

2012-2016 Climate and Development Intervention Framework

Agence Française de Développement Group

Executive Summary

The fight against climate change is inextricably linked to the economic and social development path. Global warming's acceleration will hinder development over the long term, just as economic development can exacerbate warming through rapid increases in natural-resource and fossil-fuel consumption. Developing – and especially emerging – countries can help fight global warming and contribute to more sustainable development by adopting low-carbon development path. At the same time, the international community must support the poorest and most vulnerable countries so they can adapt their economies to the present and future effects of climate change.

Global negotiations on climate change should lead to two outcomes: adopting a commitment to reduce and modify the amount of emissions, profoundly restructuring development policies, and **setting up significant, dedicated funding** to finance action against climate change in developing countries.

AFD views this climate funding as **an opportunity, presenting new resources and activities** to support countries' development and investment programs. AFD sees in it a **challenge to integrate climate concerns with development ones.** AFD also sees an opportunity to support France's positions through the amount of funding AFD provides and the internal expertise it develops.

Qualitatively and quantitatively, AFD is a major innovative player in international climate finance. Using high-quality methods and financing instruments, AFD awarded nearly €2.8 billion to climate-related projects in 2010; this represented 40 percent of the AFD Group's total funding, and 10 percent of all international climate-related public-aid funding for developing countries. In the field of climate finance, AFD enjoys significant

comparative advantages: its critical mass of interventions, flexible and varied tools, good field knowledge and recognized know-how and experience.

As part of its 2012-16 action plan, AFD aims to capitalize on its experience thus far, acting as a major financier in the international fight against climate change.

This focus rests on two main objectives:

(1) **Position AFD as the key stakeholder implementing French funding commitments to fight climate change in developing countries.** Specifically, this positioning aims to convey a special mandate to AFD – the lead in implementing French bilateral aid commitments for broad climate-related actions, differentiated by major geographic areas and according to countries’ development challenges.

(2) **Position AFD as a full-fledged stakeholder in the architecture of international climate finance** through its ability **to implement European and other international climate-related resources and mandates**, and to directly access thematic funds, notably the “Green Climate Fund.”

AFD grounds its climate strategy and identity on **three structural pillars**:

(1) An ambitious and sustained objective to make climate-related financing commitments equal to **50 percent of AFD’s foreign-aid funding and 30 percent of PROPARCO’s**;

(2) **Systematic measurement of all projects’ carbon footprints**, using a robust method;

(3) **A policy of selecting projects according to their climate impacts**, considering countries’ development levels.

These pillars’ operational interventions will be differentiated according to each region’s specificities.