

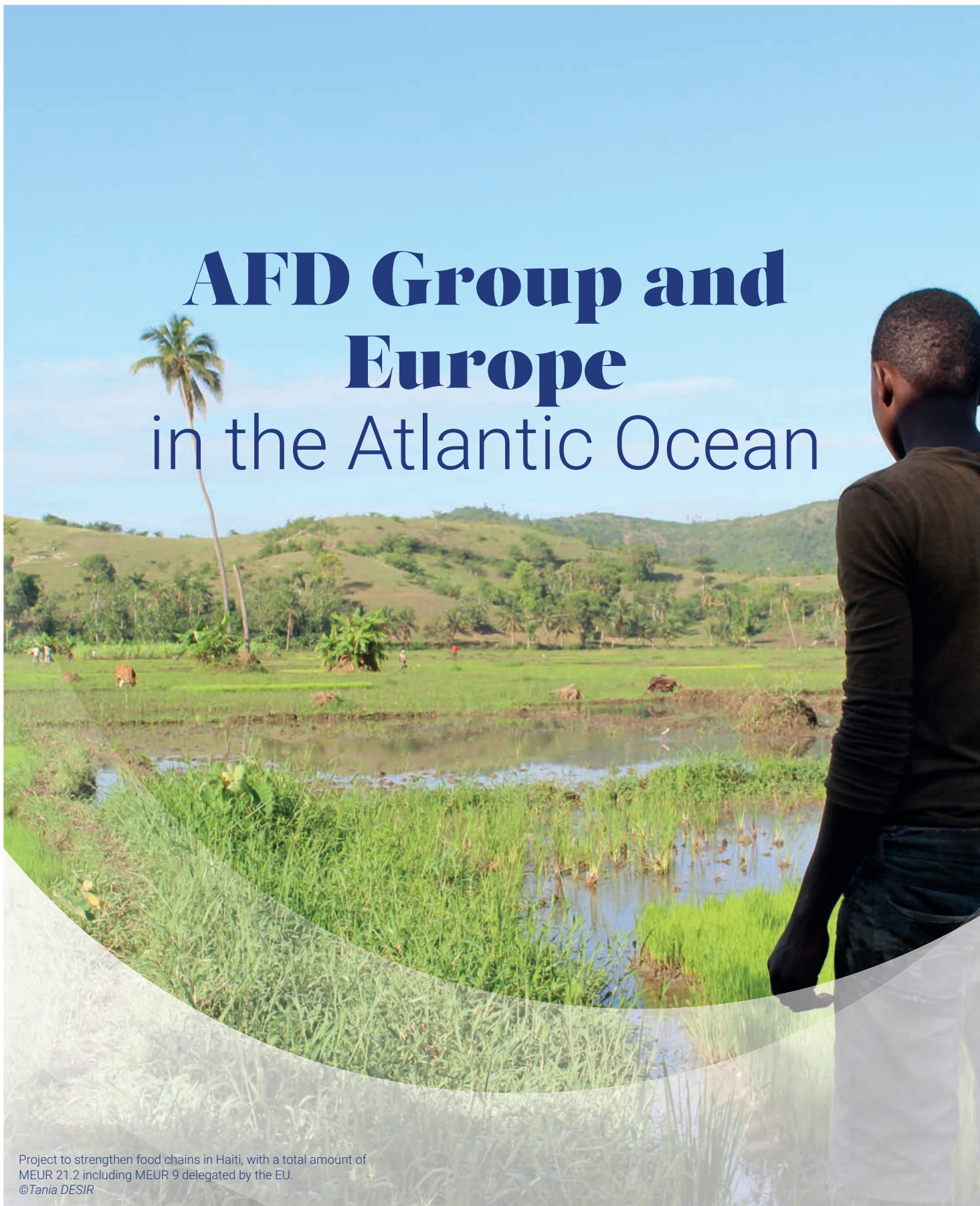


RÉPUBLIQUE  
FRANÇAISE

*Liberté  
Égalité  
Fraternité*



# AFD Group and Europe in the Atlantic Ocean



Project to strengthen food chains in Haiti, with a total amount of  
MEUR 21.2 including MEUR 9 delegated by the EU.  
©Tania DESIR

#WorldInCommon



# The power of European partnership



**14 years**  
*of partnership*



**60**  
*countries supported*

**Guided by shared convictions, AFD and the European Commission (EC) have worked together since 2008 to boost the impact of their funding and the effectiveness of development aid. They form a key partnership for achieving Sustainable Development Goals (SDG).**

AFD has been authorized to manage European funds since 2008. In those fourteen years, it has become a leading partner for the Commission. During the last European financial framework (2014-2020), the Commission entrusted €2.8 billion to AFD. In so doing, it improved the impact of more than 220 projects supporting citizens in some sixty countries.

The strength of this partnership lies in the impressive similarities in the institutions' strategic visions and the productive dialogue between their teams. In Brussels and on the ground, AFD and the EC benefit from a network of local representatives that is unparalleled in the European family.



Project to improve food security and reduce poverty in rural areas of Haiti.  
©Chantal Regnault

## A wide range of tools and a leverage effect

The partnership takes the form of a wide range of funding arrangements adapted to the situations and needs of the counterparties. This includes the delegation of grants, including through trust funds, backing AFD loans with European grants, and the roll-out of a portfolio of operations benefiting from European guarantees.

Whenever possible, the two institutions seek to structure their interventions through blending facilities, which help make the most of European grants due to the leverage effect for donors' loans. Between 2014 and 2020, €9 billion in AFD loans and grants were thus mobilized alongside nearly €1.6 billion from the European Commission to fund development efforts in nearly 60 countries in Africa, the Mediterranean region, Asia-Pacific, Latin America, and the Caribbean. AFD's level of involvement has positioned it as the leading bilateral partner of the Commission in the area of blending facilities, and the number two partner behind the European Investment Bank.

In 2017, AFD was also keen to participate in the launch of the European Fund for Sustainable Development (EFSD) aimed at using innovative guarantee mechanisms to support investment in Africa and in the EU's neighboring countries to achieve sustainable development goals, particularly the goal of ending poverty. AFD was once again among the Commission's first partners in the design of these new tools and ranked second in terms of liquid guarantees to benefit developing countries.

In order to further support its positions, AFD Group has created alliances through inclusive platforms, including the strengthened partnership of bilateral financial development institutions (AFD, KfW, CDP et AECID), the network of European Development Finance Institutions (EDFI), the

International Development Finance Club (IDFC) and the Practitioners' Network, which was chaired by Expertise France from 2018-2019. Proparco also helps develop European tools that benefit several development finance institutions.

## #TeamEurope: an even stronger partnership

Building on this experience and network, AFD Group will expand this partnership strategy with the #TeamEurope approach, aimed at reinforcing synergies and involving all stakeholders in the implementation of the European development agenda, in keeping with the principles of coherence, coordination and aid effectiveness.

With the integration of Expertise France, accredited by the EC as of 2011, the range of AFD Group's tools has expanded in order to better support counterparties in their efforts to achieve the targets set by Agenda 2030 and the Paris Agreement.



€2.8  
billion



220  
projects

# “An insight from...

**More coherence, more funding solutions, more flexibility: based on these shared convictions, AFD Group and the European Commission have been strengthening their partnership since 2008 to increase the effectiveness of their inclusive investment. Katarina Mathernova and Koen Doens share their perspectives on AFD.**

## Katarína Mathernová

**The Directorate-General for Neighborhood Policy and Enlargement Negotiations (DG NEAR) is one of AFD Group's main partners on the European level. Katarina Mathernova, its Director-General, shares her feedback on the occasion of the French Presidency of the Council of the European Union.**



**Partnerships with financial institutions have always been a priority for you. What lessons have you learned from the one with AFD?**

AFD Group is a key stakeholder in the Neighborhood and Enlargement regions, especially south of the Mediterranean and in Turkey, but also in the East and the Balkans. DG NEAR helps Europe open up to the world. We provide support for candidates for EU membership and build strong ties with our immediate geographical neighbors. From Rabat to Yerevan, to Cairo, Kiev and Belgrade, we face a wide range of challenges! Since 2008, our partnership has produced a volume of activity amounting to roughly €800 million covering the areas of energy, transport, urban development and the social sectors. AFD Group has therefore been our second largest partner in southern neighborhood countries. In addition to blending facilities, AFD Group is leading a new guarantee instrument for the European Fund for Sustainable Development (ESFD), which includes, among others, an operation signed in December 2020 in the agricultural sector covering the NEAR region.

**How do you see the future of this partnership ?**

The pandemic we are facing reminds us that we must work together to overcome challenges. Mobilization around the Team Europe initiative now amounts to €36 billion, of which €11.7 billion earmarked for DG NEAR. And that was from only a few months!

To effectively roll out operations on the ground, we must act pragmatically by attracting all the necessary resources, both public and private. We are calling on AFD Group to join us in supporting the Economic Investment Plans we have established with our partner countries in the South, East and in the Balkans.

AFD Group's strong presence in the countries in this region is a considerable asset. Its expertise in financial innovation is also valuable in this context. We hope to enhance the leverage effect by confirming the potential of the "guarantee" tool to support climate, environmental, digital and social transitions.

In creating the EFSD, the Commission entered the guarantee market, with over €1.5 billion signed in December 2020. With the FEDD+, we are seeking to become a key player in this field. The Multiannual Financial Framework for 2021-2027 and the new Neighborhood, Development and International Cooperation Instrument (NDICI) provide us with the necessary resources, with a total volume of guarantee coverage amounting to €53 billion. Together, we will make an impact and achieve the desired political results.

# ●●● Koen Doens

The AFD Group and European Union partnership : a key structuring component of the new Team Europe.

**The partnership between AFD Group and the European Union now finds itself at a pivotal moment as Team Europe takes shape, introducing a new European geopolitical ambition and a drive for increased cooperation. Koen Doens, Director-General for International Partnerships (DG INTPA) at the European Commission, offers his insight.**



**The European financial framework for 2014-2020 was marked by the introduction of numerous funding solutions. How do you view AFD Group's contribution to this movement ?**

I have a positive and attentive view. For us, AFD Group is a preferred partner for the support of public development policies and the stabilization of the most vulnerable areas. AFD Group is one of the leading providers of budget support in the world and we are working together in close collaboration to better respond to the needs of our partner countries.

The response to the COVID-19 crisis offered an opportunity to intensify this cooperation. This response was part of the Team Europe approach, which has become the backbone of European Union programming for 2021-2027. By combining our collective actions throughout the European Union with the work of Member States in their bilateral actions, we create a broad system that is greater than the sum of its parts.

**As you know, AFD Group is expanding to integrate Expertise France. What are your thoughts on this ?**

The European Commission is following this French integration approach with great interest. This strategy echoes the search for more concerted efforts, embodied in Team Europe. These developments are part of a

more strategic approach, and both reflect the conviction that "working together" leads to greater effectiveness and results.

AFD Group's expansion will therefore allow the European Commission to cooperate with a stakeholder with a holistic strategy, with access to a wide range of valuable assets: extensive experience in the development field, multisectoral expertise, a significant presence in the field and in-depth knowledge of our partner countries.

**What are your expectations of AFD Group regarding the new European financial framework for 2021-2027 ?**

The Team Europe format provides the EU and its Member States with the opportunity to boost our collective impact and visibility. Our partnership with AFD Group will help us translate this approach into concrete actions. This involves implementing the common vision for a recovery that is sustainable, inclusive, green and digital. AFD Group will be able to simultaneously help stimulate investments in our partner countries, while also providing technical assistance to support these dynamics.

Through Team Europe initiatives, for which AFD provides design and funding assistance, our goal is to gather the forces of European cooperation around truly transformational projects that support our partner countries. AFD's involvement in this cooperation offers access to a comprehensive range of instruments, methods and resources. In addition, AFD Group's presence on the ground is a major asset.

This strengthened partnership with AFD Group is also important because of the precedent it sets. We wish to move towards greater cooperation of this type for the purpose of gaining greater effectiveness and enhancing our impact.

**“AFD Group's presence on the ground is a major asset.”**

Haiti

Dominican  
Republic

Saint-Pierre  
et-Miquelon

Guadeloupe

Martinique

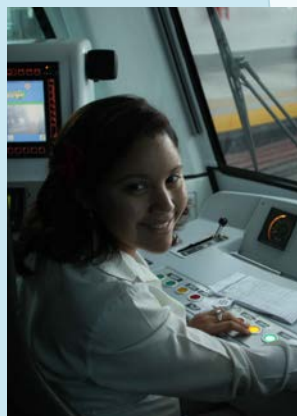
Guyana

Suriname

French Guyana

# AFD Group and Europe in the Atlantic Ocean

**AFD's Atlantic Ocean Regional Directorate based in Fort-de-France covers 16 territories of the Caribbean with settlements in 4 overseas territories and 3 foreign states. With its subsidiaries Expertise France and Proparco, the Group offers a wide range of financial instruments and technical expertise. Expertise France can intervene in all Caribbean islands.**



Financing of the optimisation of the Santo Domingo subway on EU delegated funds. ©Franck Galbrun

In 2020, 67 new projects were funded in the area for MEUR 465. Priority was given to health, infrastructure and urban development, digital technology and agriculture. The Group also seeks to support the preservation of biodiversity, ecosystems and natural resources, as well as territorial development. In total, almost EUR 3 billion in financing has been provided for 600 projects in the region over 10 years.

The EU is a privileged partner through its delegations. Several key projects are co-funded or, more rarely, fully funded on EU delegated funds.

# Since 2009



**25**

Number of projects



**MEUR 219.1**

Amount of the delegated funds by the EU to AFD Group in the region



**33**

Number of beneficiary countries

*EU funds were used to support MEUR 947.4 in funding from the AFD Group and its partners.*



#### **What is the AFD Group's strategy in the region ?**

*The Group develops cooperative activities aimed at pooling resources, limiting the spread of negative externalities from one territory to another and sharing know-how on subjects of common interest.*

*In particular, the Group seeks to maximise the co-benefits of the climate and social operations it finances, in order to contribute to the reduction of socio-economic and gender inequalities, as well as to a resilient and low-carbon development trajectory.*

#### **How important is the partnership with the European Union ?**

*The AFD Group with the EU institutions partnership allows to change scale and have more impact during the construction and implementation of our projects. Through its delegated resources or co-funding, the EU supports us in various strategic sectors of the region, such as the preservation of biodiversity and ecosystems, health, sustainable mobility and transport, resilient urban development, or food security.*

#### **How has your partnership with the EU increased aid effectiveness in the face of the COVID-19 in the region ?**

*The global economic crisis due to the COVID-19 pandemic has not spared the countries where the Group intervenes in the Atlantic region. All the economies of the region, highly dependent on external tourism, have been exposed to the pandemic. Thanks to the EU, funding was allocated from the beginning of the crisis, with the support of governments and the Caribbean Public Health Agency (CARPHA).*

#### **La Cognata Philippe**

**Regional Director in the Atlantic Ocean —**



Regional Atlantic Ocean plastic waste management project on EU delegated funds



# ACCESS TO WATER FOR EVERYONE

**Two billion people do not have access to good-quality drinking water services and more than one in two people in the world do not have access to adequate sanitation. Water-related interventions affect numerous other issues: health, food security, biodiversity, gender equality, and living conditions of disadvantaged individuals. In light of these realities, AFD Group and the**

**European Commission are mobilizing to improve the delivery of water and sanitation services for communities, both in major urban centers, rural areas, and regions affected by crises. These interventions are designed taking into account climate risks, such as flooding, and can propose the development of innovative solutions, such as reusing wastewater for agriculture.**



©INAPA



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## Improving access to clean water and sanitation

**This program is carried out in the Dominican Republic by the National Institute of Drinking Water and Sanitation (INAPA), which covers all cities without their own operator, and by the Corporation of Drinking Water and Sanitation of Santiago (CORAASAN). The AFD loan of MUS\$ 50, backed by a grant of MEUR 10 from the EU, supports in particular the sanitation project for five provinces and the establishment of technical assistance to INAPA. In addition, it contributes to the financing of the rehabilitation and extension of the drinking water system in the province of Santiago, the country's second province, and provides technical assistance to CORAASAN to improve its commercial management.**



## Sustainably supply Suriname with drinking water

**The project, supported by a loan of up to MEUR 12.5 by AFD and MEUR 3 in EU delegated grants, aims to double the production capacity of the Van Hatteweg drinking water treatment plant (up to 2000 m<sup>3</sup>/h), by setting up new boreholes for a renewable aquifer. A second objective is to build a surface water treatment plant with a capacity of 200m<sup>3</sup>/h in Moengo. This station will distribute drinking water to 10 surrounding villages by connecting them to the Moengo station. EU and AFD fundings thus contribute to the well-being of a growing urban and rural population by providing it with access to quality drinking water produced from sustainably managed resources.**





# WORKING TOGETHER TO IMPROVE ACCESS TO HEALTHCARE

Access to good-quality health care and social protection for all, the reduction of infant and maternal mortality, and resilience to climate change represent major modern-day challenges. Health and social protection issues lie at the crossroads of demographic, economic and environmental challenges. AFD Group is committed to supporting demographic and social transitions.

Since 2014, AFD has made every effort to encourage the delegation of increased European funding to health issues in order to ensure access to healthcare for the poorest and most vulnerable individuals. Since health is a resilience factor, AFD manages European grant funding aimed at responding to these multi-faceted issues.



©AFD



©CARPHA



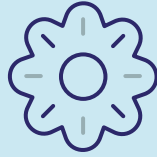
## COVID19 public policy-based loan to the Dominican Republic government

This programme, financed by AFD (MUSD 236) and the Interamerican Development Bank (MUSD 250), is a public policy-based loan focused on the health and social protection sectors, in response to the COVID-19 pandemic. It is structured around a public policy matrix with the objectives of supporting the most vulnerable populations, while strengthening resilience and capacity to respond to health and social crises. This operation is accompanied by a CIF grant (EU Caribbean Investment Facility) of MEUR 8 for the deployment of a technical assistance programme aimed at strengthening the epidemiological surveillance capacities of the health system and the resilience of social protection programmes to future shocks.



## Making digital public health surveillance more effective

Aware of the importance of digital technologies, the Organization of African, Caribbean and Pacific States (OACPS) and the European Union have developed the ambitious DIRECCT programme managed by AFD. In this context, the Caribbean Public Health Agency, CARPHA, is receiving a €900k grant to improve integrated digital public health surveillance in the Caribbean. This investment is focused on integrating real-time digital surveillance systems to improve risk assessment, the monitoring, prevention and control of established infectious diseases and new and emerging threats to public health by CARPHA and its Member States.



# PRESERVE, SUSTAIN AND PROTECT ENVIRONMENTAL BIODIVERSITY

From species extinction to the destruction of natural environments and climate change, we are currently witnessing unprecedented pressure on biodiversity and impacts for communities. The protection of biodiversity is a top priority for AFD group funding. The projects funded are designed to halt the loss of biodiversity, protect ecosystems, and support the restoration and management of natural areas for the benefit and with the help of local communities.

Each project funded is assessed in terms of its impacts on biodiversity. In 2019, nearly 70% of AFD funding contributed to preserving biodiversity. As a global issue, biodiversity is a central concern for the Commission, which is seeking to step up its efforts to support the conservation, management and sustainable use of natural resources, biodiversity and ecosystems.

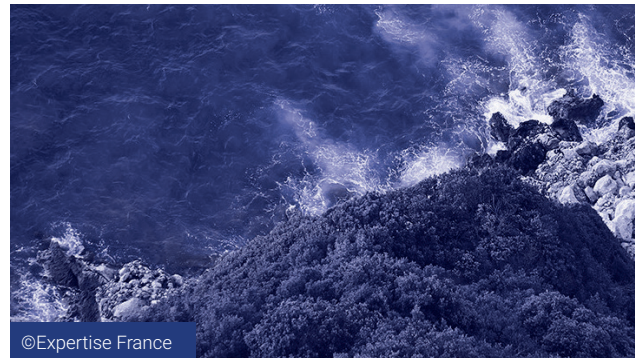


©Expertise France



## Urbayiti – Urban governance and resilient cities

Financed on European delegated funds by a grant of up to MEUR 11.7, the Urbayiti program supports institutions in charge of the planning and management of the territory in order to promote the economic and social development of Haiti. The first phase of the programme consists in renovating the national, regional and local institutional framework to strengthen the governance of the sector. Expertise France supports the coordination of the programme in order to ensure the coherence of interventions, continuous monitoring and evaluation and the management of knowledge on urban development in Haiti. In a second step, the town halls will be accompanied in the realization of feasibility studies, control and monitoring of development operations.



©Expertise France



## ReSEMBiD – Resilience, Sustainable Energy and Marine Biodiversity Programme

Despite their diversity, the Overseas Caribbean Countries and Territories (OCCT) face a number of common development vulnerabilities and challenges. In response, these island countries and territories have put in place various national and regional efforts and instruments aimed at developing and diversifying their economies, while increasing their resilience. The ReSEMBiD programme, granted to the tune of MEUR 36.94 by the EU, aims to support these sustainable human development efforts. This, by strengthening the energy efficiency of energy-intensive infrastructure, by improving the protection and sustainable management of marine biodiversity in the OCCT, and by increasing their resilience and adaptation to extreme and recurrent natural phenomena.



# ACCOMPANY LOCAL ACTORS VIA THE FINANCING OF PRIVATE FINANCIAL INSTITUTIONS

SMEs constitute the bulk of the economic fabric in developing countries. To create and develop their business, they need financial resources in the medium and long term. Often perceived as a risky clientele, their access to finance remains very limited. The AFD group and the EU have launched a new scheme to partially cover the credit risk of financial institutions: EURIZ.

In addition to this instrument, there are also non-sovereign credit lines which can be used to finance investment projects, with specific eligibility criteria. These credit lines are most often supplemented by EU grants that enable the beneficiary capacity to be strengthened.



©AFD



## Credit line and technical assistance to the Caribbean Development Bank (CDB)

AFD has made a loan for a credit line of MEUR 33 to the CDB. The European Union's Caribbean Investment Facility (CIF) granted an additional MEUR 3 to strengthen its lending capacity for the financing of sustainable infrastructure in the region. The CDB is a multilateral financial institution active in 18 countries in the area. The EU's contribution finances technical assistance activities in order to support the national authorities in structuring and implementing new projects.



©Proparco



## EURIZ portfolio guarantee to the financial institution BanFondesa

Proparco granted a EURIZ portfolio guarantee in Dominican pesos, equivalent to MEUR 5, to BANFONDESA, a financial institution in the Dominican Republic, to enable it to develop its activity with micro, small and medium-sized enterprises (MSMEs) in the country. This risk-sharing tool covers 70% of eligible loans granted by the bank to Dominican MSMEs, thus guarantying MEUR 7.14. The portfolio guarantee will be accompanied by technical support aimed at strengthening the capacity of the bank in the financing of MSMEs, particularly for agricultural and green housing financing. In total, nearly 150 MSMEs and 450 jobs are expected to be supported over the next few years with this guarantee.



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## Towards a world in common.

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AFD Group implements France's policy in the areas of development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector and NGOs, as well as research and education in sustainable development; its subsidiary Proparco, which is dedicated to private sector financing; and Expertise France, a technical cooperation agency. The Group finances, supports and accelerates transitions towards a fairer, more resilient world.

With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 4,000 projects in the field, in the French Overseas Departments and Territories, in 115 countries and in regions in crisis. We strive to protect global public goods – promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common.



[www.afd.fr](http://www.afd.fr)

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