

AFD Group in emerging countries



Context

AFD has been mandated by the French Government to develop activities in China and Thailand (since 2003), and subsequently India, Indonesia, Pakistan and Brazil (since June 2006). AFD Group operates in these countries via loans to the public sector, local authorities, public companies and the private sector.

AFD and its private sector financing arm PROPARCO provide a wide range of financial products (loans, guarantees, equity investments).

Finally, the Group can mobilize other instruments such as financing from the French Global Environment Facility (FGEF) which is managed by AFD and provides grants for innovative operations to combat climate change and protect biodiversity.

Strategy of intervention

AFD has a specific mandate in emerging countries to preserve global public goods. It consequently supports the countries in their efforts to:

- **combat climate change** (promoting energy efficiency, renewable energies and any project with greenhouse gas reduction impacts)
- **combat emerging diseases** (avian 'flu, SARS, AIDS etc)
- **preserve biodiversity** (forestry resources, fisheries resources etc)

In addition to its financial activity AFD also aims to build partnerships with universities and research institutes in France and abroad in the framework of intellectual production research. It also aims to promote city-to-city cooperation between France's major local authorities and local authorities abroad and boost exchanges with business, competitiveness hubs and public or private entities which work to preserve global public goods.

Countries of intervention & emblematic projects

▪ [China](#)

The balanced development of this economic giant represents a global challenge. The AFD has been operating in China since 2003 and finances projects in three priority sectors:



- power generation and demand side management (use of low-emission and renewable energies, improve energy efficiency in industry etc)
- rail and urban transport: railway electrification, improving urban transport
- sustainable urban development: improving heating and air-conditioning systems, urban waste treatment.

"Electrification of the Luozhang railway":

Objectives: to improve energy efficiency in the railway transport, open up the region, contribute to the economic development and reduce greenhouse gas emissions.

Description: electrification of 925 km of railway lines. 450 000 tons of CO2 will be saved annually thanks to the project (€80M loan).

- [Thailand](#)

The AFD has been operating in Thailand since 2004 and focuses its activities on two sectors:



- preserve global public goods: climate, biodiversity, combating emerging and transmissible diseases;
- develop accountable governance via Franco-Thai cooperation in third-party countries (to support Thailand as an emerging donor) and support for the decentralization process.

“Energy efficiency in the housing sector” line of credit to the Government Housing Bank (GHB)

Objectives: to reduce energy consumption and greenhouse gas emissions in Thailand by promoting energy saving in the housing sector, to help the Thai banking sector acquire skills in energy efficiency.

Description: GHB will, via loans with subsidized rates, finance energy-efficient home constructions, i.e. with low electricity consumption. Thailand will be able to create its first references in high-performing energy-efficient housing thanks to this project (€40M line of credit).

- [Indonesia](#)



The AFD has been operating in Indonesia since September 2005 within the framework of a temporary post-tsunami reconstruction aid mission. Since 2007 it has been active under a specific mandate for emerging countries (global public goods). This mandate is in line with the issues faced by Indonesia: a record number of deaths from avian ‘flu, the world’s second richest country in terms of biodiversity and the third greenhouse gas emitter (mainly due to deforestation).

“Support for the implementation of a national policy to combat climate change”

Objectives: to reduce greenhouse gas emissions (in three sectors: forestry, energy and industry), to adapt to climate change (water and agriculture)

Description: three-year action plan matched by budget support (planned AFD financing for 2008: USD200M) as well as support actions: monitoring/evaluation, targeted technical assistance (forestry, energy efficiency).

- [India](#)



India is the world’s fourth largest greenhouse gas emitter. AFD opened an agency in Delhi in May 2007. Its operations focus on the preservation of global public goods with a priority given to the fight against climate change.

Several projects are currently being identified including hydropower projects, lines of credit to local banks to finance energy efficiency projects and sustainable urban planning and transport projects.

- [Pakistan](#)



The AFD was authorized to operate in Pakistan following the earthquake which hit the country in October 2005. In 2006 the AFD was authorized to continue operations in Pakistan within the framework of the emerging countries mandate. It opened an agency in Islamabad in May 2007. Priority is given to energy efficiency and renewable energy projects.

Several hydropower and energy efficiency projects are under identification process.

- [Brazil](#)

The AFD opened an agency in Brasilia in November 2007. The AFD's strategy of intervention in Brazil focuses on:



- development with low greenhouse gas emissions via sustainable policies for city development and urban mobility (developing less polluting public transport systems), energy efficiency, use of renewable energies
- sustainable management and protection of natural environments, particularly in the Amazon Forest
- development of regional cooperation with French Guiana and trilateral cooperation.

“Support for the city of Curitiba’s sustainable development policy”

Curitiba is the capital of the State of Parana in southern Brazil. Sustainable development has been integrated into the municipality’s public policies for decades. It has consequently built up a worldwide reputation in the transport and biodiversity preservation sectors.

Objectives: land-use planning (housing, urban utilities...), transport infrastructure, environmental preservation.

Description: extension of the public transport network’s capacities and creation of an ecological corridor: rehabilitation of damaged natural areas, protection of hydrographic basins and, reintroduction of native species (€36.2M loan)

To know more: www.afd.fr