE MISAPPROPRIATION OF AID, CORRUPTION, FRAUD, MONEY LAUNDERING AND TERRORIST FINANCING

6.4.1 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, without the knowledge of AFD and PROPARCO, 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.⁵⁷ It is implemented through operational procedures, which set out the controls that need to be conducted by AFD Group officers at the various stages of the project life.

In addition, following the adoption of the "Sapin II" Law of 9th December 2016 on transparency, the fight against corruption and the modernization of economic life, since 2017, AFD has been implementing its program to fight against corruption and influence peddling, which is based on eight measures provided for by the law: i) adoption of a code of conduct on corruption and influence peddling, ii) reinforced training for the most exposed executives and staff, iii) creation of a professional whistleblowing mechanism for employees and certain people working on behalf of the Group, iv) development of a new mapping of risks of corruption and influence peddling, more detailed than the one used until now, v) implementation of a procedure to assess the main suppliers, as well as intermediaries, under the fight against corruption, vi) reinforcement of accounting control procedures, particularly for second level control,

vii) retention of the current disciplinary arrangements and viii) reinforcement of the internal control and assessment mechanism of the measures implemented by the 2nd and 3rd level controllers.

This compliance program will apply to AFD and all its subsidiaries and will enter into force during the first half of 2018. In the context of project appraisal, due diligence is conducted on the counterpart and, where relevant, on its shareholding up to the beneficial owner. Specific due diligence is also conducted on politically exposed persons.

⁵⁷ AFD's policy against corruption is publicly available and can be consulted on its website: <https://www.afd.fr/fr/lutte-contre-la-corruption-politique-generale-de-lafd-et-de-proparco-2013>

GRI G4-58

G4-DMA

G4-S04

At the project implementation stage, AFD Group also pays close attention to operations which may reveal fraudulent or money laundering practices warranting a specific analysis.

The foreign public procurement contracts financed by AFD Group are, for their part, subject to an ad hoc control. This control ensures that the various stages of the procurement process take place under the requisite conditions of integrity, transparency, equity and efficiency.

AFD Group's financing agreements also include a number of clauses which impose undertakings on the counterpart in terms of the fight against corruption, cartels, money laundering and terrorist financing. These clauses make it possible to suspend disbursements, cancel the fraction of financing allocated to a contract for which irregular or non-compliant practices have come to light, and request the prepayment of all or part of the loan or the restitution of all or part of the grant which has been disbursed.

Finally, 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 (NCJs).⁵⁸ This policy, which dates back to 1st July 2016, is based on two areas: (i) the first requires specific and enhanced due diligence when the legal arrangements for the project involve an NCJ; (ii) the second aims to specify the scope of the authorized operations and projects which AFD Group may finance in these territories. It imposes specific and enhanced due diligence and sets out restrictions to the framework of AFD Group's operations in NCJs, which state several prohibited financing activities.

6.4.2 Information reporting mechanisms

AFD Group has several information reporting mechanisms. Firstly, its officers have a mechanism to report operational incidents, which aims to collect and centralize all the failings identified by employees (including issues related to anti-money laundering (AML), the financing of terrorism (FT) and corruption and fraud). Officers are also required to inform their line management, *via* a reporting mechanism, of any suspicion of irregular practices in and outside

projects. These suspicions are handled by a department which has an exhaustive vision of the cases encountered and provides them with a response or a homogeneous action plan. Group officers are also able to directly refer to the Director of the Permanent Control and Compliance Department and her Deputy in charge of the compliance function, when they consider they have identified a situation with a risk of non-compliance.

Alongside these existing whistleblowing channels, AFD Group is currently implementing a professional whistleblowing mechanism, in accordance with the requirements of the "Sapin II" Law of 9th December 2016. This mechanism will come into force during the first half of 2018. It will not be compulsory for employees to use it. It will be a subsidiary, voluntary and optional whistleblowing method when an employee considers that the existing whistleblowing procedures have not functioned properly.

6.4.3 Training of Group officers

In accordance with applicable French regulations, AFD Group ensures that all its staff, including in its network of agencies, is regularly trained in and informed of the risks and applicable procedures in terms of the fight against money laundering, terrorist financing, and fraud and corruption. In 2017, the AML/FT/Corruption training was updated again, taking account of the procedural changes made. This training is given *via* both e-learning and face-to-face sessions. Two e-learning AML/FT/Corruption training modules are available to all the Group's officers.

Modules are distributed depending on the officers, taking into account the risks identified in the activities conducted. Module 1 is intended for all officers, while Module 2 is specifically intended for officers concerned by AML/CFT/Corruption issues.

To complete this self-training system, the Permanent Control and Compliance Department gives face-to-face AML/FT/Corruption training for which the specific materials for each module were also updated in 2017 in order to offer targeted training sessions ("new recruits", "refresher training", "change of job", "practical cases"...).⁵⁹

Finally, members of the Board of Directors and Risk Committee are regularly informed about activity concerning the fight against corruption in the Group. Indeed, the activities of the compliance function are presented to the Risk Committee 3 to 4 times a year and to AFD's Board of Directors twice a year, in the context of the annual report on internal control in April, then in the autumn in respect of the 1st half of the current year in the context of a compliance activity report.

⁵⁸ Non-Cooperative Jurisdiction as defined by the General Tax Code, the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, and Financial Action Task Force (FATF). AFD Group's policy on Non-Cooperative Jurisdictions is available on its website: <https://www.afd.fr/fr/media/download/4064>

⁵⁹ For further information, cf. Registration Document, 2017 (§ 2.3.4.1 "Initiatives for preventing corruption, fraud, money laundering and terrorist financing").

7.

PROMOTING A RESPONSIBLE ORGANIZATION IN ITS IN-HOUSE OPERATION

The requirement of social responsibility towards employees is particularly important in an organization which, like AFD, has a major international dimension. This requirement is even greater in the current context of change and strategic developments, which are combined with a rapid increase in the headcount. In this context, developing and strengthening human capital is one of the key areas of the Group's human resources management strategy and is reflected *via* social responsibility commitments which aim to provide the best possible support for the changes.

Consequently, the objective of this social responsibility as an employer is to provide the most favorable working conditions possible in order to attract and retain talented people, offer rich and motivating career paths, promote equal opportunities and diversity in the Group and encourage a continuous and high-quality social and managerial dialogue. This approach thereby aims to strengthen in-house cohesion and make men and women a core part of the organization's priorities.

Furthermore, AFD Group's Corporate Social Responsibility is also exercised through the control of its direct footprint, despite the fact that its main impacts are indirect. It is for this reason that the Group is extremely attentive to its in-house environmental and social responsibility approach, which ensures consistency with the missions it upholds and constitutes a reputational issue which both employees and external stakeholders are increasingly sensitive to.

7.1 SUPPORTING CAREER PATHS FOR ALL AND A MEANINGFUL WORK ENVIRONMENT

GRI G4-10

7.1.1 Employment conditions

Scope: Group

G4-EC3

G4-EC6

G4-LA1

G4-LA12

AFD Group today employs 2,531^v officers worldwide, including 1,956 for AFD (headquarters and network). Over the past ten years, the headcount around the world has increased by 47.8%. This development is characterized by a rejuvenation of staff, a higher average level of qualification, increased feminization – particularly for

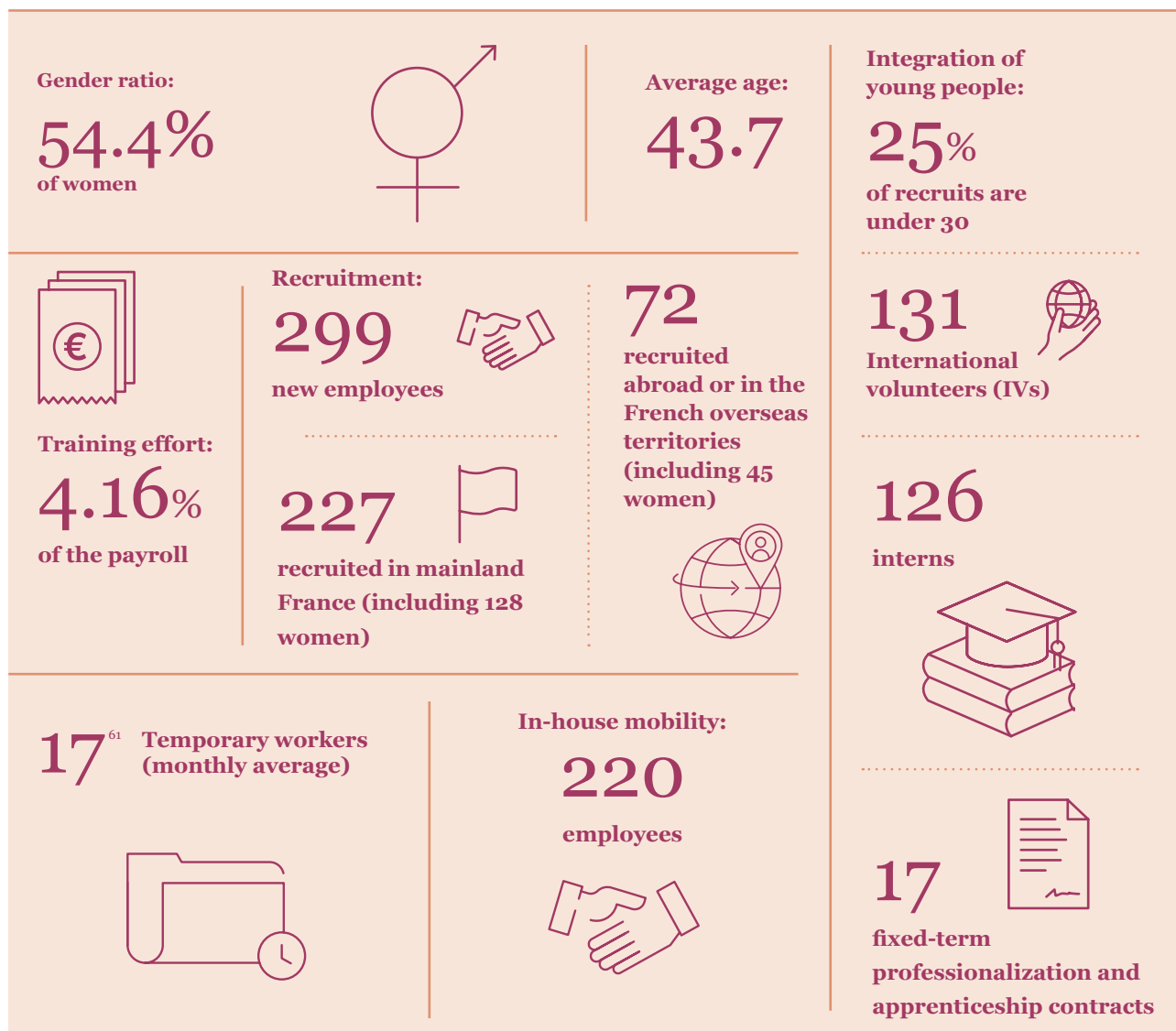
management functions –, as well as the development of the use of local skills in countries where the Group is established, by recruiting highly-qualified local executives in the agencies.

There was an increase in the number of recruitments in 2017, with 299 new employees (against 255 new employees in the previous year), including 227 officers in the general framework and

72 local employees. Locally recruited executive officers in the agencies in foreign countries account for 25.2% of the headcount in the network.⁶⁰

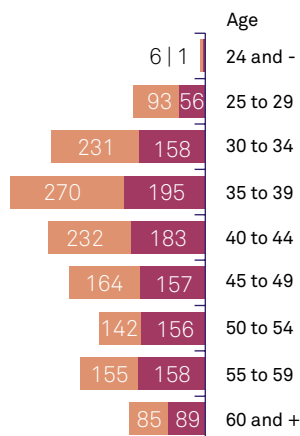
^v This indicator was controlled by KPMG during the Management Report audit.

⁶⁰ A "locally recruited executive officer" is an employee with a status of operational executive recruited in the agencies.



⁶¹ Staff from temporary employment agencies.

Breakdown of headcount by gender and age



■ Woman
■ Men
TOTAL : 2,531
AVERAGE AGE : 43.7

AFD Group headcount in 2017⁶²

	Staff recruited in mainland France	Locally recruited staff (foreign countries and French overseas territories)	Instituts d'Emission headcount	International volunteers (AFD Group and Instituts d'Emission) ⁶³
Total headcount 2,531	1,604	601	326	131
	2,205 AFD Group headcount (AFD and PROPARCO)			

Geographical breakdown of headcount in the "network"⁶⁴

	Number of officers	%
French overseas territories	133	15%
Latin America and Pacific	93	10%
Asia	146	16%
Mediterranean and Middle East	110	12%
Sub-Saharan Africa and Indian Ocean	420	47%
TOTAL	902	100%

Recruitments and departures for officers on permanent contracts in 2017 Scope: Group

Recruitments	Officers from the general framework	Locally recruited officers	Total
TOTAL	227	72	299
Incl. Instituts	0	4	4

In 2017, the total number of departures stood at 129^v worldwide (62^v officers from the general framework and 67 local employees).

Reasons for departure	Officers from the general framework ^v	Locally recruited officers ^v	Total departures ^v	Turnover rate ^v
Retirement	24	23	47	1.9%
Contractual termination	7	2	9	0.4%
Resignation	16	18	34	1.3%
End of secondment	4	0	4	0.2%
End of fixed-term contract	0	12	12	0.5%
Departure after trial period	7	1	8	0.3%
Dismissal	2	10	12	0.5%
Death	2	1	3	0.2%
TOTAL	62	67	129	5.1%
<i>Incl. Instituts</i>	2	7	9	

⁶² The scope of the various entities of the Group, head-quarters and network is available in the Registration Document.

⁶³ Not counted in Group staff.

⁶⁴ Excl. France, excl. Instituts, excl. TA, MAD, DET.

^v This indicator was controlled by KPMG during the Management Report audit.

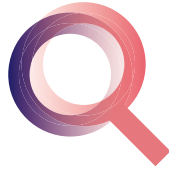
^v This indicator was controlled by KPMG during the Management Report audit.

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Focus

From occasional work from home to teleworking: flexibility in individual organization for collective efficiency

An agreement on the introduction of regular teleworking has been signed on an experimental basis and has been offered to all employees from the general framework since January 2017. It gives the possibility of working from home regularly (fixed and mobile days) or occasionally.

In 2017:

- 879 people occasionally used telework (including 62% of women), which amounts to 8,220 days.

- 47 regularly used telework (including 41% of women), which amounts to 926 days.

Social benefits depending on type de contract

AFD ensures that the salary level of its officers is competitive and motivating, both at headquarters and in the different agencies around the world. The wage practices applied are regularly analyzed for each market on the basis of common principles, but also by adapting this analysis to the different country contexts. Locally recruited officers have social benefits comparable to those of officers in the general framework.

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

The total compensation of Group officers also includes a social protection component (healthcare expenses, pension schemes, disability insurance and retirement), which applies to all staff members, including the local staff recruited in agencies. The pension scheme is subscribed in the form of Group insurance for which the contribution is entirely covered by the employer. It covers not only active staff members and their dependents, but also retired staff and their dependents.

Consequently, in 2017, all officers recruited in France and locally abroad were covered

by social protection schemes. They are additional to existing schemes, where applicable.

The annual minimum gross wage provided for in AFD's staff regulations⁶⁵ is 24% higher than the French legal minimum. (*Scope: France*)

Coverage of pension schemes

AFD officers who come under French legislation benefit from a three-tier pension scheme composed of the compulsory basic scheme, supplementary pension schemes (AGIRC and ARRCO schemes) and an additional pension scheme set up by AFD for all its officers. Unlike the first two schemes, this system is based on the principle of a capital funded pension and allows officers to build up retirement savings in addition to the compulsory schemes. Full entitlement applies to the savings, even in the event of a departure from the Group prior to the officer's retirement.⁶⁶

Quality of working conditions and staff safety

AFD Group ensures the quality of working conditions and the safety of persons. A major psychosocial risk prevention system was implemented in 2017.

An external psychosocial support system is offered to officers *via* access to external consultations and a monthly presence on site of a psychologist.

Three crisis management systems have also been launched.

Awareness-raising training on psychosocial risks has also been given to HR managers and staff representatives.

An HR conference program is offered to all officers with various themes (stress, burnout, motivation, mindfulness).

Finally, AFD offers innovative personal development systems *via* two mindfulness awareness-raising sessions (MBSR: Mindfulness-Based Stress Reduction). Their objective is for people to recharge their batteries in order to develop their well-being at work and their listening, concentration and innovation skills.

⁶⁵ http://legifrance.gouv.fr/jopdf/common/fo_pdf.jsp?numJO=0&dateJO=20010325&pageDebut=04686&pageFin=&pageCourante=04686

⁶⁶ See also Registration Document 2017, para. 7.2.10.

7.1.2 Promotion of professional equality and diversity

Promotion of professional equality between men and women

AFD Group has made gender equality a core objective for its actions, in both its operations and in terms of in-house social responsibility.

Following on from the agreement signed in 2014 to promote professional equality between men and women, a revision amendment was signed in June 2015 and includes a set of numerical targets which aim to promote the professional development of women throughout their career and ensure there is a balanced representation of women and men at all levels of the institution.

New agreement on professional equality between men and women

At the end of December 2017, all the trade union organizations and Senior Management signed a new agreement on professional equality between men and women for 2018/2020. This agreement, the fourth signed at AFD since 2007, provides a response to one of the major issues for the Group's social policy.

The main commitments of this agreement, according to the various thematic areas addressed, are as follows:

→ Recruitment:

- Parity in annual recruitments and throughout the duration of the agreement
- Equal pay at recruitment
- Diversity in employment, with a focus on areas of activity where masculinization or feminization are important issues

→ Women in management:

- 40% of women managers at head-quarters and in the network by the end of 2019
- Removal of ceilings on managerial levels (with a focus on the Comex and Codir)
- Coaching and individualized support to develop self-confidence
- Development of in-house professional exchange networks and participation in inter-company influence networks

→ Women in the network:

- 35% of women in the network
- Introduction of measures to facilitate assistance to the spouse and their return

→ Remuneration:

- Reduction in wage discrepancies
- Financial budget to remedy significant differences following promotions
- Monitoring of actuarial-pension developments

→ Fight against stereotypes, sexist behavior and harassment:

- Compulsory e-learning training for all
- Integration of the theme into the new managerial training cycle
- Awareness-raising actions for all officers, from the Comex and Codir

Assessment of the implementation of the professional equality agreement

	Objectives for 31/12/2016	Achieved at 31/12/2017
Rate of women executives	50%	50.7%
Rate of women managers (excl. head of unit)	35%	38.97%
Rate of women in the network	33%	31.1%

→ Consideration of parenthood:⁶⁷

- Increase in the advancement guarantee for returns from maternity leave or adoption
- Guaranteed wage for returns from maternity leave of over 6 months
- Coaching for officers returning from maternity or parental leave.

AFNOR professional equality certification

The commitment to professional equality between men and women has been a core issue for AFD Group's social policy for many years. It is deeply rooted in its values and is an integral part of its Corporate Social Responsibility approach. It is for this reason that AFD engaged in a process to obtain AFNOR certification for all actions conducted to promote gender equality.

The Equality label is the certification for organizations which are innovative in their approach to gender equality. It rewards the exemplary nature of their practices in this field. This label translates a strong political commitment into reality – the commitment of promoting professional equality in both companies and institutions.

Promotion of diversity in teams

The issue of diversity is central to the HR action and policy of AFD Group, with its 85 agencies and offices around the world. The teams of men and women in the field are diverse, plural, multicultural and multigenerational.

Disability Agreement 2016-2018

The employment of persons with disabilities is an important issue for the Corporate Social Responsibility of AFD Group, which has been implementing a policy for several years for their integration, formalized by an agreement since 2007. In 2015, a new disability agreement was signed for 2016-2018, underscoring the objective of continuously developing more direct and indirect employment⁶⁸ for persons with disabilities. In addition to these commitments, awareness-raising and communication actions are regularly organized by AFD's Disability mission.

The main commitments of the Disability Agreement for 2016-2018 are as follows:

- Increase in the direct employment rate from 2.4% to 3%
- Recruitment of eight people with disabilities with a permanent contract and/or fixed-term contract of over six months
- Reception of at least four people on contracts for sandwich courses, apprenticeship or professionalization
- Reception of at least three interns
- Reception of eight people with disabilities from the "protected" and "adapted" sector (ESAT and EA)

2017 assessment of the implementation of the Disability Agreement

In 2017, AFD had 42 employees benefiting from the obligation to employ (BOE), against 37 in the previous year. In 2017, 182 employees were sensitized to disability, including 11 managers.

A new agreement will be negotiated in 2018 for 2019-2021.

It should also be noted that AFD is participating in the "Science Po Accessible" program, a support and participation partnership launched in 2008, which aims to implement a set of actions to raise awareness, provide assistance and equip premises to allow students with disabilities to continue their studies in the best possible conditions.

AFNOR diversity certification

AFD Group has undertaken a project for AFNOR diversity certification, at the same time as its process to obtain professional equality certification.

⁶⁷ Any officer with a minimum seniority of one year can now benefit from full-time or part-time educational childcare leave.

⁶⁸ Regarding the indirect employment of people with disabilities, see § 7.6.2. below.

This process indicates an effective and voluntary commitment to promoting diversity and preventing discrimination. The process started with an audit of our practices and should lead to the implementation of an action plan to obtain the certification by 2019.

7.1.3 Development of skills and employability (Scope: Group)

AFD Group has adopted a set of human resources management tools to recruit and integrate talented employees both in France and in its countries of operation, offer motivating career paths, and give everyone the means to develop their skills and strengthen their employability *via* the training policy.

For the Group's external recruitments, the skills primarily sought remain closely linked to the activities of technical and financial engineering, intellectual production (economics, politics), sectoral expertise (health, education), and the renewal of support and management functions (risk analysis, internal audit, project management, management control, back office...). This recruitment policy is combined with an integration system, which offers a comprehensive training and support program (sponsorship). Beyond a simple familiarization with the working environment, it provides a clear understanding of AFD's current and future strategic focuses, missions, challenges and procedures.

The Group offers diversified career paths – *via* its functional and geographical professional mobility policy – which permanently develop the skills AFD needs, both in its functional activities and in the field, and meet the professional aspirations of officers. This is realized on the basis of a provisional management of jobs and skills (GPEC) approach. In 2015, the GPEC approach was extended to all local employees, with the aim of having an overall vision of the professional activities and skills, whatever the employee's status.

In addition to the deployment of these GPEC tools, the annual appraisal tools have been overhauled in order to take better account of skills in the appraisal of employees. The career interviews, which support employees in their reflection on their career paths, continued in 2017.⁶⁹

Training

Training policies implemented

In a context of strong growth and major in-house transformations, integrating new recruits and maintaining social cohesion are more than ever central to the training policy. A system – called "Onboarding" – was set up in 2016 and offers new recruits a structured pathway in several stages, over a 4 to 6-month period and systematically implemented.

Consequently, new employees familiarize themselves with their new working environment, as well as with the Group's strategic project, and AFD's current and future strategic missions and focuses. They also acquire the essential bases to be rapidly autonomous in their position thanks to short training modules organized regularly on various subjects. This pathway, through regular exchanges between participants from various structures, also facilitates the integration of new recruits by strengthening the Group's cohesion.

A number of actions of the training plan aim to build technical skills in the banking and financial fields. The support for project team managers and country directors continued *via* sectoral or cross-functional training, allowing them to be proficient in the various intervention frameworks (sectoral, geographical, crosscutting).

Furthermore, managers continue to benefit from a specific program of actions which aim to strengthen and develop their managerial skills. In 2017, the "Keys to Management" cycle supported 180 managers.

The "Development Professions" system, which is intended to give employees a common set of core skills on development assistance and AFD's role in the French mechanism, was continued. In 2017, it allowed 62 employees to have an operational illustration of the various forms of aid by conducting project visits to Cambodia, Mozambique and Martinique.

At the same time, the "World" seminar, which gathers local officers to discuss AFD's topical issues, projects and the strategy, was organized in Paris for the third time.

Access to training for local staff has been generally facilitated and strengthened, through training organized at headquarters, but also through the implementation of regional seminars, the number of which is increasing. In 2017, 311 local officers benefited from training organized by DRH at headquarters and regionally.

Finally, training provision has been enhanced with new partnerships with Caisse des Dépôts, as well as with bilateral European development finance institutions (EDFIs).

In total, 2017 was once again a year of significant growth in the training activity. It reached an exceptional level, both in the number of training hours given (53,300 hours, including 44,806 for officers from the general framework and 8,494 for the 311 local officers concerned) and in the number of officers trained. Indeed, 87% of officers benefited from at least one training course.⁷⁰

The "accountable"⁷¹ training effort corresponds to 4.16% of the payroll. This should be compared with the French legal obligation, which was 1.6%.

To implement this training, AFD Group in particular relies on in-house skills and resources, which allow it to offer a diversified provision tailored to its needs. Consequently, all the structures contribute to the development and dissemination of skills in-house. 51% of the training hours given in 2017 correspond to training actions organized in-house (i.e. 3,577 hours given by 246 in-house trainers), which demonstrates the considerable investment made by a number of employees and managers to pass on their knowledge and expertise.

⁶⁹ The Law of March 5th 2014 introduces an obligation to conduct a professional interview every 2 years, for all types of fixed-term or permanent contract.

⁷⁰ 88% of executive officers and 77% of non-executive officers followed training during the year.

⁷¹ These figures only concern the accountable costs, in accordance with French legislation on training.

Number of officers trained and training hours by age bracket
AFD headquarters and network
From 01/01/2017 to 31/12/2017

	Under 30	30/39	40/49	50 and over	Total
Officers	108	560	417	293	1,378
Hours	3,242	21,104	12,750	6,649	43,745

N.B.: 780 out of the 1,378 AFD officers who benefited from training in 2017 are women (i.e. 56% of the total).

Number of officers trained and training hours by age bracket
Instituts (headquarters and network)
From 01/01/2017 to 31/12/2017

	Under 30	30/39	40/49	50 and over	Total
Officers	2	5	7	20	34
Hours	49	118	527	368	1,062

Breakdown of hours by theme in 2017
Scope: AFD and Instituts

	Hours
Office automation	494
Development Fundamentals and Crosscutting Themes	14,358
Legal	596
IT	4,081
Languages	2,734
Management	3,376
Personal development/communication/HR	6,496
Specialized sectoral and technical expertise	6,248
Management/accounting	847
Banking/finance	4,615
Security and safety	964
Total	44,806

OFFICERS OVER 50:
Breakdown of hours by theme and gender in 2017
 Scope: AFD and Instituts

	HOURS		OFFICERS		TOTAL HOURS	TOTAL OFFICERS
	Men	Women	Men	Women		
Banking/finance	306	70	25	9	375	34
Office automation	35	81	5	11	116	16
Personal development/ communication and human resources	832	862	91	94	1,694	185
Specialized sectoral and technical expertise	527	306	36	18	833	54
Development Fundamentals and Crosscutting Themes	1,007	426	78	64	1,433	142
Management/ accounting	178	47	17	3	225	20
IT	498	467	119	126	965	245
Legal	17	37	5	7	54	12
Languages	403	199	64	26	602	90
Management	543	266	28	22	809	50
Total	4,345	2,760	468	380	7,105	848

Officers are only counted once for each thematic area, but several times if they have followed training on different thematic areas.

G4-DMA

71.4 Social dialogue

Social dialogue, meaning what characterizes relations in the institution, as a result of regulatory social dialogue, dialogue between the manager and the members of his/her team and participatory approaches, is a pillar of AFD Group's policy. Indeed, in addition to providing a response in terms of social legislation, it is an essential vehicle for in-house equity, cohesion, commitment and skills development for employees.

- The respect of everyone's prerogatives: the roles of Senior Management and representatives are complementary, without them being confused;

- The professionalism of negotiations: AFD Group ensures that staff representatives are given the means to fully exercise their mandate (transparency of the information provided, training or external support in the event of complex negotiations...);

- Anticipation: through social dialogue, the Group seeks to find solutions to medium-term social issues, particularly in relation to societal changes.

Consequently, major changes planned in the Group are subject to negotiation procedures with trade union organizations and information and/or consultation procedures with staff representative bodies. A change in the organization leading to significant consequences on employ-

ment, training and working conditions, or on the general operation of the institution, can only be made after a minimum period of one month dedicated to informing and/or consulting Staff Representative Bodies (IRP).

Number of meetings with staff representatives in 2017

Works Committee	20
Staff representatives	14
CCE	8
Group Committee	3

GRI G4-11

71.5 Dialogue with staff and their representatives

The social dialogue in AFD Group is conducted on the basis of four key principles:

- A constructive dialogue: Senior Management and staff representatives work together to support the Group's developments. Their joint action is characterized by the objective of seeking the collective interest;

G4-26

G4-LA4

Organization of staff representative bodies

Staff representation is organized as follows:

- A Works Committee at headquarters and four local Works Committees for the overseas departments (DOM) (which have over 50 employees) give a collective voice to employees for any questions relating to the management and economic and financial developments in the institution, the organization and conditions of work, vocational training, and social protection. They also manage the social and cultural activities organized in the institution;

- A Central Works Committee meeting is organized twice a year with the representatives of the five Works Committees and addresses the economic and financial projects concerning all employees covered by French legislation;

- A Group Committee meeting is organized once a year with all the staff representatives of AFD and its subsidiaries;

- The committees for Health, Safety and Working Conditions at headquarters and in the DOM agencies work on staff protection and safety and on improving working conditions;

- Staff representatives (headquarters and agencies) collect and present to the employer any individual and collective complaints made by employees about the application of the law, the statutes and joint appeals boards.

Elections for the Works Committee/staff representatives were held in March 2017.

A policy for the representation of local staff in foreign countries came into effect in 2016. Indeed, in order to make up for the lack of formal staff representation in a number of agencies, in particular due to a lack of local legislation in this field, the appointment of a "social dialogue contact person" has been introduced for all agencies in this situation with over 6 people. 38 agencies in foreign countries thereby have a representation mechanism (24 agencies with the "social dialogue contact person" mechanism, 4 agencies with an informal mandate, 9 agencies with a legal mandate and 1 agency with a statutory mandate).

Furthermore, compliance with social regulations and the organization of a

dialogue in the agency are subject to a periodic control during inspections of the agency.

Finally, a committee of representatives of AFD employees in foreign countries was set up in 2017. This committee gathers staff representatives working in AFD or PROPARCO agencies/offices abroad, whether employees under local law (permanent contracts/fixed-term contracts) or service providers (in countries where social legislation does not allow direct recruitments by the agency). Its creation, which is not set out in legal provisions, is in line with AFD's Corporate and Social Responsibility commitments.

The first elections were held in February 2018 and the committee met for the first time in March 2018 at AFD's headquarters in Paris. Annual information and exchange meetings will subsequently be organized.

Collective Agreements

The employment contracts of AFD officers under French law are governed by specific staff statutes for each establishment (1 statute for the headquarters and 4 statutes for the DOM). The staff recruited in agencies abroad have an employment contract governed by a staff statute and a possible association with a collective agreement in the country in question (collective agreements of banks and financial institutions).⁷²

Review of collective agreements⁷³

The social negotiations with the Group's staff representative bodies in 2017 mainly focused on the salary review (MAN), professional equality between men and women and the end of the Economic and Social Union (ESU). Indeed, the agreements of 13th December 2017 on the end of the AFD-IEDOM⁷⁴-IEOM⁷⁵-PROPARCO-CEFEB ESU and the social adaptations between AFD and IEDOM put an end to the economic and social unit on 1st March 2018. Separate staff representation bodies compliant with the new provisions of the "Macron" ordinances will be set up at AFD and IEDOM in the first half of 2018. These agreements also address the impacts of the end of this ESU on their collective statutes (headquarters and DOM agencies) and provide for the phasing out of staff exchanges between AFD and the Instituts d'Emission. In this respect, they provide guarantees for the staff of the IEDOM agencies seconded to AFD agencies and

staff from AFD headquarters seconded to the Instituts d'émission. (*Scope France*).

Organization of the managerial dialogue in the Group

Dialogue in the Group is organized on the basis of the dissemination of information: information notes, in-house magazine "Echo des Continents", news disseminated very regularly on the intranet... It is also organized in the context of meetings between the Chief Executive Officer and officers, which allow AFD's activity, strategy and current important issues to be reviewed.

Number of information and communication supports produced in 2017

Instruction and information notes	143
Echo des Continents	4
Gaia news	506

⁷² Coverage: 100% of staff.

⁷³ The list of agreements signed in 2017 is available in paragraph "2.1.3.2 Collective agreement evaluation" of the Registration Document, 2017.

⁷⁴ Institut d'Emission des Départements d'Outre-mer.

⁷⁵ Institut d'Emission d'Outre-mer.

7.2 REDUCING THE ENVIRONMENTAL AND SOCIAL FOOTPRINT OF IN-HOUSE OPERATION

GRI G4-DMA

G4-EN30

In line with the Paris Agreement, AFD Group applies the dynamics of low-carbon and climate-resilient development in its in-house operation. To address climate issues, the Group fits in with the national, European and international regulatory and incentive framework and supports the energy transition for green growth law. Its action plan for “in-house environmental responsibility” is based on four areas:

→ **EVALUATE:** Conduct annual *Bilans Carbone®* (carbon footprint assessments) of AFD Group’s in-house operation, completed with periodic environmental diagnostics and a regular monitoring of various impact indicators: energy and paper consumption, waste production...;

→ **TAKE ACTION:** Strengthen the Group’s priority action plan to reduce its ecological footprint, with a focus on the following themes: responsible procurement, energy efficiency and renewable energies, travel, waste management;

→ **OFFSET:** Voluntarily offset the greenhouse gas emissions generated by AFD’s activity by financing environmental projects in developing countries (purchase of carbon credits);

→ **RAISE AWARENESS:** Communicate to officers in order to sensitize them to sustainable development, both as professionals and citizens.

7.2.1 Evaluate: The carbon assessment

AFD goes beyond regulatory obligations and has been conducting a carbon assessment for its headquarters every year since 2006. It was extended to its entire network of local agencies and offices in 2009. This carbon assessment, an aggregation of the GHG emissions of the headquarters and network, concerns the emission items of the scopes 1, 2 and 3 of the ADEME methodology, and includes all direct emissions related to the Group’s activities (carbon emissions of AFD officers) and a selection of indirect emission items (carbon emissions related to consumption: electricity, heating and cooling, AFD service providers).

The carbon assessment for 2017 is given in the Appendix of this report.

7.2.2 Reduce

The mobility plan

AFD Group launched its mobility plan in 2016 in order to reduce the negative externalities related to the travel to and from work of its officers, which amounts to some 196 tons of CO₂ every year. The plan was completed in 2017 and initially involves questioning the commuting practices of employees, then facilitating the use of alternative modes of transport to private cars, with the objective of reducing the costs and environmental impact related to transport and improving access conditions to sites and the daily lives of everyone.

The diagnostic highlighted that 70% of officers at AFD’s Parisian sites⁷⁶ use public transport to go to work and 15% cycle. A number of actions have been implemented to promote and increase these virtuous practices:

- Installation of electric vehicle charging stations in AFD’s car parks (Barthes and Mistral sites);
- Installation of a security lane for cyclists and doubling of parking spaces for bicycles on the Barthes site;
- Road safety awareness campaign...

The new teleworking agreement is also part of this mobility plan.

Other actions are planned in this context, such as the creation of a “mobility booklet” for newcomers.

Finally, reflection has been launched with the Paris City Hall and local companies to pool mobility solutions.

Issue of professional travel

Professional travel by officers and consultant missions, AFD Group’s main item for greenhouse gas emissions, is being reduced (-15.32% in a year),⁷⁷ but still accounted for 56% of the headquarters’ total emissions in 2017.⁷⁸ This travel is inherent to the field missions, which are essential for the appraisal and monitoring

of projects. Reducing this item of emissions poses a challenge for AFD, given the international nature of its action.

AFD Group has set out to effectively contain the emissions related to travel by implementing solutions to replace travel, such as teleworking and videoconferencing: some 1,900 videoconferences were organized in 2017.

In-house environmental actions

AFD Group has implemented a number of in-house environmental actions, in particular at headquarters.

Reflection and awareness-raising on the issues of food waste are ongoing in partnership with the corporate catering company.

A number of drivers for actions have been implemented for paper consumption:

- Implementation of the Green Copy project on all the sites in mainland France, for smart consumption management by adjusting printer settings;
- Internalized printing services to adjust printouts to actual needs;
- Dematerialization (pay slips, administrative forms, electronic document management...);
- Choice of paper from sustainable industries (mainly FSC).

⁷⁶ Barthes, Mistral, Vivacity and PROPARCO buildings.

⁷⁷ This change is due to a more refined inventory methodology, but also to a more economical mode of travel.

⁷⁸ See headquarters carbon assessment.

A process to reduce waste at the source has been set up. In addition, various solutions for sustainable waste management are continuing to be implemented:

- Paper recycling on all the Parisian sites;
- Recycling of plastic cups;
- Collection and treatment of batteries/rechargeable batteries and light sources;
- Recycling of cartridges and toners;

- Recycling and recovery of used furniture and furnishing waste;
- Reuse, in the form of donations to associations, and recycling of IT equipment.

In 2017, in line with the circular and solidarity economy approach, 174 computers were given to the police station of the 12th arrondissement of Paris, furniture was donated to Doctors Without Borders (MSF)

for a reception center for unaccompanied refugee minors... A removal campaign also allowed 48.3 tons of furnishing waste to be recycled.



Focus

The Corporate Social Responsibility good practices of the network

Eco-responsible practices in the Nouméa agency

The Nouméa agency has set out to improve its environmental practices by introducing voluntary selective waste sorting and taking cardboard, paper, lightbulbs and batteries to the landfill. It has renewed the office air-conditioning units with less-polluting gas and now replaces its old generation used lightbulbs with LED or low-consumption lightbulbs in order to reduce its energy consumption.

In terms of “eco-responsible” purchasing, the agency uses recycled ink cartridges, orders in priority “ecolabel” office supplies and has signed a contract with a cleaning company which uses organic products.

Finally, fixed assets are not systematically renewed at the end of the amortization period when they are generally in good condition. For example, the service car, which is 8 years-old, has been kept this year.

Bogota: Well-being at work and commitment in disadvantaged neighborhoods

The Bogota agency actively encourages its employees to walk. It has organized yoga classes for officers and has provided them with ball chairs to alternate with traditional chairs.

The agency is actively supporting an NGO “Proyector Sin Fronteras” (PSF), which works in one of the disadvantaged neighborhoods of Bogota where a number of families “displaced” by the Colombian conflict live, to help residents set up an effective urban agriculture system, offer academic support to children and organize sewing workshops. The agency has also bought the tote bags produced in these workshops on several occasions, thereby allowing the dressmakers to earn a fair remuneration and at the same time promoting the NGO, whose logo is on the back of the AFD bag.

Following an appalling terror attack in June 2017, which cost the life of a young French volunteer at PSF, Julie Huynn, the agency took the initiative of setting up psychosocial support for the entire PSD team, which was severely affected.

Maputo: An agency attentive to its societal impact

The Maputo agency is attentive to its environmental impact and has set up sorting for waste, which is then collected for recycling.

It encourages car sharing between officers and has made bicycles available to them. In addition, the person responsible for the agency’s carbon assessment is also in charge of supervising the use of electricity and waste sorting.

In terms of societal practices, the agency is financing the “Centro Infantil Khensane”, a daycare center, for the purchasing of small equipment and minor refurbishment works. It has also given its second-hand laptops to the local participatory development association “ESSOR”.

Finally, in view of the low wages of guards in Mozambique, its gives a monthly bonus to its private security guards.

Virtuous social and environmental practices in N'Djamena

The N'Djamena agency has a 20 kW solar power system on the terrace roof of its office building, which generates some 40,000 kWh a year for self-consumption.

The agency’s CSR reference person regularly sensitizes officers in terms of making an optimal use of electricity and consumables (paper, ink...). The agency also sorts its household waste before collection with 3 waste bins (paper, compost, non-reusable items).

Finally, the agency applies CSR criteria for its direct procurement of goods and services. In the context of bid invitations for services, it draws the attention of suppliers to the need to respect local regulations on labor law, social benefits and protection, the healthcare coverage system, compulsory contributions, training and securing jobs and salaries.

7.2.3 Carbon offset

At the same time as reducing carbon emissions, the voluntary process towards carbon neutrality is part of AFD's environmental approach.

In 2017, the acquisition of carbon credits fully offset AFD Group's greenhouse gas emissions for 2016, i.e. 32,390 teq CO₂.^v Two projects which make a significant contribution to achieving the SDGs were financed: a biomass project in Brazil, in Pará State, at the mouth of the Amazon River, which had already been supported in 2016, as well as a project in Uganda to support a small-scale program for access to local water, with major social co-benefits. The first program has achieved (i) technological progress in the plant by installing new ovens and electronic controls, and (ii) an improvement in working conditions for employees by building a canteen, a reading room and computer spaces. It will also develop the community and a vocational education center. This innovative project also lowers the risk of diseases by reducing the quantity of dirty water ingested (which is particularly important in a region where 50% of the population does not have access to drinking water).

7.2.4 Awareness-raising and partnerships

Awareness-raising operations on in-house environmental responsibility are conducted in the Group every year, during the various major international events: European Waste Reduction Week (EWRD) in November, European Sustainable Development Week (ESDW) in early June, mobility week... In 2017, ESDW provided the opportunity to promote the partnership between AFD, MEAE and the OECD, via a conference based on the screening of the film "Tomorrow". EWRD provided the opportunity to implement communication actions labelled by the French Environment and Energy Management Agency (ADEME), which aimed to raise awareness and mobilize on the issue of waste prevention and production, via temporary workshops for sustainable actions, such as repairs on personal computers, the creation of a book-swap library made from AFD's cardboard waste...

Furthermore, throughout the year, actions to raise awareness of initiatives and promote them are developed via a dedicated intranet space, in-house press releases and articles, exhibitions and conferences.

AFD Group is a signatory of the Paris Climate Action Charter. It also participates in reflection groups on in-house environmental responsibility, in particular in the "Quartier des 2 Rives" neighborhood project, which came about through the action plan of the General Assembly of the Paris City Hall and its partners. It aims to build synergies between companies in the 12th arrondissement.

7.2.5 Responsible procurement

In the context of its new CSR Action Plan, AFD has launched reflection with the aim of adopting a responsible procurement policy by 2019.

The Purchasing and Public Procurement Division was set up in September 2017 and is responsible for this mission. Its roadmap comprises the development of a mapping of procurement, with the definition of environmental and social issues by procurement category where relevant and the definition of monitoring indicators. AFD will focus its efforts on social impacts, particularly on the integration of people with disabilities, with (i) the preparation of a directory of companies in the adapted and protected sector, (ii) the drafting of a "model clause" to be included in contracts, after working beforehand with the prescribers.

In 2017, AFD Group implemented actions on societal inclusion and microfinance.

AFD is aware of the difficulties which ESATs (establishments and services for aid through work), EAs (adapted companies) and TIHs (self-employed disabled workers) may face in having access to markets. It endeavors to inform pre-qualified actors about the markets it is

handling and for which the adapted and protected sector could bid. In this context, it has conducted work upstream to identify markets which will be earmarked for this sector. Its partnerships with Adapted Companies (EAs), which are relatively unknown actors in the local economic fabric in France employing people with disabilities, have allowed people having difficulty finding work to improve their vocational skills in its teams (in the Ile-de-France region), or to be maintained in employment in their hosting structure (in Toulon and Marseille).

AFD has also continued the "Solidarity Procurement" action, combining micro-finance and procurement, based on a partnership with the French solidarity SME, Babyloan. Part of the savings made by AFD thanks to its procurement is redistributed to microentrepreneurs in AFD's countries of operation, thanks to microcredit. In 2017, the result stands at EUR 291,564 of financing divided between 423 projects in 13 countries.⁷⁹

Generally speaking, AFD extends its CSR due diligence to its suppliers and their subcontractors.⁸⁰

^v This indicator was controlled by KPMG during the Management Report audit.

⁷⁹ This project is presented on the website www.achat-safermicrofinance.fr.

⁸⁰ In their contractual documents, bidders are required to formally undertake to comply with and ensure all their subcontractors comply with the environmental and social standards recognized by the international community, including the ILO Fundamental Conventions and the international conventions on environmental protection.

In 2017, the acquisition of carbon credits

fully offsets

the 32,390 teq CO₂ of emissions by the Group in the previous year.

8 ■

METHODOLOGICAL NOTE

8.1 DETERMINATION OF THE CONTENT OF REPORTING

AFD Group's Corporate Social Responsibility Report firstly aims to meet the requirement of accountability towards internal and external stakeholders, in particular by enhancing the clarity and accessibility of information.

As in previous years, the most relevant information for AFD Group's activity, defined by a materiality analysis, has been taken into account in this 2017 Corporate Social Responsibility Report. This analysis aims to identify and prioritize the main Corporate Social Responsibility issues of a given entity, depending on its activities, its specific objectives and the expectations identified of its external and internal stakeholders, while combining information sources. This process identifies and prioritizes the main Corporate Social Responsibility issues of the institution. Its interest and added value lie in the capacity to give a consensual vision of the priority issues, in order to select the most relevant qualitative information and indicators for the Corporate Social Responsibility report.

The materiality analysis of AFD Group was conducted in 2017, on the basis of initial work conducted in 2015, by combining internal information sources (employees, managers...) and external sources (press reviews, external studies and reports, surveys, interviews...). This initial analysis was based on issues predefined by the Global Reporting Initiative (GRI-G4 "aspects") and its sectoral supplements for NGOs and the Financial Sector. It had identified the 58 relevant categories for AFD Group, structured as follows: Economic category (7 issues), Environment (12), Employment practices (8), Human rights (10), Society (7) and Product responsibility (14). It had subsequently resulted in a list of 16 material issues defined and validated by Senior Management.⁸¹

The analysis conducted in 2017 is in line with the CSR commitments and action plan and has resulted in a new list of issues (reformulation of certain previous issues and identification of four new issues):

- Economic performance of AFD Group
- Transparency on the financing allocated
- Dialogue with local stakeholders
- Management of the grievances related to the impacts of activities
- Coordination with the other development actors
- Impact of activities on sustainable development and the SDGs
- Impact of activities on climate change/biodiversity/gender equality
- Vigilance over human rights in funded projects
- Analysis of environmental and social risks and monitoring during project implementation
- Capacity building for contracting authorities
- Financial security, fight against fraud, corruption, money laundering and terrorist financing
- Professional ethics
- Development of skills and employability (staff at headquarters and local staff)
- Transparency over social information
- Social relations (including social dialogue and the manager/employee dialogue processes)
- Impacts of travel by employees on climate change
- Impact of activities on local communities and indigenous populations (*new issue*)
- Promotion of diversity in teams (*new issue*)
- Support for employees in the Group's transformations (agility, stress, well-being) (*new issue*)
- Synergies with the private economic sector for the SDGs (*new issue*).

The issues are subsequently prioritized using a rating by internal and external stakeholders, in order to obtain an updated materiality matrix, which is given in Chapter 3.

AFD Group's report fits in with the technical frameworks of the Global Reporting Initiative (GRI G4), ISO 26 000 and Global Compact.

⁸¹ Based on issues preidentified by the GRI, the 2015 analysis identified 58 CSR issues falling within the scope of AFD's activity and preselected those considered as being the most significant for AFD on the basis of a documentary analysis. This work had been completed by a benchmark analysis of comparable institutions (to take practices in the sector into account) and by qualitative interviews with members of Senior Management (to have their perception of the main Corporate Social Responsibility issues for AFD).

“

AFD Group's report fits in with the technical frameworks of the Global Reporting Initiative (GRI G4), ISO 26 000 and Global Compact.

8.2 SCOPE AND PERIOD OF REPORTING

The scope of the reporting comprises the parent company AFD and its majority-owned subsidiary PROPARGO. These structures account for 99% of the total balance sheet and consolidated net banking income.⁸² In the event where an indicator does not cover the entire scope of the reporting, the scope presented is specified and the reason for which the publication is partial is explained.

The reporting is conducted once a year. AFD Group's first Corporate Social Responsibility Report was published in 2012 and concerned 2011. The 2017 report covers the period from January 1st to December 31st 2017. In cases where the data have not yet been calculated for 2017, the qualitative data for 2016 are given. This report also includes some highlights (qualitative data) from the first half of 2018.

No significant change has been identified compared to the previous period concerning the scopes, period and methodology of the reporting.

⁸² For further information, see paragraph 1.4.1 of the Registration Document 2017. Link in the Appendix.

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G4-30

8.3 METHODOLOGY TO CONDUCT THE REPORTING

The qualitative and quantitative data in this report have been collected and consolidated in accordance with the Group's current administrative management procedures. The data provided have been established based on exchanges with the reference persons in their departments and various documents (reports, evaluations, etc.). Monitoring dashboards are used to trace and consolidate the data supplied.

In 2018, an examination of the information on Corporate Social Responsibility in the 2017 Management Report has been conducted by one of our auditors designated as an independent third-party body, the consulting firm KPMG S.A., in accordance with the rules of Article 225 of the Grenelle 2 Environment Act. The indicators verified in this context are marked with a "V" in the text. The independent third-party body has expressed a conclusion of moderate

assurance, based on the fact that all the significant aspects of the Corporate Social Responsibility information, taken as a whole, are presented in a sincere manner in accordance with the Reference Framework.⁸³ The report by the independent third-party body is available on AFD's website.

⁸³ Reasoned opinion on the fairness of the CSR information.

GRI G4-32

8.4 REPORTING SUPPORTS

For more clarity, the content of the 2017 Corporate Social Responsibility report is based on two supports:

- This document, "AFD Group 2017 Corporate Social Responsibility Report", an exhaustive technical document in line with the GRI framework;
- The section "AFD's Corporate Social Responsibility" on AFD's website, which

presents, in addition to the report mentioned above, the specific policy documents (CSR policy, exclusion list, Ethics Charter...).

The Corporate Social Responsibility Report may be read as a complement to the 2017 Activity Reports of AFD and PROPARGO, which are mainly intended for the general public, and the "Registration Document", which is intended for finan-

cial market actors. All the non-financial data relating to social matters required by French law are given in the latter (Law on "New Economic Regulations", amended in 2010, and "Grenelle 2" Act).

GRI G4-32

8.5 VERIFICATION OF THE REPORTING

8.5.1 Internal audit

The Corporate Social Responsibility process is subject to validations at various levels of the organization to ensure the data is reliable:

→ At the level of “direct contributors” (project managers, directors of geographical areas, etc.): control of the conformity and completeness of the data entered in the tools or transferred to the reference person;

→ At the level of the “reference persons”: the reference person controls the data he/she consolidates *via* consistency controls and random controls prior to transferring them to the CSR team;

→ At the level of the “CSR team”: the data received for consolidation are subject to consistency controls and a joint analysis with the reference persons to identify needs and possible areas of improvement in terms of management.

→ The data sources, as well as the data measurement, calculation and consolidation documents, must be verifiable by the external auditors. The corresponding documents and supporting documents (invoices, meter readings, calculation files, time sheets for training, etc.) must be kept and made available for a minimum of 3 years. The archived data must also be accessible to the auditors. The contributors are consequently made aware of the importance of this traceability.

→ The calculation, measurement and analysis methods used comply with the appropriate national or international standards, when they exist. If they do not exist, documentation concerning the methods used must be retained and kept available.

→ The audit of the Corporate Social Responsibility Report concerns the presence of information with regard to the criteria required by the GRI content index. AFD has decided to answer the GRI-G4 “core” option.

GRI G4-32

8.5.2 External audit

G4-33

→ The external auditors are appointed by AFD’s Chief Executive Officer for one year. They are accredited by Cofrac (French Accreditation Committee) as independent third parties. For 2017, AFD decided to entrust this external audit mission to the audit firm KPMG.

→ According to the assessment methodology recommended in the GRI G4 Implementation Manual, the self-assessment of the Corporate Social Responsibility reporting of the Group for 2017 leads to the “core” level of application.

GRI G4-32

8.6

Index of GRI G4 content

The index of the content of the GRI G4 is available on AFD’s website:

<https://www.afd.fr/sites/afd/files/2018-06-11-01-07/afd-content-index-gri-2018.pdf>

GRI G4-31

8.7

Person to contact for further information

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8.8 REPORTING ON THE ENVIRONMENTAL AND SOCIAL RISKS OF PROJECTS

The classification of the environmental and social risk is systematically validated for all projects during Identification Committee meetings, on the basis of a classification tool mentioned in the Operational Procedures Manual. The units in charge of environmental and social risk management keep an environmental and social risk classification table up to date for

the projects identified. This table is compared to the tables for the commitment approvals allocated during the year by the decision-making bodies of AFD Group, which come from the Group's information system (SIOP), in order to produce the statistics given in the Corporate Social Responsibility Report.

8.9 REPORTING ON THE IMPACTS OF FINANCING IN THE FIELD

AFD has adopted a number of tools and methods to strengthen the measurement of the results of its operations. They include aggregatable indicators, which are specifically oriented with a twofold purpose of institutional communication and to contribute to the analysis of AFD's strategic positioning.

PROPARCO has adopted a tool developed by its German counterpart, DEG.⁸⁴ This tool, which is common to a number of European development finance institutions, called GPR (*Geschäftspolitisches Projekttrating*®),⁸⁵ has been adjusted to the needs and realities of PROPARCO.

The indicators for the effective development results of AFD Group operations were validated during the CICID meeting and confirmed in the LOPDSI Law. They were implemented back in 2013 and the publication of the data for 2013 in the 2014 Annual Report constituted a first structural stage in terms of accountability. AFD now has historical data dating back to 2012, and will continue its approach to analyze and communicate on these results.

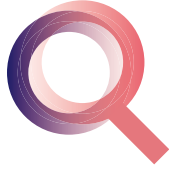
PROPARCO has been measuring the expected outcomes and impacts of its operations since 2008. Since 2015, it has been measuring the contribution that its operations make to the Sustainable

Development Goals.⁸⁶ The annual analysis of these outcomes, and of *ex post* evaluations, is presented to the Board of Directors every year. Furthermore, an *ex post* evaluation of the impacts of dedicated climate credit lines was finalized in 2017. Two studies are in the process of being launched and concern the outcomes and impacts of (i) financing in the agriculture and agribusiness sector and (ii) technical assistance projects in the private sector.

⁸⁴ <http://www.deginvest.de/>

⁸⁵ *Geschäftspolitisches Projekttrating* (Corporate-Policy Project Rating): adaptation of the mechanism developed by Germany's DEG.

⁸⁶ Its monitoring indicators are based on SDGs 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 17.



Focus AFD

Results indicators: The main principles

The results indicators were introduced with the aim of quantifying and consolidating, in a summarized form, the outcomes of AFD's operations in foreign countries (since January 1st 2004) and in the French overseas territories (since January 1st 2005).

These indicators, which are monitored every year, have been subject to an overall assessment of eight years of use. The diagnostic was completed in March 2013 and the indicators were subject to a revision, which takes into account the lessons learned from this study.

These quantified indicators are called "aggregatable indicators" and include indicators on achievements and outcomes. They are consequently positioned between monitoring the means and the impacts themselves, for example:

→ Means: financial commitments

→ Achievements: number of schools built, number of health facilities built...

→ Outcomes: number of children enrolled in school, number of beneficiaries of health facilities...

→ Impacts: improvement in the literacy rate, reduction in the mortality rate...

The aggregatable indicators are not, strictly speaking, impact indicators. They measure the achievements and outcomes made possible by the initial means mobilized by external financing. Consequently, the achievements and outcomes are the most tangible instrument that can be monitored during the cycle of operations.

To take this further, the impact assessments estimate the effect which can be directly attributed to an operation, by comparing situations before and after the operation between the beneficiary group and a comparable control group.

The impact indicators do not allow the impacts of the action of Official Development Assistance to be rapidly identified. These indicators, such as "child mortality", "literacy rate"..., generally have a high level of inertia and are statistical measurements of highly complex phenomena on which Official Development Assistance generally only has a partial impact. They also very often depend on complex major macroeconomic and socio-demographic trends. In addition, the time factor plays an important role in them.

To measure the outcomes of cofinanced projects, AFD applies a "contribution" rationale. This rationale consists in considering that AFD's contribution participates in achieving the overall outcome of the funded project or program. This means that in the case of a cofinanced project, AFD contributes to all the project outcomes and does not only attribute certain outcomes to itself, which would only be attributable to the components it finances, or part of the overall outcomes in proportion to its financing.

In 2006, a decision was made over the question of quantifying the aggregatable indicators in proportion to the share of AFD's financing: the quantification is carried out for the entire project/program, and the compilation of the aggregatable indicators includes AFD's "effort ratio", i.e. AFD's share in the total financing. This choice stems from the combination of two arguments: (i) the approach taken is that of the contribution to and not the attribution of development outcomes, in line with the Paris Declaration on Aid Effectiveness; and (ii) the monitoring of implementation and final evaluation concern the entire investment financed.

AFD has a guide which aims to provide a methodology on how to use and estimate aggregatable indicators for its operations in foreign countries. It gives an overview of all the questions the user will have to address when dealing with these indicators. It is also a support for reading and understanding the development outcomes estimated by AFD thanks to the aggregatable indicators.



User Guide for Aggregatable Indicators in Foreign Countries (2007).
<https://www.afd.fr/media/download/4075>



User Guide for Aggregatable Indicators in the French Overseas Territories (2007).
<https://www.afd.fr/media/download/4074>



Focus PROPARCO PROPARCO's tool to measure results and impacts

In addition to rating the risks of the counterparty, the profitability of the operation, the alignment with PROPARCO's strategic orientations and its advisory role, the "Geschäftspolitisches Projectrating®" (GPR) tool assesses the impacts that the various types of funded projects have on development, i.e., in particular, the impacts of operations on public revenues, employment, training, the

transfer of know-how, governance, environmental and social performance, the social impacts (social protection, salaries, non-discrimination, gender) and environmental impacts (green projects, ecological footprint, certification efforts...), as well as the local accessibility of products and services.

8.10 REPORTING ON IN-HOUSE SOCIAL RESPONSIBILITY

AFD Group's social reporting has been developed using the Human Resources Information System, comprising a commercial software package (Pleiades), which is used to manage all the headquarters and expatriated staff (administrative management, career management...), and is the source of all the Group's social data concerning this staff.

The reporting on HR data for locally recruited officers in the 85 agencies and offices around the world is mainly based on data collected monthly by headquarters in the agencies and offices, in the context of HR Group management (career and recruitment management, administrative management and compensation, budget

management control). It also allows this population, who are also covered by AFD's social protection mechanisms and the pension scheme subscribed in the form of a group insurance and entirely covered by the employer, to be updated in the Pleiades.

The scope of the "social" indicators is as follows:

- "Group": AFD, PROPARCO and Instituts d'Emission headquarters (100% of Group headcount);
- "France": all employees under French law at the AFD, PROPARCO and Instituts d'Emission headquarters and agencies, excluding local staff in the agencies.

8.11 REPORTING ON IN-HOUSE ENVIRONMENTAL RESPONSIBILITY

The data collected cover the period from 1st January of year N to 31st December of year N. Reporting on this data is conducted annually and covers the scopes 1, 2 and 3 of the Greenhouse Gas (GHG) Protocol.

Two types of scope of study are taken into account to conduct the environmental assessment:

→ An “organizational scope” reflecting the structural and legal organization of the institution (inventory of the sites and entities concerned);

→ An “operational scope”, which defines the types of sources to be taken into account on a given site. To represent AFD’s operations and activities, the decision was made to apply the operational control approach. Consequently, the entities to be included are all the entities where AFD has the power to modify the operational policies.

A *Bilan Carbone®* (carbon footprint assessment) is an estimate, not an exact calculation of greenhouse gas emissions. The carbon equivalent of the gases identified is an approximation. The level of uncertainty varies depending on whether or not the data (for example, waste, freight) is hypothetical. The result of the *Bilan Carbone®* of the headquarters is known with an uncertainty of around 20%.

To be eligible for the “*Bilan Carbone®*” certification, the assessment of AFD’s GHG emissions takes into account all the sources of emissions (direct or indirect).

The environmental reporting of the network of agencies abroad is mainly based on a questionnaire, which is available on an online platform. The agency’s *Bilan Carbone®* reference person, who has previously been identified and authorized to feed into the questionnaire, is responsible for collecting data. Following the collection phase, the data are aggregated to develop a network *Bilan Carbone®*. It is sometimes difficult to obtain certain data due to the economic or structural context of agencies (complicated geopolitical framework, difficulties to access information, joint property ownership...). The indicators relating to the number of officers have been calculated on an average Full-Time Equivalent (FTE) basis, excluding service providers.

The scope of “environment” indicators is as follows:

→ **Group:** AFD, PROPARCO and Instituts d’émission (100% of Group headcount);

→ **AFD:** AFD headquarters and agencies (87.12% of Group headcount);

→ **Headquarters:** AFD and PROPARCO headcount (55.99% of Group headcount);

→ **AFD headquarters:** only AFD headquarters, including the Marseille site and excluding PROPARCO (47.89% of Group headcount);

→ **AFD Paris headquarters:** AFD headquarters, excluding the Marseille site: Barthes, Mistral and Vivacity buildings (47.06% of Group headcount);

→ **France :** all employees under French law, headquarters and agencies, AFD, PROPARCO and Instituts d’Emission, excluding local agency staff.

8.11.1 Information system

The data provided are established on the basis of exchanges with the resource persons from the departments and local agencies concerned, and using various documents (contracts, project sheets, reports, invoice statements and management systems). Monitoring dashboards for environmental indicators, which are validated during committee meetings, are also reporting tools to trace the data transferred and ensure it is reliable.

The data collection process requires the contributors to collect and consolidate, where necessary, the activity data according to the defined scope. They ensure that these data are consistent.

Various tools support the preparation of the assessment of the GHG emissions of the headquarters: collection sheet, consolidation tool and the *Bilan Carbone®* spreadsheet of the Bilan Carbone Association (ABC). A management and support tool is made available to contributors in the network: an online platform allows the data from the contributors of each agency to be collected and consolidated.

8.11.2 Comments by type of data

Professional travel

Scope of data: “Headquarters”

Professional travel includes travel by train and plane.

It is mainly managed by the service provider Amex, which provides an annual extraction from its system, including the number of kilometers travelled by officers from the headquarters of AFD (Mistral, Barthes and Vivacity) and PROPARCO and by type of transport (plane and train), and the class in which the employee travelled. The Amex reporting can include data on travel by consultants (excluding officer staff). This travel is estimated at less than 3% of the data provided by Amex. Additional reporting is conducted in order to report on travel by CEFEB officers and missions entrusted to consultants.

APPENDIX 1: LIST OF MAIN INTERNET LINKS

• **AFD Group Corporate Social Responsibility:**
<https://www.afd.fr/en/responsible-development>

• **CSR Action Plan, 2014-2016:**
<https://www.afd.fr/sites/afd/files/2017-08/RSO-plan-action.pdf>

• **AFD Group's transparency and dialogue policy:**
<https://www.afd.fr/sites/afd/files/2018-03-10-04-11/politique-transparence-afd.pdf>

• **Ethics Charter:**
<https://www.afd.fr/en/ethics-charter-afd-group>

• **Environmental and social risk management policy related to AFD-funded operations:**
<https://www.afd.fr/en/environmental-and-social-risk-management-policy-afd-funded-operations>

• **General policy on combating corruption, fraud, anti-competitive practices and AML/TF:**
<https://www.afd.fr/fr/lutte-contre-la-corruption-politique-generale-de-laafd-et-de-proparco-2013>

• **Sectoral Intervention Framework "Energy" 2012-2016:**
<https://www.afd.fr/fr/cadre-dintervention-energie-2012-2016>

• **Crosscutting Intervention Framework "Gender" 2014-2017:**
<https://www.afd.fr/fr/cadre-intervention-genre-reduction-inegalites>

• **Sectoral Intervention Framework "Food Security in Sub-Saharan Africa" 2013-2016:**
<https://www.afd.fr/fr/cadre-dintervention-securite-alimentaire-en-afrique-subsaharienne-2013-2016>

• **Crosscutting Intervention Framework "Biodiversity" 2013-2016:**
<https://www.afd.fr/fr/cadre-dintervention-biodiversite>

• **Crosscutting Intervention Framework "Climate-Development" 2017-2020:**
<https://www.afd.fr/en/climate-development-strategy-2017-2022>

• **AFD's Code of Conduct for Buyers:**
<https://www.afd.fr/sites/afd/files/2018-04-04-01-36/code-conduite-achat-pour-agents-dcp-afd.pdf>

• **Annual Report 2016:**
<https://www.afd.fr/sites/afd/files/2017-07/AFD-rapport-annuel-2016.pdf>

• **Registration Document 2017:**
<https://www.afd.fr/en/2017-registration-document>

• **Activity Data Report, 2012-2016:**
<https://www.afd.fr/media/download/4083>

APPENDIX 2: AFD GROUP'S CARBON FOOTPRINT

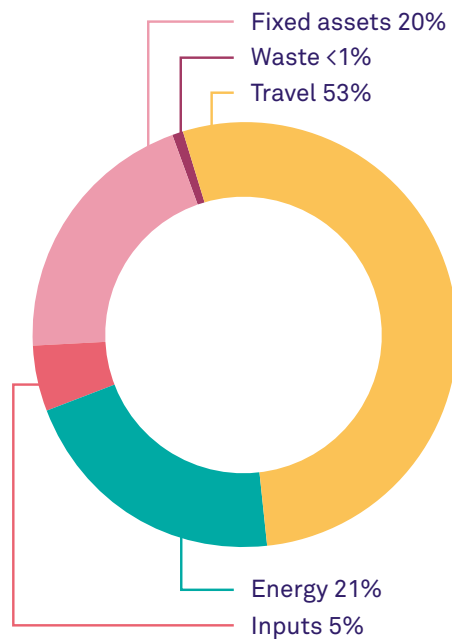
Headquarters 2017 carbon footprint:

total emissions: 21,370 TeqCO_2



Network 2016 carbon footprint:

total emissions: 11,020 TeqCO_2 ⁸⁷



⁸⁷ As the 2017 GHG emissions of the network are being assessed at the time of the publication of this report, the data reported below are for 2016. They are based on the assumption of an average of 145 Teq CO_2 by agency (distribution as a % per item), i.e. a total of 11,020 Teq CO_2 . By extrapolation of 2016 data, the greenhouse gas emissions of the network in 2017 are estimated at 11,020 Teq CO_2 (i.e., stable between the two years).

APPENDIX 3:

Climate Bond Reporting

2017

#WorldInCommon



CONTENTS

CLIMATE BOND **REPORTING** | 2017



03 **Focus** 2017 green
bond market

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framework

04 **Climate**
at AFD

07 Climate **assets**
and **liabilities**

AGENCE FRANÇAISE DE DÉVELOPPEMENT

Focus 2017 Green Bond market

2017 *was once again a particularly dynamic year regarding green bond issues, especially for French issuers.*

Indeed, green bond issues continued to grow in 2017, from US\$88bn in 2016 to US\$155bn.

A significant share of volumes is based on three countries: France, China and the USA.

Issuers from these three countries account for 56% of the total volume of green bonds. The base of issuers has been extended both at geographical level (10 new countries of issue out of 37 in 2017) and in terms of type of issues (with ABS and MBS in addition to senior bonds).

The fields of renewable energies and low-carbon constructions account for the most significant share of financing through green bonds.

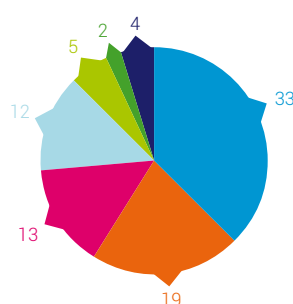
AFD Climate Bond issue in 2017



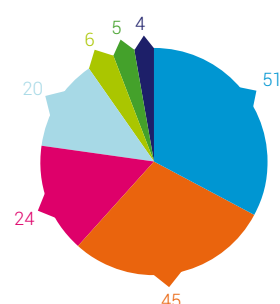
€750m

Breakdown of the use of proceeds from green bonds

2016 = US\$88bn



2017 = US\$155bn



- Renewable energies
- Low-carbon buildings and energy efficiency
- Clean Transport
- Sustainable water management
- Sustainable waste management
- Sustainable land use and forestry
- Adaptation

Source: CBI Green Bonds highlights 2017.

Within the European Union, France has demonstrated its involvement and support for green finance by being one of the first sovereign to issue a green bond. It was issued in the first quarter of 2017 for €7bn and has been tapped up to €9.7bn at the end of the year. This major issue makes France the leader among green bond issuers in 2017 in terms of volume.

In this context, AFD followed the french dynamics. The work done in 2014 for the first Climate Bond has been used to build a Climate Bond Framework. A new issue of Climate Bond took place under this program for €750m in November 2017.

Climate at AFD

***F**ight against climate change is central to AFD's strategy. Indeed, AFD aims to promote sustainable development paths, from an economic, social and environmental perspective, in its geographical areas of operation. Its mandate combines the fight against poverty and the fight against climate change, as well as the protection of the environment and biodiversity.*



Bolivia
Sustainable agriculture in Bolivian family systems.

AFD's actions on this theme are based on three areas:

- **climate change mitigation**, i.e. the limitation of greenhouse gas emissions;
- **adaptation to climate change**, i.e. the reduction in the exposure and vulnerability of territories to climate hazards;
- **support to States, local authorities and territories** in the implementation of low-carbon and climate-resilient development paths.

All of AFD's financial tools (loans, budget support, guarantees, equity investments, project grants and technical assistance) are mobilized to finance projects with climate co-benefits (so called "climate projects"). To finance these projects, AFD mobilizes resources from financial markets and in some cases resources from European and international donors, such as the Green Climate Fund.

In 2012, AFD made the commitment to have at least 50% of its annual financing in foreign countries with climate co-benefits. It aims to achieve €5bn of commitments per year for the climate by 2020.

Since 2005, over €29bn have been committed for projects with climate co-benefits.



For further information about the Climate activity in AFD Group:

<https://www.afd.fr/en/page-thematique-axe/climate>

Climate Bond framework

Fight against climate change is a major issue for AFD Group, which explains the choice of issuing bonds under the specific “climate” format rather than using the broader term “green bond issue”.

AFD made its first climate bond issue in September 2014. It was already based on the conviction that AFD’s role as a development bank and an actor in the fight against climate change should feed into its positioning as an issuer, firstly in order to contribute to directing financial flows towards a greener economy and, secondly, to support the development of demanding standardized practices on the green bond market.

In addition, the structure of the 2014 climate bond complies with the framework of the Green Bond Principles (“GBP”). GBP being the use of proceeds, the management of proceeds, the evaluation process and the reporting. Besides, AFD became a member of the Green Bond Principles in 2017.

On the same year, AFD set up a Climate Bond Framework for its thematic issues for the purposes of standardization and

supervision (<https://www.afd.fr/sites/afd/files/2017-10/afd-climate-bond-framework.pdf>)

This framework aims to define the characteristics of projects eligible for refinancing by its thematic bond issues. It capitalizes on the work conducted in 2014, by extending the characteristics of the use of funds in order to better reflect the reality of AFD’s action to fight climate change.

This Climate Bond Framework is aligned with the Green Bond Principles and has also been reviewed by the independent studies institute Cicero, which certified it as a Medium Green program (<https://www.afd.fr/sites/afd/files/2017-10/cicero-second-opinion-afdclimate-bond-framework.pdf>).

The projects eligible for financing from climate bond issues have the following characteristics

- Loans backed to market resources
- Direct loans or bank intermediation loans (credit lines)
- Loans registered in one of the following three categories:

Category	Definition	Eligibility criteria	Sectors
Mitigation of greenhouse gas (GHG) emissions	A project contributes to mitigation when it reduces GHG emissions compared to a baseline situation without a project.	(1) the estimate of the carbon footprint of the project demonstrates that it results in the reduction or avoidance of GHG emissions, superior to 10,000 teq CO ₂ /year	Renewable energy, transport, energy efficiency, fuel switch, biological sequestration
	AFD’s methodology is in strict compatibility with the <i>Common Principles for Climate Mitigation Finance</i> Tracking approved by the International Development Finance Club (IDFC) and multilateral development banks (MDBs).	The ex-ante carbon footprint analysis will be provided by financial intermediaries; the eligibility criterion remains unchanged at 10,000 teq CO ₂ /year	Intermediated bank credit lines for renewable energy and energy efficiency projects

Category	Definition	Eligibility criteria	Sectors
Adaptation to climate change	<p>A project (or project component) contributes to adaptation when it limits or reduces the vulnerability of assets, people and ecosystems to the consequences of climate change.</p> <p>AFD's accounting approach for adaptation financing is based on the Common Principles for Climate Change Adaptation Finance Tracking approved by the International Development Finance Club (IDFC) and multilateral development banks (MDBs).</p>	<p>A project (or project component) is accounted as "climate/adaptation" on the basis of:</p> <p>(1) the analysis of the context of vulnerability to climate change in the project implementation area;</p> <p>(2) the demonstration of the beneficial impact of the actions planned by the project on the issues of vulnerability to climate change identified in the area; and</p> <p>(3) the fact that the project documentation sets out the clear objective of addressing the identified climate risks and vulnerabilities to climate change.</p>	<p>Water and waste management</p> <p>For example: flood protection, sustainable forest management...</p>
Mixed	Projects which contribute to both mitigation of GHG emissions and adaptation to climate change.	Projects which reduce GHG emissions and increase resilience to climate change.	Sectors above

AFD has defined a portfolio of eligible climate projects which is backed to climate bond issuance.

*AFD will keep a buffer on the assets side to ensure that the **outstanding amount** of the bonds never exceeds **75% of the portfolio of eligible climate projects**.*

That allows AFD to have a buffer in case of early redemption for example.

The eligible climate projects are initially subject to an appraisal process applied to all AFD-funded projects.

They are first identified as being eligible in terms of AFD's financing activity and follow the various stages of appraisal, during which the climate impacts, but also the social and governance impacts, are reviewed by the expert teams in charge of these aspects.

Once the projects have been approved, they can then be integrated into the climate project portfolio eligible for climate bond issues.

A specific committee, COSOC (Climate Bond Monitoring Committee), has been set up and meets at least twice a year. It is chaired by the Financial Department.

It is attended by the treasury, financial communication, climate expertise and ESG teams of AFD and Proparco.

COSOC's role is to review the climate project portfolio. It approves the addition of new projects and the exit of any projects which are no longer eligible. It also validates the reporting items. These items are also reviewed annually by the auditors.

Climate assets and liabilities

AFD Climate Bond

The two AFD climate bond issues amount to a total of €1.750bn and have the following financial characteristics:

ISIN	Issue	Maturity	Currency	Amount	Coupon
XS1111084718	17/09/2014	17/09/2024	EUR	1bn	1.375%
FR0013296373	15/11/2017	15/11/2023	EUR	750m	0.125%

Climate Project Portfolio

As of 31/12/2017, the Climate Project Portfolio of assets was composed of 105 projects with an outstanding amount of €2,751,149,153.00 out of a total commitment of €5,121,910,231.00.

On the same portfolio, as of 31/12/2016, the outstanding amount stood at €2,397,249,834.00 for 91 projects.

Breakdown of the outstanding amount of the Climate Project Portfolio by type

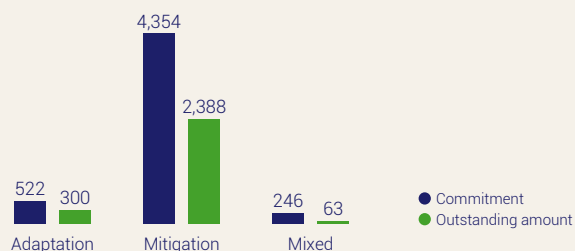
	Number of projects	Outstanding amount (EUR)
Mitigation	83	2,387,811,039
Incl. credit lines	4	123,785,559
Adaptation	15	300,266,768
Mixed	7	63,071,346
TOTAL	105	2,751,149,153

AFD's Climate Project Portfolio as of 31/12/2017



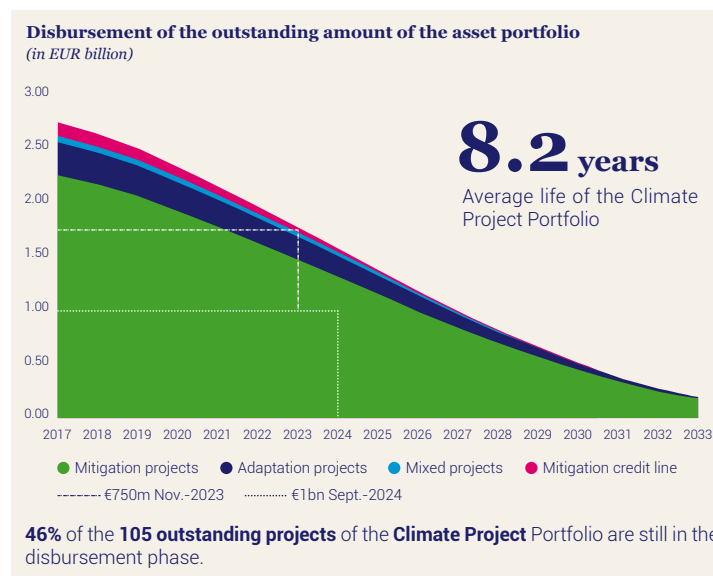
105
projects
€2.75bn

Breakdown of the outstanding amount and of the total commitment of the Climate Project Portfolio (in EUR M)



Projected view of the Climate Project Portfolio and AFD's Climate Bonds

As of 31/12/2017, bond issues accounted for 64% of the outstanding amount of assets.



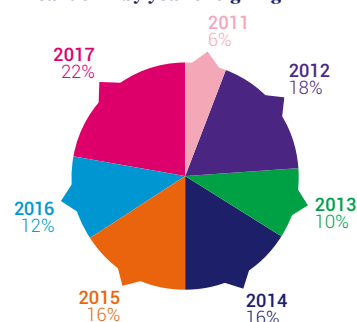
Breakdown by year of signing

25 eligible projects may be added to the 105 projects identified and backed to the portfolio of assets as of 31/12/2017. They have been signed but there has not been any disbursement yet.

All of these 130 projects taken together amount to a total commitment of €6,275,188,976.00.

The breakdown of this commitment by year of signing is as follows:

Breakdown by year of signing



Breakdown of the outstanding amount by geographical area and sector

Number of projects by sector and geographical area



Number of projects and outstanding amount by sector and geographical area

Number of projects Outstanding amount (EUR)	Biological sequestration	Energy efficiency	Fuel Switch	Renewable energy	Transport	Adaptation	Biodiversity protection	OVERALL TOTAL
Asia	3 = 44,945,051	9 = 98,038,721	2 = 53,586,965	5 = 99,755,701	5 = 377,100,811	7 = 107,787,925	2 = 11,385,794	33 = 792,600,968
Overseas France				3 = 19,016,942				3 = 19,016,942
Latin America and Caribbean		2 = 92,608,924		19 = 215,177,495	4 = 461,738,129	1 = 83,298,626		26 = 852,823,174
Mediterranean		4 = 41,301,916		10 = 162,284,393	10 = 519,843,030	5 = 69,542,761		29 = 792,972,101
Sub-Saharan Africa		6 = 139,838,452	1 = 66,316,677	5 = 47,943,381		2 = 39,637,457		14 = 293,735,968
TOTAL	3 = 44,945,051	21 = 371,788,014	3 = 119,903,642	42 = 544,177,913	19 = 1,358,681,970	15 = 300,266,768	2 = 11,385,794	105 = 2,751,149,152

Mitigation projects

The projects selected allow annual saving of at least 10,000 tons of CO₂ per project.

The carbon assessment is conducted ex ante using the methodology developed by AFD, which is based on the following principles:

- the calculation of the carbon footprint aims to estimate the net emissions generated or reduced by a project by calculating the differential of emissions between those generated by the project and those of a baseline situation;
- the baseline situation used is the "without a project" situation and not an alternative project (except for renewable energy

projects, where the comparison is made with an "electricity mix" from 20% of the best projects in their category over the past five years in the country);

- the main emission items taken into account in the calculation include direct and indirect emissions of projects (extensive approach);
- the calculation concerns GHG emissions throughout the life of projects.



To find out more about the methodology adopted by AFD Group, please consult: <https://www.afd.fr/en/page-thematique-axe/climate> (Impact Measurement section).

Breakdown of CO₂ savings by region and geographical sector:

	Biological sequestration	Energy efficiency	Fuel switch	Renewable energies	Transport	Biodiversity protection	TOTAL
Asia	450,000	1,441,000	491,500	1,329,227	542,000	57,000	4,310,727
Overseas France				30,000			30,000
Latin America and Caribbean		510,000		1,495,998	68,619		2,074,617
Middle East and Mediterranean		497,000		824,300	356,000		1,677,300
Sub-Saharan Africa		1,440,014	160,000	1,180,000			2,780,014
TOTAL	450,000	3,888,014	651,500	4,859,525	966,619	57,000	10,872,658



Ouarzazate solar power plant in Morocco

Morocco suffers from significant energy dependence which, combined with the upward trend for oil prices, puts a heavy strain on the country's budget. Morocco is also one of the sunniest countries in the world and its desert areas are highly suitable for concentrated solar power plants.

Consequently, in 2009, the Government launched the Moroccan Solar Plan, with the objective of generating 2,000MW of solar electricity by 2020. The aim is to supply the local market and export to Europe. The construction of the concentrated solar power in Ouarzazate, in which AFD participated in 2011 through a €100m loan for the 1st phase, fits in with this context. In the long term, the power plant is expected to reach a capacity of 500MW, meaning it would reduce annual CO₂ emissions by about 900,000 tons, while reducing the negative impact that imported fossil fuels have on the State budget.

Adaptation projects

Adaptation projects contribute to reducing the vulnerability of goods, persons or ecosystems to the impacts of climate change. Unlike mitigation, there is no “simple” quantified indicator to measure the impact of actions financed for adaptation to climate change. Pending the definition of exploitable and aggregatable indicators, the descriptions of adaptation projects backed to climate bond issues is available on AFD’s website.

Review of adaptation projects backed to climate bonds:

Signing date	Country	Description	Link to project summary sheet	Outstanding amount as of 31/12/2017	Credit available in EUR
10/02/2015	VIETNAM	Hydroagricultural infrastructure in the provinces of Binh Dinh and Hung Yen	https://www.afd.fr/fr/print/pdf/node/3347	1,120,210.00	17,680,000.00
21/07/2015	CONGO	Stormwater drainage in Brazzaville – phase 2	* Forthcoming	3,346,342.09	58,668,437.00
25/11/2014	TUNISIA	Sanitation in poor neighborhoods 2014-2018	https://www.afd.fr/fr/print/pdf/node/3482	5,000,000.00	25,000,000.00
11/10/2015	JORDAN	Water abstraction, treatment and pumping in the Jordan Valley, via the Wadi al Arab, to supply the governorates of Irbid, Ajloun and Jerash.	https://www.afd.fr/fr/print/pdf/node/3265	17,492,711.00	18,325,697.00
04/04/2016	PHILIPPINES	Facility dedicated to resilience and post-natural disaster reconstruction	https://www.afd.fr/fr/print/pdf/node/3153	50,000,000.00	-
05/09/2016	VIETNAM	Construction of a sluice dam on the Vac River (Ninh Binh Province), Rehabilitation of the irrigation system/ drainage in the north of Thach Ha District and surfacing of the banks of the Can Tho River.	https://www.afd.fr/fr/print/pdf/node/3268	538,712.91	51,811,287.00
29/06/2017	MOROCCO	Project for the development of irrigation and adaptation of agriculture to climate change (PDIA-CC) downstream from the Kaddoussa dam	* Forthcoming	7,000,000.00	33,000,000.00
23/08/2017	CAMBODIA	Support for actors of the hydroagricultural sectoral policy	https://www.afd.fr/fr/print/pdf/node/3611	1,000,000.00	-
06/12/2017	MOROCCO	Blue credit line to BMCE	* Forthcoming	50,000.00	10,000,000.00
10/12/2012	COLOMBIA	Water resources management	https://www.afd.fr/fr/print/pdf/node/3781	83,298,625.57	-
23/12/2013	CAMBODIA	Loan-Support for the sectoral policy for sustainable water resources management and hydroagricultural developments	https://www.afd.fr/fr/print/pdf/node/3611	20,000,000.00	-
22/05/2012	TUNISIA	SONEDE program to secure drinking water production	https://www.afd.fr/fr/print/pdf/node/3480	40,000,050.00	-
07/09/2012	VIETNAM	Financing for water resources project	* Forthcoming	15,129,001.66	4,871,078.12
31/08/2011	VIETNAM	Strengthening of water resources and rehabilitation of irrigated systems	https://www.afd.fr/fr/print/pdf/node/3470	20,000,000.00	-
16/05/2011	SOUTH AFRICA	Transfer of raw water to supply Durban's raw water	https://www.afd.fr/fr/print/pdf/node/8017	36,291,115.00	-

India

The New Era solar power plant supplies 10MW of energy to surrounding areas.



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www.afd.fr/en/investors-page

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