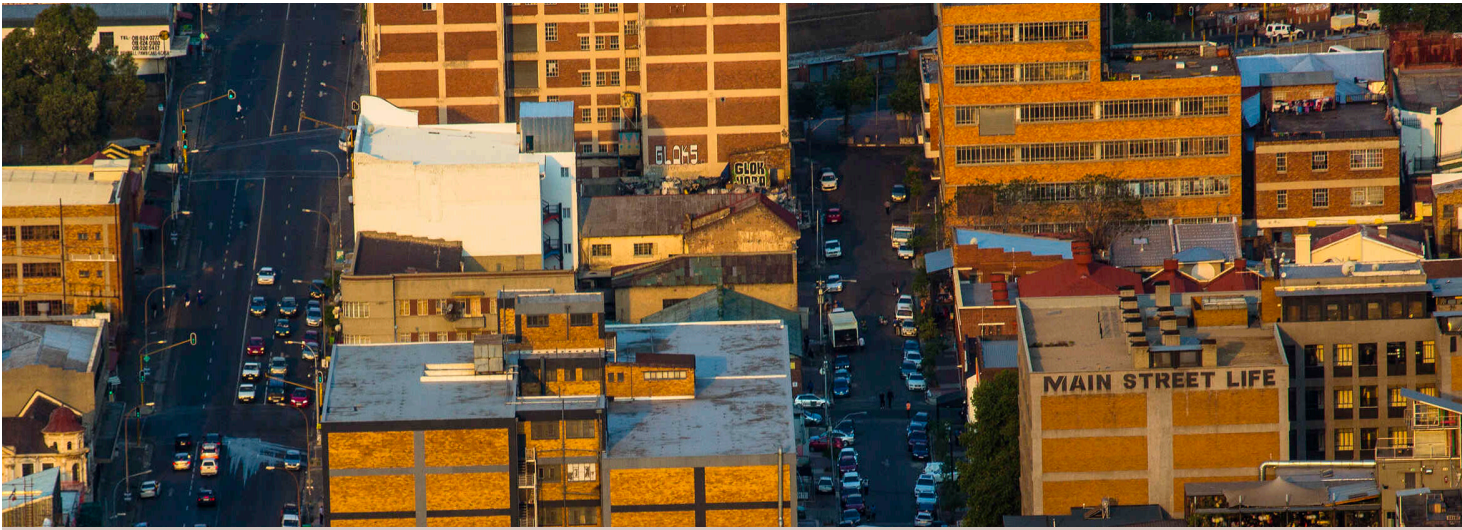




RÉPUBLIQUE
FRANÇAISE

*Liberté
Égalité
Fraternité*



AFD Group and Europe in Southern Africa



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#WorldInCommon



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The power of European partnership



14
years
of partnership

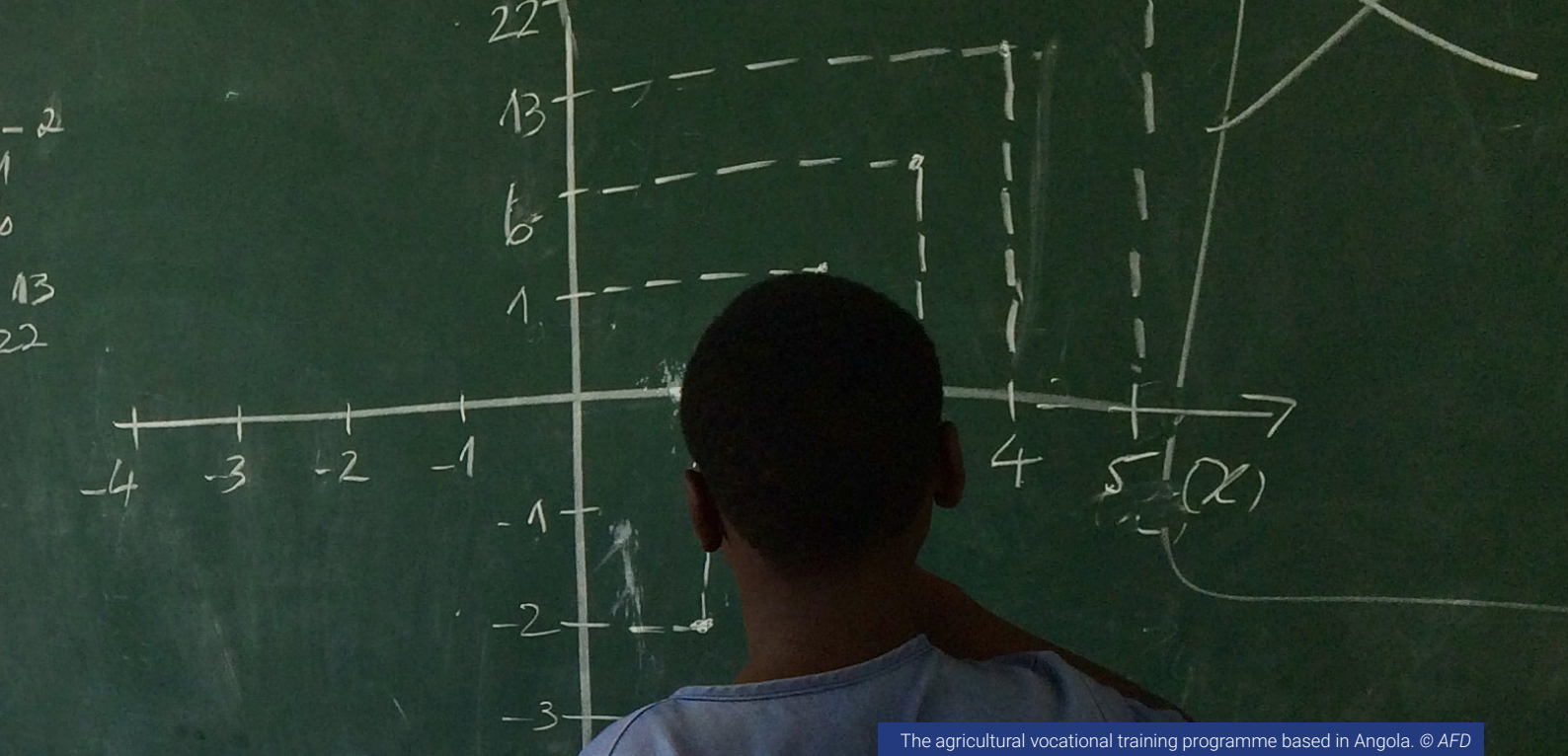


60
countries supported

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 million 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.



The agricultural vocational training programme based in Angola. © AFD

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 rollout 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 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 neighbouring 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, and 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. Regional Director for AFD Southern Africa, Bruno Deprince and Regional Director for Proparco Southern Africa, Siby Diabira share their perspectives on the AFD Group and EU cooperation.

Bruno Deprince

Collaborating with Team Europe allows us the opportunity to increase our reach, impact and visibility.



What is the strategy of the AFD Group in the region?

As part of its 100% Paris Agreement commitment to low-carbon and resilient development, the AFD Group wants to support the energy transition of Southern African countries by prioritizing the development of renewable energies and promoting the reduction of fossil fuel consumption. In order to improve the resilience of the populations, the AFD Group will also develop its action in favour of sustainable and inclusive management of natural resources, in particular water and biodiversity.

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 development funding, and we are working together in close collaboration by leveraging EU grants to better respond to the needs of our partner countries.

What is the importance of the partnership with the European Union?

Collaborating with Team Europe allows us the opportunity to increase our reach, impact and visibility. The EU Partnership with the AFD Group allows us as a collective to concretize our actions and allows us to work towards a common vision for sustainable, inclusive, green and digital development.

How has the COVID pandemic played a role in shaping this partnership in Southern Africa?

The COVID-19 pandemic allowed for the AFD Group and Team Europe to strengthen their cooperation. The crisis allowed us to preserve, strengthen and rebuild our partnerships, to foster a sense of resilience in the face of economic difficulty. The Team Europe approach allows us to combine our collective actions with the European Union. With the work of Member States in their bilateral actions, we contribute to a system that is bigger than the sum of its parts.

●●● Siby Diabira

The European Union is a long-term partner. We have been accredited with the EU since 2015, which allows us to mobilize additional resources to expand our reach to new sectors and markets in the private sector that we cannot access on our own.



What role does Proparco play as part the AFD Group strategy in the Southern African region?

Proparco, as the private sector subsidiary of the AFD Group, builds long-term partnerships with the private sector to reach and contribute to the Sustainable Development Goals. In Southern Africa, Proparco works to support SMEs (a key sector for job creation) and supports financial inclusion, green financing and social sectors.

As part of the “Choose Africa” and “Choose Africa Resilience” initiatives through its subsidiary PROPARCO, the AFD Group will provide a larger number of financing solutions in favour of African SMEs and French companies established abroad.

The AFD Group will also continue to work to strengthen capacities of local banks in terms of financing green and social impact projects and to create a leverage effect to green the private sector and support employment.

What is the importance of the partnership with the European Union?

The European Union is a long-term partner. We have been accredited with the EU since 2015, which allows us to mobilize additional resources to expand our reach to new sectors and markets in the private sector that we cannot access on our own. Through use of joint resources, we have been able to support SMEs in Mozambique (through Société Générale), Namibia (through FNB) and in addition, through the EURIZ guarantee with Standard Bank in South Africa.

What effect has the COVID-19 pandemic had on your ability to work with the private sector?

COVID-19 has had a significant effect on the markets. In South Africa, this has restricted the efficacy of SMEs to operate. Mobilizing additional funds through the EU allows us to mitigate some of these effects. With EU funding, we can emphasize the uniqueness of Proparco’s approach.

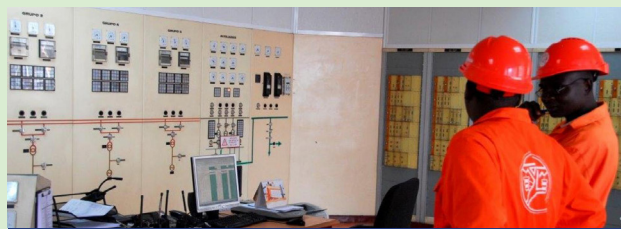


Map of projects

Electricity production from renewable energies in Mozambique

PROLER

In Mozambique, AFD is supporting the public electricity company in the implementation of the PROLER program through European delegated financing (€30M) to develop electricity production from renewable energies via the implementation of open and transparent tenders.



Improving operational performance with EDM in Mozambique © AFD

Reduction of Losses

Partnership with Electricidade de Moçambique, through European delegated financing (€10M), AFD is working with the national electricity operator on a key factor for improving its operational performance: reducing non-technical electricity losses on its distribution networks, particularly in Maputo province, which accounts for 70% of EDM's revenues, and among large consumers.

EU financing

€30
million

EU financing

€10
million

Modernization of agricultural vocational training

AFD is launching a new project in 2022 with the Ministry of Education, the Ministry of Agriculture and the Ministry of Social Action, Family and the Advancement of Women to support the modernization of agricultural high schools (Institutos Técnicos Agrários).

The project objectives are to improve the adequacy of training programs with the skills required by the country's agricultural entrepreneurial sector, and thus the employability of young people graduating from these institutes.

AFD loan amount

€35
million

EU grant

€5
million



Portfolio guarantees for small to medium enterprises

EURIZ

Proparco grants a portfolio guarantee to Standard Bank South Africa to allow the bank to continue supporting the private sector, and in particular, SMEs operating in the agriculture, health, education and climate sectors, as well as youth-owned SMEs, women-owned SMEs, and start-ups.

Proparco and Standard Bank signed two new guarantees, strengthening their relationship in South Africa:

- An ARIZ ZAR-denominated loan portfolio guarantee (€19.5 million), allowing the bank to sustain its SME lending activities in a challenging post-Covid environment in South Africa.
- A EURIZ ZAR-denominated loan portfolio guarantee (€9 million) which will focus on the EURIZ eligible sectors- fintech, agriculture, green economy, education and healthcare sectors, as well as women- and youth-owned enterprises, allowing the bank to expand its SME lending activities into high impact sectors.

The two guarantees, which amount to a total of €28.5 million (R332 million), will help finance hundreds of MSMEs and contribute to Choose Africa, the French initiative dedicated specifically to African entrepreneurs, start-ups and MSMEs.



Higher Education Support Programme

Uni.ao

The Higher Education Support Programme, financed under the 11th EDF of the European Union (2014-2020) and implemented by Expertise France, aims to promote the economic diversification of the country, which is still very dependent on oil revenues, but also to strengthen the capacities of Angolan universities. Project objectives include: i) Improving governance, inter-ministerial coordination tools and the steering of higher education, ii) supporting the development of a specialization strategy (Master's and Doctorate levels) and support higher education institutions in this process and iii) strengthening access to higher education for vulnerable groups, particularly women; and to develop public-private partnerships in higher education.



Capacity strengthening for Angolan universities through project Uni.ao. © AFD

EU grant

€13
million

Portfolio guarantees for small to medium enterprises

FNB Namibia

Proparco grants a portfolio guarantee to FNB Namibia to allow the bank to continue supporting the private sector, and in particular, SMEs operating in the agriculture, health, education and climate sectors, as well as youth-owned SMEs, women-owned SMEs, and start-ups.

Through this partnership, via a EURIZ guarantee, Proparco seeks to contribute towards the FNB Namibia's efforts to support Namibian MSMEs operating in key sectors such as agriculture, health, education and climate, as well as youth-owned SMEs, women-owned SMEs, and start-ups. A significant proportion of the guarantee will focus on supporting those MSMEs operating in the agriculture sector, in an effort to contribute to Namibia's food security objectives. The guarantee will be coupled with a technical assistance facility designed to provide the financial institution's MSME customers with capacity building support.

Towards a world in common

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.



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