

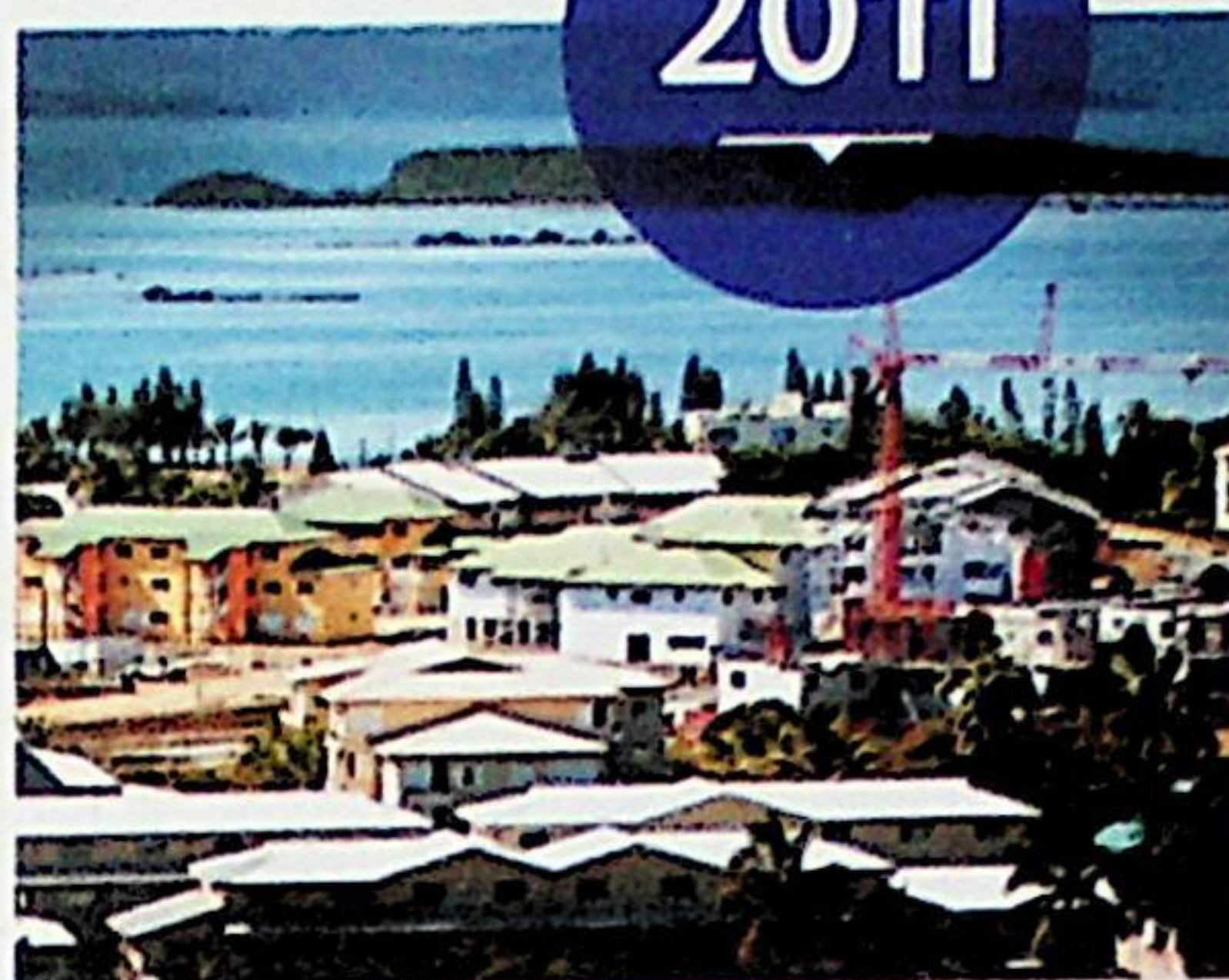
AGENCE FRANÇAISE DE DÉVELOPPEMENT

SHAPING SUSTAINABLE FUTURES

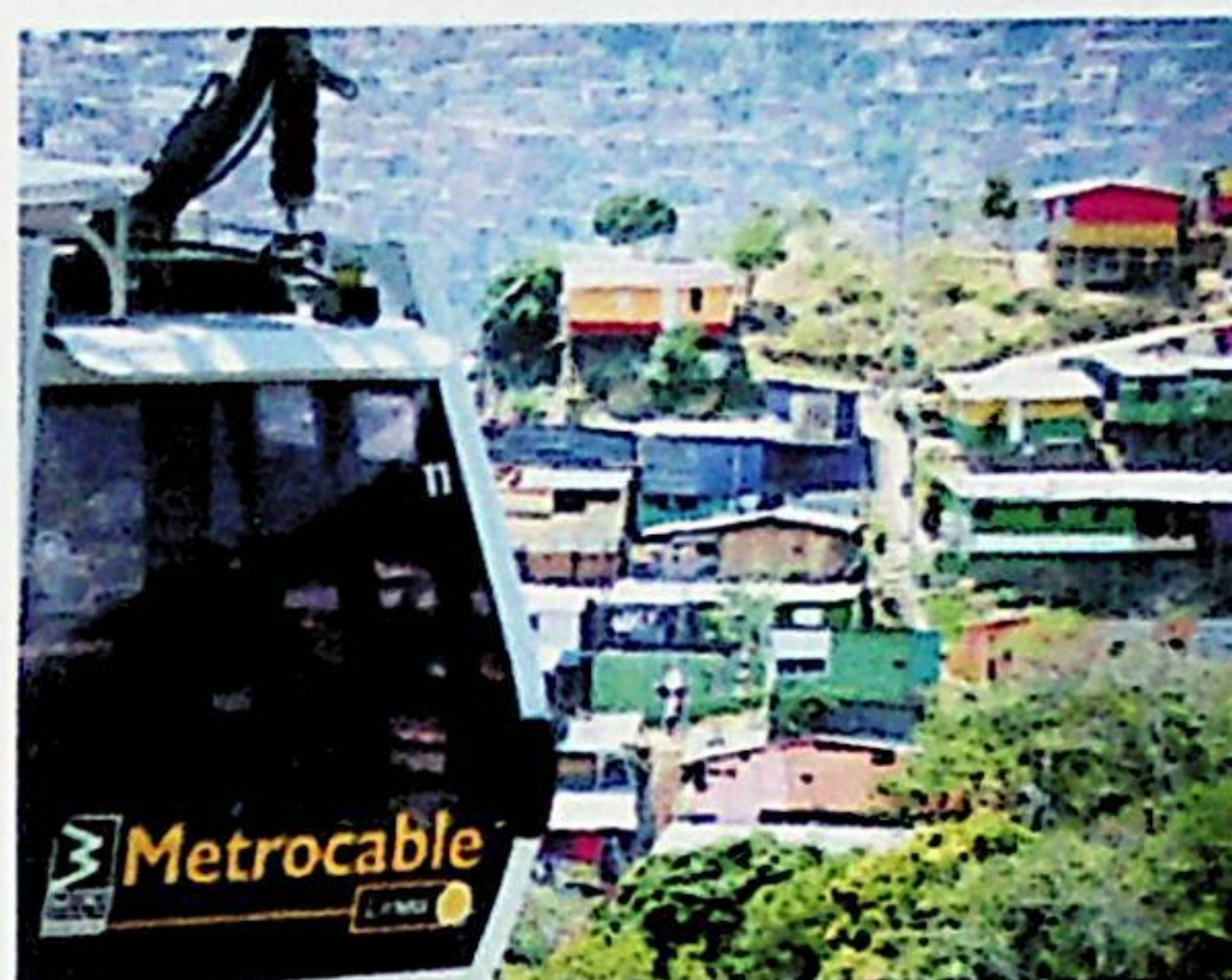
ANNUAL REPORT

2011

FRENCH OVERSEAS
PROVINCES



LATIN AMERICA



SUB-SAHARAN
AFRICA



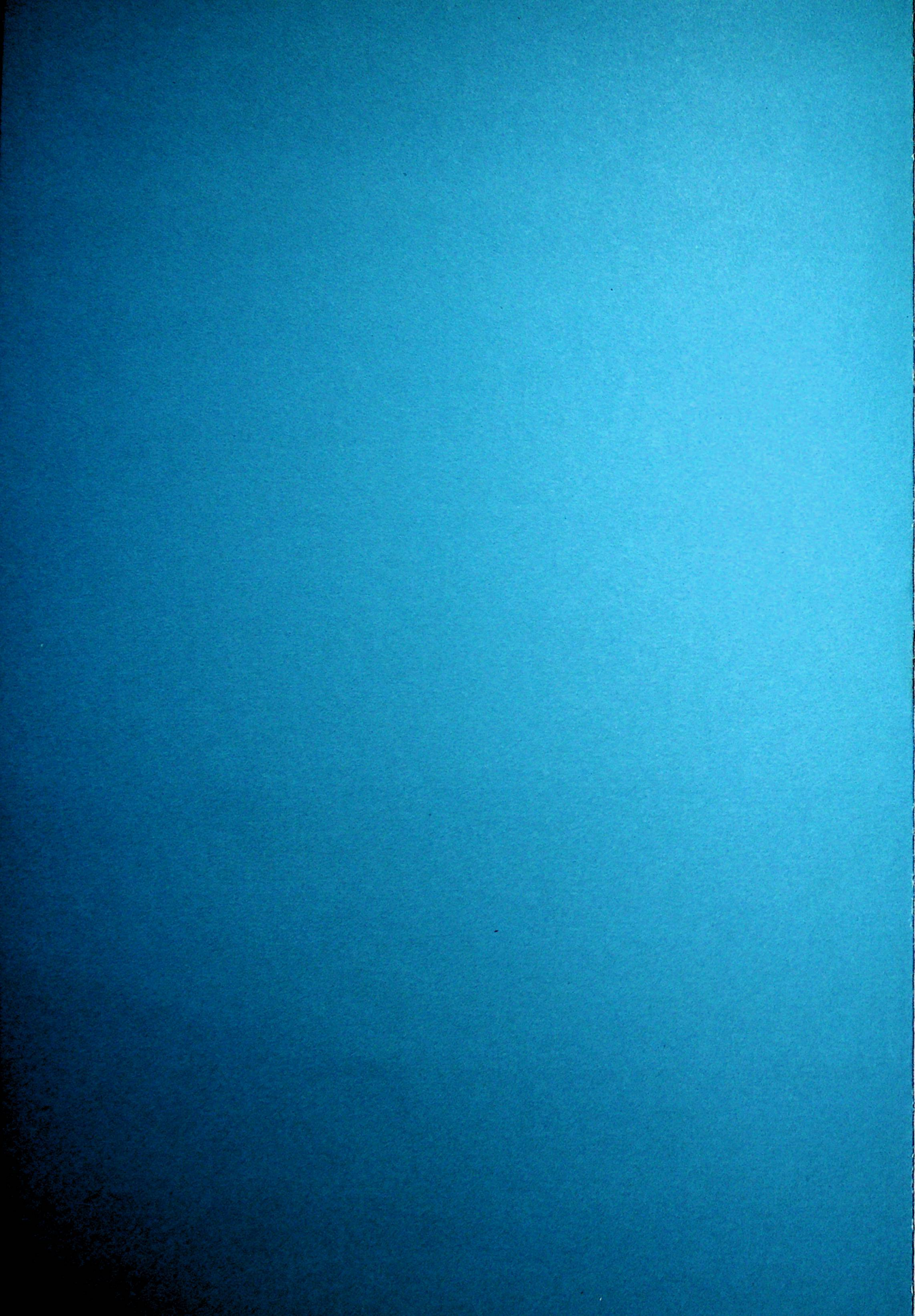
MIDDLE EAST
& NORTH AFRICA



ASIA & THE PACIFIC



Shaping sustainable futures



ANNUAL REPORT

2011

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Dov ZERAH

CHIEF EXECUTIVE OFFICER



Which international events in 2011 most affected AFD's aid funding actions?

—
The year 2011 reinforced certain trends that have influenced our work for several years.

France's chairing of the Group of Twenty (G-20) world leaders definitely put development – and fairer globalization – on the G-20 agenda. France encouraged these world leaders to make solid proposals that encompass the three pillars of any foreign assistance policy: fighting climate change, addressing social issues – crucial in light of the Arab Spring – and improving food security for sub-Saharan African countries. Improving food security will require stimulating sub-Saharan economic growth, particularly through infrastructure construction. The Fourth United Nations Conference on the Least Developed Countries reminded all of us that the fight against poverty is far from over.

Politically, 2011 also saw revolutions in some of our aid-recipient countries – Tunisia, Egypt, Yemen and Syria – along with several closely-observed and transparent African elections. These subjects will take up an increasing amount of our funding.

The Forum on Aid Effectiveness in Busan settled any questions about where the world's new center of gravity might lie: the new, global development partnership born in Busan confirmed emerging countries' crucial role in guiding world affairs. Our institutional environment has changed forever.

Even so, a new mode of global governance must still be constructed, as shown in the underwhelming results of the climate change conference in Durban. There is still a long road to worldwide consensus on how we can prevent a two-degrees-Celsius rise in the Earth's temperature. The financial environment – particularly in Europe – has also affected our refinancing conditions and funding actions.

What should we remember about the 2011 G-20, particularly as regards sub-Saharan Africa?

—
Africa was the central concern in the G-20's work, and remains our top priority, as confirmed by our 2012-2016 strategic plan. The G-20 agreed on various measures to ensure food security for the two billion Africans who will inhabit the continent by 2050. These initiatives include creating emergency food stockpiles in Western Africa, satellite surveillance of agricultural areas, and setting up a food-stocks management system – all steps that will help with periodic crisis management. Beyond these measures, others are needed to help us move from managing crises to managing risks. This holds particu-

larly true for the volatility of prices for agricultural commodities and foodstuffs. Creating platforms to exchange information will help mitigate some risks. The G-20 also called for building infrastructure to spur Africa's economic growth and defined priority projects in this area.

How will AFD help the Arab world transition to free and democratic societies?

—
The Arab Spring revealed the weakness of the economic growth model of many countries in the region. The revolutions drove us to profoundly rethink our aid modalities and to emphasize three dimensions: creating jobs, reducing social and regional disparities, and expanding the financial sector, particularly microfinance. This urgently required economic development should be accompanied by improved management of scarce "natural" capital – that is, ecosystem goods and services imperative for survival and well-being.

In practical terms, we were among the first to provide aid to Tunisia via a €185 million loan that AFD authorized and signed during the G-8 meeting in Deauville. This loan was one installment of earmarked French funding for the Deauville Partnership with Arab Countries in Transition; in all, France will provide €2.7 billion to Morocco, Egypt, Jordan and Tunisia from 2011 to 2013. AFD will disburse and implement a large part of this aid.

In addition to determining aid volumes and sectors, revolutions in the Arab world suggest that we must listen more closely to civil society. Traditional state-to-state aid does not always take citizens' expectations into account.

The revolutions also called for us to become more aware of Islamic financing issues, which is why we have developed a very close partnership with the Islamic Development Bank.

“Development promotes a fairer globalization.”

What consequences will the Durban climate change conference have on AFD's actions?

–
The Durban climate meeting did not rise to level of the challenges facing us, even if the last-minute forced consensus allows for an eventual global agreement. While we await it, we cannot remain inactive. Since 2005, AFD has dedicated €10 billion to fighting global warming. Durban motivates us to do even more. We have therefore adopted an ambitious strategy: 50% of our project funding in developing and emerging countries will promote positive effects on the climate. We will not apply this objective in the same way everywhere. In Africa, we will pursue environmentally-friendly development while accelerating economic growth and alleviating poverty – our two principal objectives. On the other hand, in emerging countries in Asia and Latin America – also emerging as large carbon dioxide emitters – our main efforts will center on fighting climate change.

What are the key drivers of endogenous development in France's overseas provinces?

–
We have identified four key ways to spur endogenous development in the French Overseas Provinces: stimulating the private sector, supporting capital investment in the public sector, executing an ambitious housing plan, and assisting integration with regional economies. AFD can bring its multiple strengths to bear on these key drivers, either alone or in partnership with France's Overseas Social and Economic Organization (OSEO), a small business support agency. In 2011, our funding approvals for the overseas provinces reached a record level – €1.1 billion. Our presence in these provinces and in neighboring countries gives us a special legitimacy, and positions us to help the provinces achieve their regional integration plans.

AFD celebrated its 70th anniversary on 2 December 2011. What should we remember about AFD's beginnings?

–
General de Gaulle created AFD on 2 December 1941 to give Free France a central bank and a treasury directorate. At the time, we were called the Caisse Centrale de la France Libre [Central Coffers of Free France]. Our founder, Pierre Denis, had worked previously for Jean Monnet at the League of Nations, the first framework for global governance. André Postel-Vinay, a key figure in our history, assured the transition from an entity supporting a fighting France to an institution serving a united and pacified France. He then led the institution toward its role as a development bank for newly-independent countries. So AFD's storied history begins with the Resistance and with courageous men and women who combined their strengths to serve a just cause. We have grown a great deal in 70 years, expanding substantially into new sectors and geographical regions, diversifying our activities and renewing our workforce. But we have remained loyal to our roots, to our history, and to the values that governed AFD's creation: commitment, mobility, openness and integrity. Working in development is more than merely a job – it is a genuine professional commitment.

What is the status of the organization's consolidation plans?

–
We have achieved our original objectives for consolidation. We have created two new executive divisions, one for risk management and the other for external affairs and partnership management. We reorganized the operations division around more flexible teams, the better to preserve our responsiveness.

We and our overseers have signed our first unique “means and objectives” contract for 2011-2013. The French government has assigned us ambitious objectives, concentrating grants and interest-rate subsidies on Africa and social welfare sectors. Our results for 2011 reflect these targets.

In the past, our operating expenses rose with the very rapid increase of our funding activity. In 2011, we had to operate within a more limited budget. That did not keep us from reaching nearly €7 billion in funding approvals, nor from disbursing historic amounts of credit lines and aid monies. We also added to our principal wealth – our human capital – by hiring 125 new employees.

We also finalized our 2012-2016 strategic plan, the result of broad employee participation and many meetings. The plan foresees AFD's long-term consolidation and sets ambitious goals for the next five years. All these actions allow us to move into the coming months serenely and confidently.

What actions do you foresee for 2012?

–
We will advance along last year's path by continuing our emphasis on sub-Saharan Africa. We will focus on food security and infrastructure, and provide grants for healthcare and education. We will begin working in six countries where we received 2011 operating approvals: Armenia, Azerbaijan, Bangladesh, Georgia, Kazakhstan and Uzbekistan. The uncertain economic situation will prompt even more meticulous selection of aid beneficiaries in all countries.

Two major international events marked the beginning of 2012: the World Water Forum in Marseilles in March and the Rio+20 Conference on Sustainable Development in Brazil in June. Contributing to France's presence at these events is a duty that AFD owes to itself. More generally, we will pursue our efforts in knowledge creation and will strive to publicize our team's fine work.

We will strengthen our partnership policy by signing new agreements with the main development organizations. We will also seek greater proximity to French parliamentarians and civil society.

Finally, we will consolidate further by strengthening our human capital and financial model, and by seeking out the highest standards in all our work. We will build workforce cohesion around shared values by updating our code of business ethics. In that vein, this annual report includes ten pages describing our social and environmental responsibility policy and actions in this annual report – proof of the higher profile we wish to give to these concerns. ♦

Pierre-André PÉRISSOL

CHAIRMAN OF THE BOARD OF GOVERNORS



The year 2011 was an eventful one for AFD. On the one hand, AFD celebrated an important landmark: the 70th anniversary of its founding by General de Gaulle. On the other hand, it confronted a range of upheavals – the Arab Spring revolutions in North African and Middle Eastern countries, a political crisis in Côte d'Ivoire, social and health crises in Haiti. AFD demonstrated its ability to rise to these events and others in aid-recipient countries, helping them move toward stability and economic growth. As soon as the Ivorian crisis ended, AFD provided a €400 million budget-support loan to Côte d'Ivoire – a country critical to West African stability – allowing the Ivorian government to rebalance public finances and quickly put the country's economy back on track.

This crucial loan exemplifies AFD's capacity for rapid response. It shows the vital role that AFD and its employees play in supporting developing countries, especially the most fragile ones.

More generally, in 2011 AFD proved its centrality to France's bilateral foreign aid, deploying nearly €7 billion in funding. This level of financial commitments reflects needs that arose as some beneficiary countries faced unprecedented situations. Revolutions and upheavals required AFD to set up extraordinary aid funding operations to meet urgent needs; they also slowed some of its activities, particularly in a few countries bordering the Mediterranean. It is a region where AFD remains mobilized, despite the revolutions, to help achieve the social and economic reforms that must accompany transition to democracy. In particular, AFD will help implement the Deauville Partnership with Arab Countries in Transition, launched in May 2011.

Through its network of 70 field offices and bureaus, AFD pursued its work to aid the least developed countries, developing countries and those in emerging Asia and Latin America, as well as in the French Overseas Provinces. Everywhere that AFD funds projects and operates, it promotes sustainable and fairer economic growth, fights disparities and poverty, and preserves global public goods. AFD also tailors its solutions to beneficiaries' increasingly varied needs and capacities: green and inclusive growth in emerging Asian and Latin American countries, support for local governments and the private sector in France's overseas provinces, and comprehensive development actions in Africa, the focal point of AFD's work. Between 2010 and 2011, AFD Group increased funding for the region by 26%, approving €2.7 billion in funding or nearly 40% of the Group's total 2011 commitments. Africa faces many challenges despite its demographic and economic growth, its agricultural and mineral potential, and its resiliency to the global financial and economic crisis; the continent must create more jobs and more inclusive economic growth.

AFD also pursued its knowledge creation activities – economic research, evaluations and prospective research – to remain in the van-

guard of development aid and innovation, capitalizing on its world-renowned savoir-faire.

AFD saw greater engagement with civil society in 2011. In the developing world, AFD helped local governments with direct support and synergies arising from decentralized cooperation. In the developed world, AFD paid special attention to nongovernmental organizations, granting them €40 million in funding.

AFD also expanded its relations with the French public in 2011. AFD employees encountered the French during a photo exhibition, "A New Look at Developing Countries," and related debates organized to celebrate AFD's 70th anniversary. It was the first such public outreach effort in AFD's long history, and a success – visitors all over France attended the traveling exhibition and other events to learn about the stakes involved in foreign aid.

AFD pursues its single-minded commitment to assisting developing countries – discussing development matters, cooperating on aid efforts, and strategizing about development actions in close collaboration with the French government. In 2011, AFD signed a "means and objectives" contract with the government that sets AFD's strategic framework for 2011-2013.

This framework sets guidelines that confirm AFD's position as both a specialized development finance institution and an innovative organization that tailors solutions to real needs, helping aid beneficiaries execute their own strategies and public policies.

Only the ongoing commitment, energy and professionalism shown by AFD employees make it possible to meet all these challenges. I want to thank them and to reiterate my complete confidence in their motivation and innovation – and in their ability to find suitable local and global solutions for sustainable and inclusive development. ♦

GOVERNANCE AND MANAGEMENT

As a public entity, AFD is held accountable for its actions. Its governance structure ensures transparency and good management.

STRATEGIC ORIENTATION BOARD

The strategic orientation board was created in June 2009. It oversees both preparation and execution of the "means and objectives" contract that binds AFD to the French state. The board prepares the state's guidelines before they are presented to AFD's board of governors, in accordance with decisions made by the Interministerial Council for Cooperation and Development. The Minister of Cooperation presides over the strategic orientation board, which includes representatives from those supervisory ministries that also hold seats on AFD's board of governors. ♦

BOARD OF GOVERNORS

Pierre-André Périssol was appointed chairman of AFD's board of governors in June 2010. The board comprises 17 members: six represent the French government; five were appointed because of their expertise in economics, finance, ecology or sustainable development; four represent the French parliament; and two are elected representatives of AFD Group employees. A government commissioner also sits on the board. The board of governors deliberates on the following issues:

- AFD's strategic direction and its means and objectives contract with the French government.

- AFD's financial operations and investments for its own operating accounts, for those of the French government, and for third party mandates.
- AFD's borrowings, its terms and conditions for granting financing, annual financial statements and projections, acquisition and disposal of real estate, opening and closing of field offices, transactions related to AFD's interests, and selection of external auditors. The board of governors may delegate part of its authority to AFD's chief executive officer, who must answer to the board for actions taken under that remit. Or, the governing board may delegate - within pre-set funding limits - to one of three special committees:
 - Committee for Operations in the French Overseas Provinces.
 - Committee for Operations in Foreign Countries.
 - Committee to Support Nongovernmental Organizations' Initiatives.

AUDIT COMMITTEE

- The audit committee verifies the quality of information furnished by all of the AFD Group's divisions, and assesses the accounting methods used as well as the quality of internal controls. Currently, the audit committee is made up of one member from AFD's board of governors and four external members:
 - Jean-Louis Mattei, Director of Société Générale (outside mainland France), and member of AFD's board of governors.
 - Alain Cadiou, honorary Inspector General of Finances.
 - Bernard Diguët, honorary Inspector General of the Bank of France.
 - Alain Vizzavona, former Deputy Chief Executive of AFD.
 - Frédéric Choblet: Head of the Office for Sub-Saharan Africa and AFD at the Treasury Directorate.
- The French government commissioner, Claude Warnet, also attends audit committee meetings. ♦

AFD BOARD OF GOVERNORS 2011 KEY NUMBERS



65 dossiers on topics related to AFD's strategy

50 funding decisions approved by the board of governors

75 funding decisions approved by the committee for foreign countries

15 funding decisions made by the committee for the French Overseas Provinces

100 funding decisions approved by the committee for NGOs

160 funding decisions approved by the chief executive officer

BOARD OF GOVERNORS

CHAIRMAN
Pierre-André PÉRISSOL
Former Minister

FRENCH MINISTRY OF THE ECONOMY, FINANCE AND INDUSTRY

Delphine D'AMARZIT
*Division Head for Multilateral &
Development Affairs
Treasury Directorate*

Rémy RIOUX
*Vice Director of International
Financial Affairs
Treasury Directorate*

—
Denis CHARISSOUX
Vice Director National Budget Office

FRENCH MINISTRY OF FOREIGN AND EUROPEAN AFFAIRS

Christian MASSET
*General Director
Globalization, Development & Partnerships*

Serge TOMASI
*Vice Director
Global Economy & Development Strategy*

—
Stéphane GOMPERTZ
Director Africa & the Indian Ocean

—
Patrice PAOLI
Director Middle East & North Africa

FRENCH MINISTRY OF THE INTERIOR, OVERSEAS, LOCAL AUTHORITIES AND IMMIGRATION

Vincent BOUVIER
*General Delegate
French Overseas Provinces*

Marc DEL GRANDE
*Vice Director
Public Policy Office*

—
Stéphane FRATACCI
*General Secretary
Immigration & Integration*

—
Francis HUERTUT
*Division Head, International Affairs
& Cohesive Development*

Government Commissioner **Claude WARNET**

INCUMBENT

ALTERNATE

QUALIFIED EXPERTS

Omar KABBAJ
*Advisor to His Majesty,
the King of Morocco*

Jean-Louis MATTEI
*Director Retail Banking, Société
Générale (outside mainland France)*

—
**Sylviane
JÉANNENEY-GUILLAUMONT**
Professor Emeritus, University of Auvergne

—
Guy DUPONT
*President, Federation of French
Overseas Enterprises*

—
Patrice FONLLADOSA
*Chief Executive, Veolia Water AMI (Africa,
Middle East, India)*

—
Pierre ARNAUD
Vice President, Compagnie Fruitière

—
Jean-Louis VIELAJUS
President, Coordination Sud

—
Sébastien GENEST
*Vice President, France
Nature Environment*

—
Claude TRUCHOT
*General Engineer, Rural
Water & Forest Works*

PARLIAMENTARIANS

Renaud MUSELIER
Former Minister, Bouches-du-Rhône Deputy

Louis GUEDON
Vendée Deputy

—
Jérôme BIGNON
Somme Deputy

—
Jean-Louis DUMONT
Meuse Deputy

—
Jean-Claude PEYRONNET
Haute-Vienne Senator

—
Christian CAMBON
Val-de-Marne Senator

—
Yvon COLLIN
Tarn-et-Garonne Senator

—
Fabienne KELLER
Bas-Rhin Senator

ELECTED AFD EMPLOYEE REPRESENTATIVES

Jean-Bernard VÉRON

Denis VASSEUR

—
Jean-David NAUDET

—
Didier SIMON



Members
of the AFD board
of governors

GROUP ORGANIZATION CHART

Dov ZERAH
CHIEF EXECUTIVE

▼ Chief of Internal Auditing
Claude RAYMOND
Dep. Sylvie SYROTA

▼ Chief Economist
Pierre JACQUET

Ethics Adviser
François KERHUEL

Didier MERCIER
DEPUTY CHIEF EXECUTIVE

▼ Board Secretary
Catherine CHEVALLIER

Jacques MOINEVILLE
MANAGING DIRECTOR

PROPARCO

CHAIRMAN **Dov ZERAH**
VICE CHAIRMAN **Didier MERCIER**
CHIEF EXECUTIVE **Étienne VIARD**
MANAGING DIRECTORS
Colette GROSSET / Marie-Hélène LOISON

OPERATIONS

Marie-Hélène LOISON
Dep. Jérôme BERTRAND-HARDY

Banks & Financial Markets

Amélie JULY

Business & Corporates

Stéphanie LANFRANCHI

Infrastructures & Mines

Jean-Pierre BARRAL

Capital & Equity Participations
Laurent KLEIN

ADMINISTRATION

Colette GROSSET
Dep. Ghislain DE VALON

Portfolio Management
Yazid SAFIR

Risk

Jean-Baptiste SABATIE

Administration & Finance

Cécile COUPRIE

Legal

Marianne SIVIGNON-LECOURT

OPERATIONS

Jean-Yves GROSCLAUDE

SUB-SAHARAN AFRICA (AFR)

Yves BOUDOT
Dep. Gérald COLLANGE
Dep. Emmanuel DEBROISE

MIDDLE EAST & NORTH AFRICA (MED)

Marie-Pierre NICOLLET
Dep. Yves des RIEUX

OVERSEAS PROVINCES (OMR)

Pascal PACAUT
Dep. Bertrand WILLOQUET

ASIA (ASI)

Grégory CLEMENTE
Dep. Yves GUICQUERO
Dep. Laurent AMAR

LATIN AMERICA & THE CARIBBEAN (ALC)

Philippe ORLIANGE
Dep. Laurence ROUGET-LE CLECH

HUMAN DEVELOPMENT (DDH)

Christian BARRIER
Education & Professional Training (EDU)

Jean-Christophe MAURIN
Health & Welfare (SAN)

Michèle OOMS

SUSTAINABLE DEVELOPMENT (DDD)

Maurice BERNARD
Water & Sanitation (EAA)

Cassilde BRENIÈRE

Sustainable Transportation & Energy (TED)

Alain RIES

Agriculture, Rural Development & Biodiversity (ARB)

Jean-Luc FRANÇOIS

BANKS, PRIVATE SECTOR & LOCAL AUTHORITIES (EBC)

Odile LAPIERRE
Local Authorities & Urban Development (CLD)

François TIROT
Financial Institutions & Private Sector Support (IFP)

Marie-Laure GARNIER

Financial Engineering (FIN)

Guarantees (GAR)
Marie SENNEQUIER

Non-sovereign Lending Oversight (CNS)

MULTIDISCIPLINARY SUPPORT (DAT)

Catherine GARRETA
Environmental & Social Support (AES)

Climate Change (CLI)

Pierre FORESTIER

Capacity Building Support (ARC)

Jean-Noël ROULLEAU

Procurement Support (APM)

STRATEGY

Rémi GENEVEY

RESEARCH (RCH)

Robert PECCOUD

Economic & Social Research
Véronique SAUVAT

Knowledge Management Support (AGC)

Philippe CABIN

Evaluation & Capitalization (EVA)

Laurent FONTAINE

Macroeconomic & Country Risk Analysis (AMR)

François-Xavier BELLOCCQ

STRATEGIC STEERING & FORECASTING (PSP)

Odile DES DÉSERTS

Strategic Steering (PST)

Bernard ESNOUF

Organization & Forecasting (APR)

Stéphane MADAULE

Crises & Conflicts Unit (CCC)

Jean-Bernard VÉRON

CEFEB

Gilles GENRE-GRANDPIERRE

Dep. Anne-Françoise DAYON

Administration & Communication (ADC)

Jean-Louis PIQUEMAL

Training (FOR)

Dominique ROJAT

FRENCH GLOBAL ENVIRONMENT FACILITY SECRETARIAT (FGEF) (FFEM)

François-Xavier DUPORGE

EXTERNAL AFFAIRS & PARTNERSHIPS

Louis-Jacques VAILLANT

External Affairs (REL)

Philippe CHEDANNE

Communication (CMN)

Benjamin NEUMANN

NGO Partnerships (DPO)

Catherine BONNAUD

Brussels Liaison Office

Jean-Marc BELLOT

ADMINISTRATION

Stéphane FOUCAULT

FINANCE & ACCOUNTING (DFC)

Gilles BERGIN
Dep. Hélène TEMPLIER

Financial & Strategic Planning (PSF)

Tanguy DENIEUL

Accounting (DTC)

Sylvie BOYER

Back Office (DBO)

Delphine PONS-PETTIT

Credit & Market Operations (DFM)

Benoît LEHANNEUR

Financial Communication (COF)

COMPTROLLER (DSG)

Bertrand LOISEAU
Dep. Marc BENSEMHOUN

IT, BUILDINGS & LOGISTICS (DMJ)

Jean-François ARNAL
Dep. Françoise TISSEYRE

Business Support (SUP)

Jean-Jacques GENTRIC

Assistance for Business Owner's Changes (AMO)

Valérie ROQUES

Software Life-cycle Management (PMU)

Olivier MOREAU

Cross-functional Requirements Management (PAT)

Dominique DREXLER

Building & Logistics Management (GIL)

Sylvain PILLOUD

Enterprise Architecture & IT Infrastructure (LIAT)

Pierre GUISERIX

Security Office-RSSI-PCA (SEC)

Renaud FALUOMI

Business Efficiency Office (CEM)

Christine SABATIER

Purchasing Office (ACH)

Selvan PAJANIRADJA

RISK

Claude PÉRIOU
Dep. Valérie ALEXIS

Second Opinion Function

Yves PICARD

INTERNAL AUDITING & COMPLIANCE (CPC)

Éric BAULARD
Dep. Nicolas LE TARNEC

Disbursements Verification (DCV)

Vincent BERTOMEU

GROUP RISK MANAGEMENT (DRG)

Jean-Philippe AUBERTEL

Risk Monitoring (DSR)

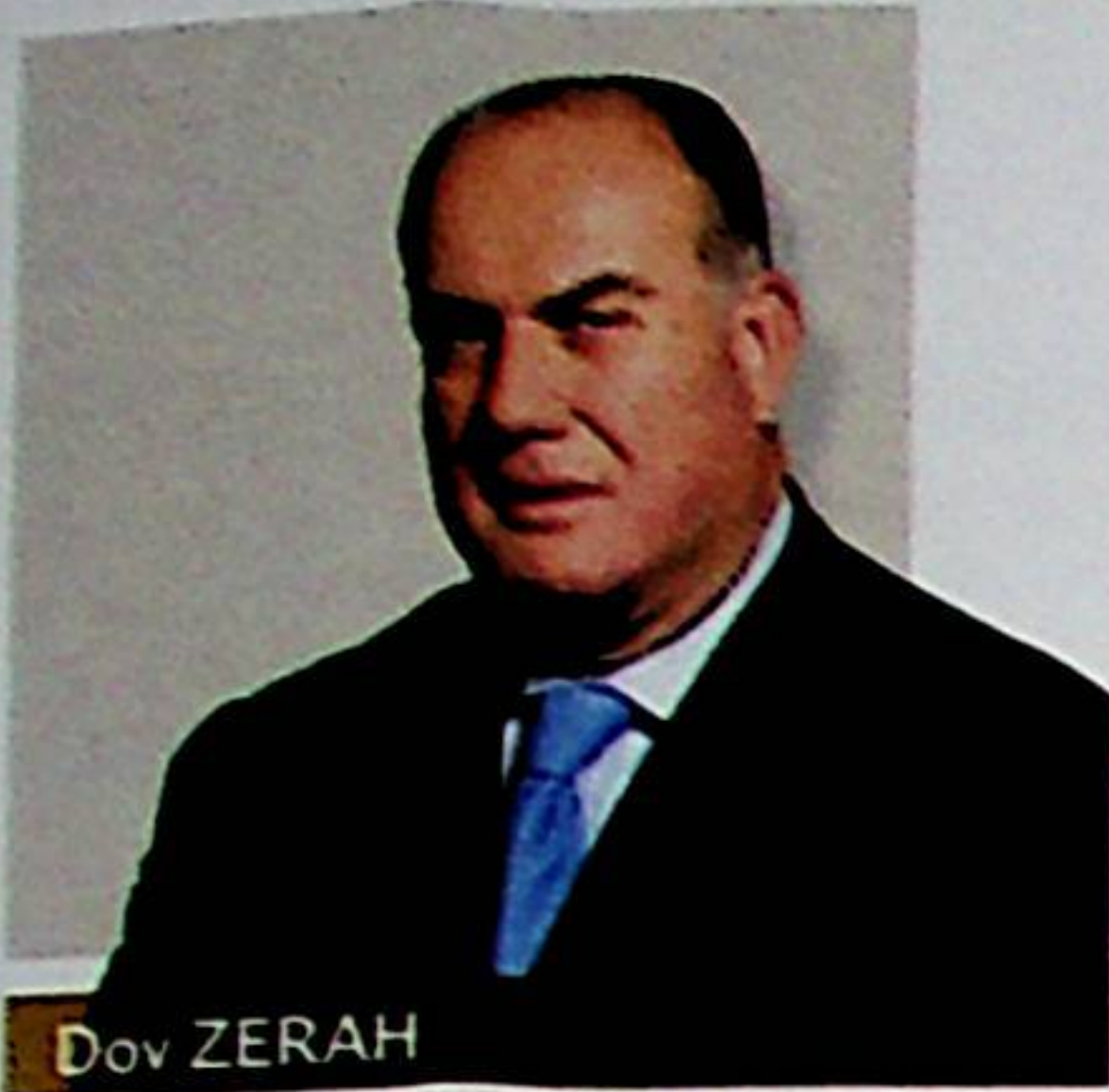
Éric BEUGNOT

Credit Risk Analysis (DRC)

Sébastien FLEURY

LEGAL (LUR)

Valérie ALEXIS
Dep. Françoise JACQUEMAIN



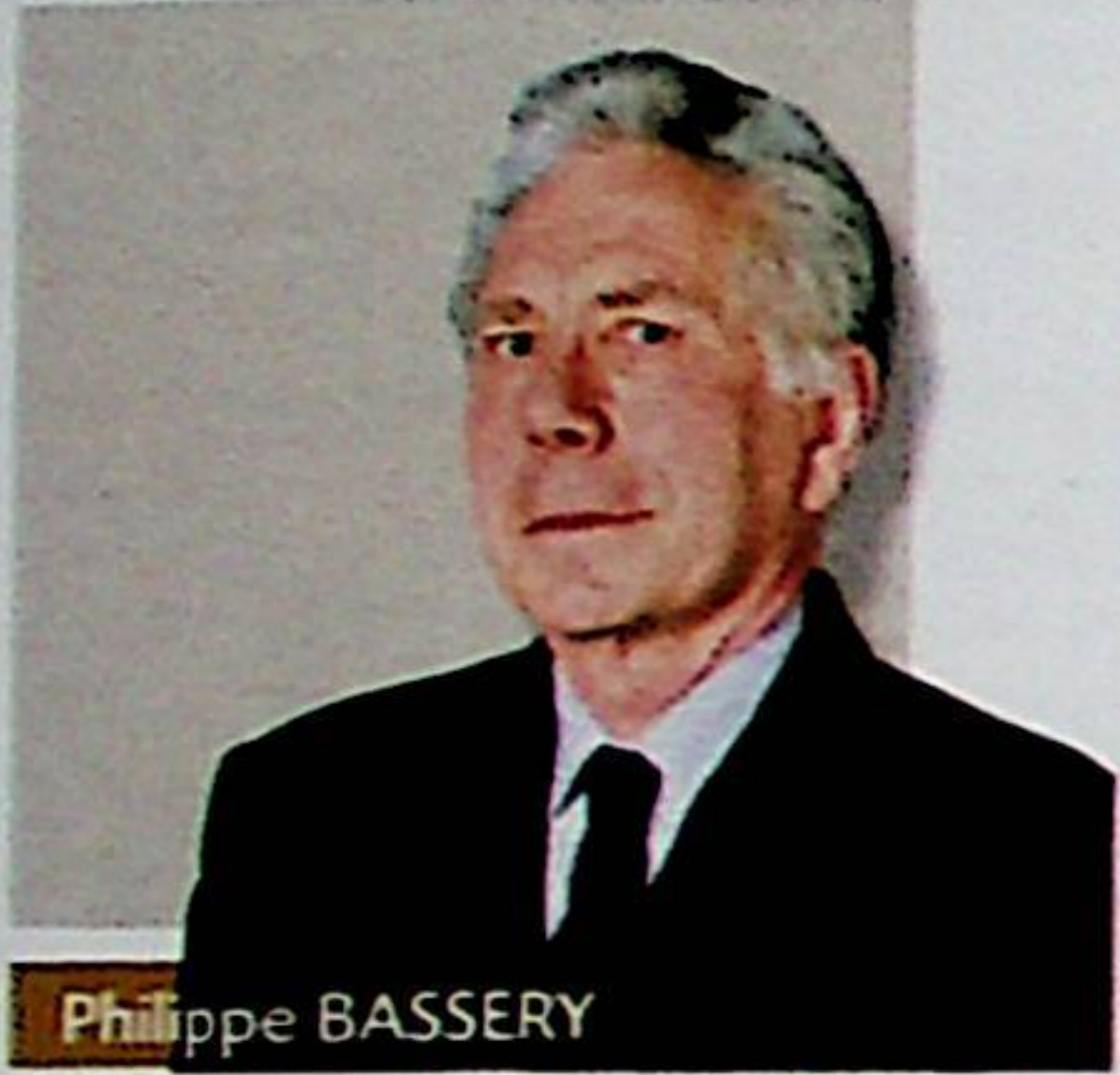
Dov ZERAH
Chief Executive Officer



Didier MERCIER
Deputy Chief Executive Officer



Jacques MOINEVILLE
Managing Director



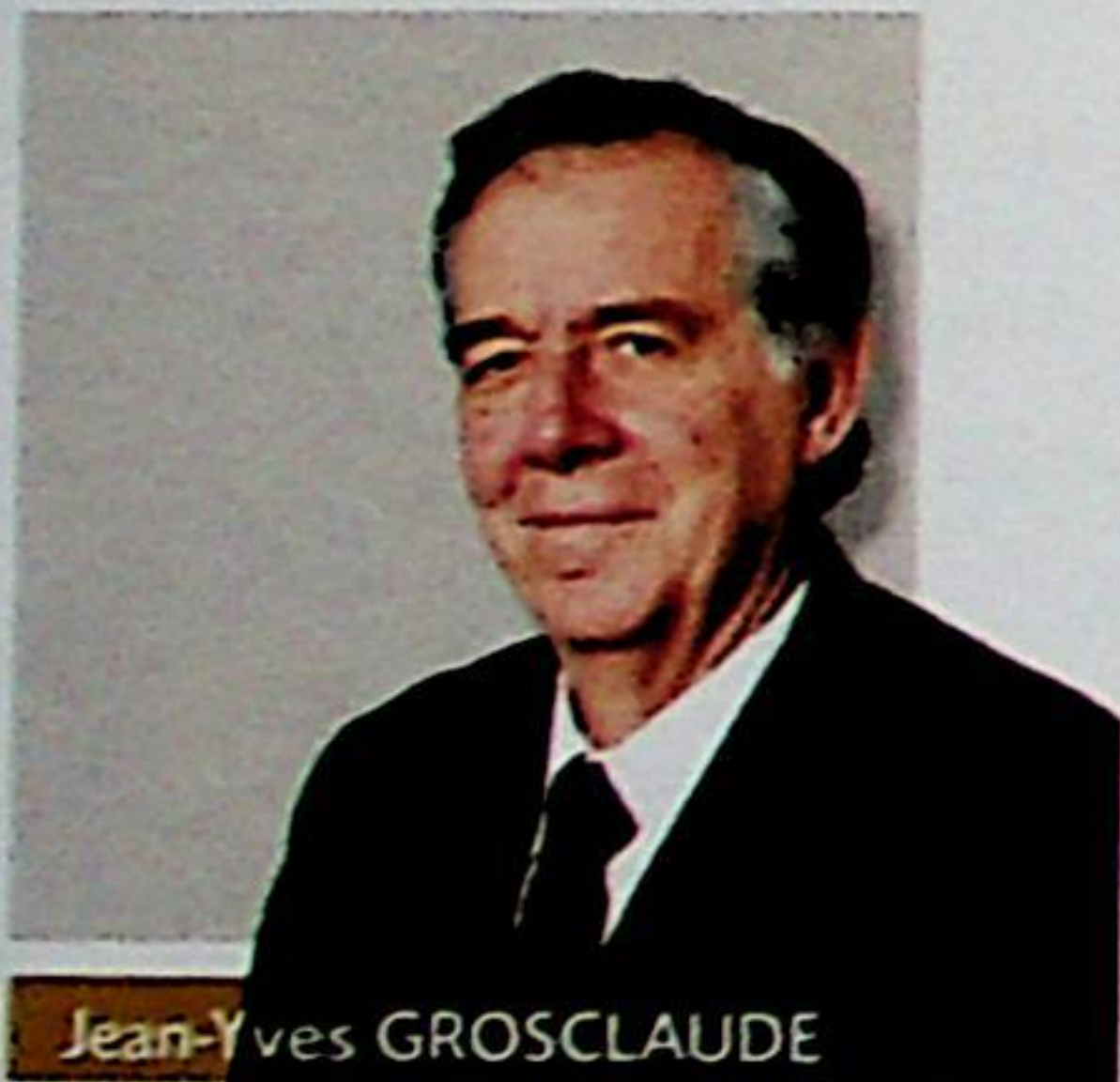
Philippe BASSERY
Chief Human Resources Officer



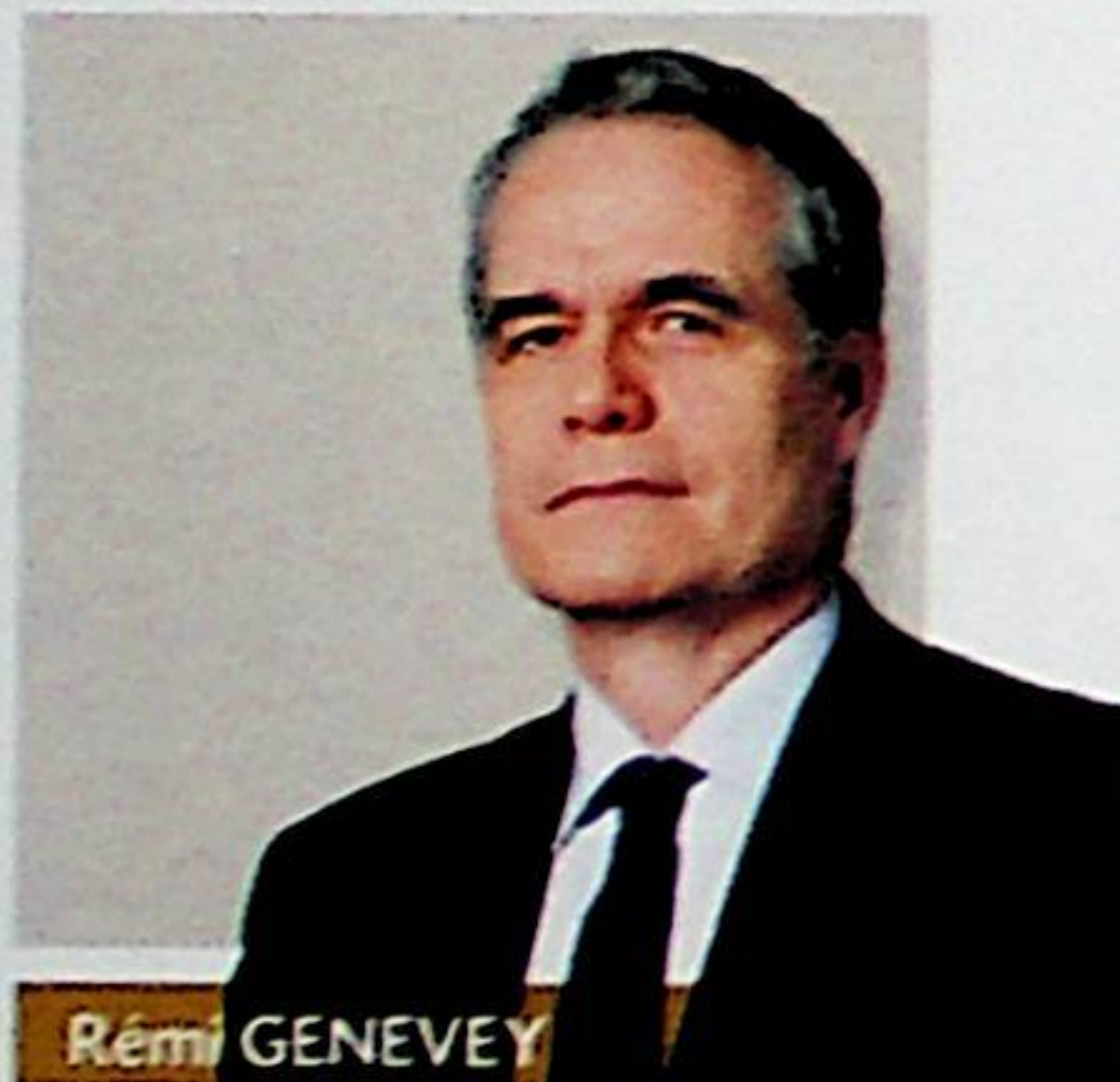
Stéphane FOUCAULT
Chief Administrative Officer



Louis Jacques VAILLANT
*Chief External Affairs
& Partnerships Officer*



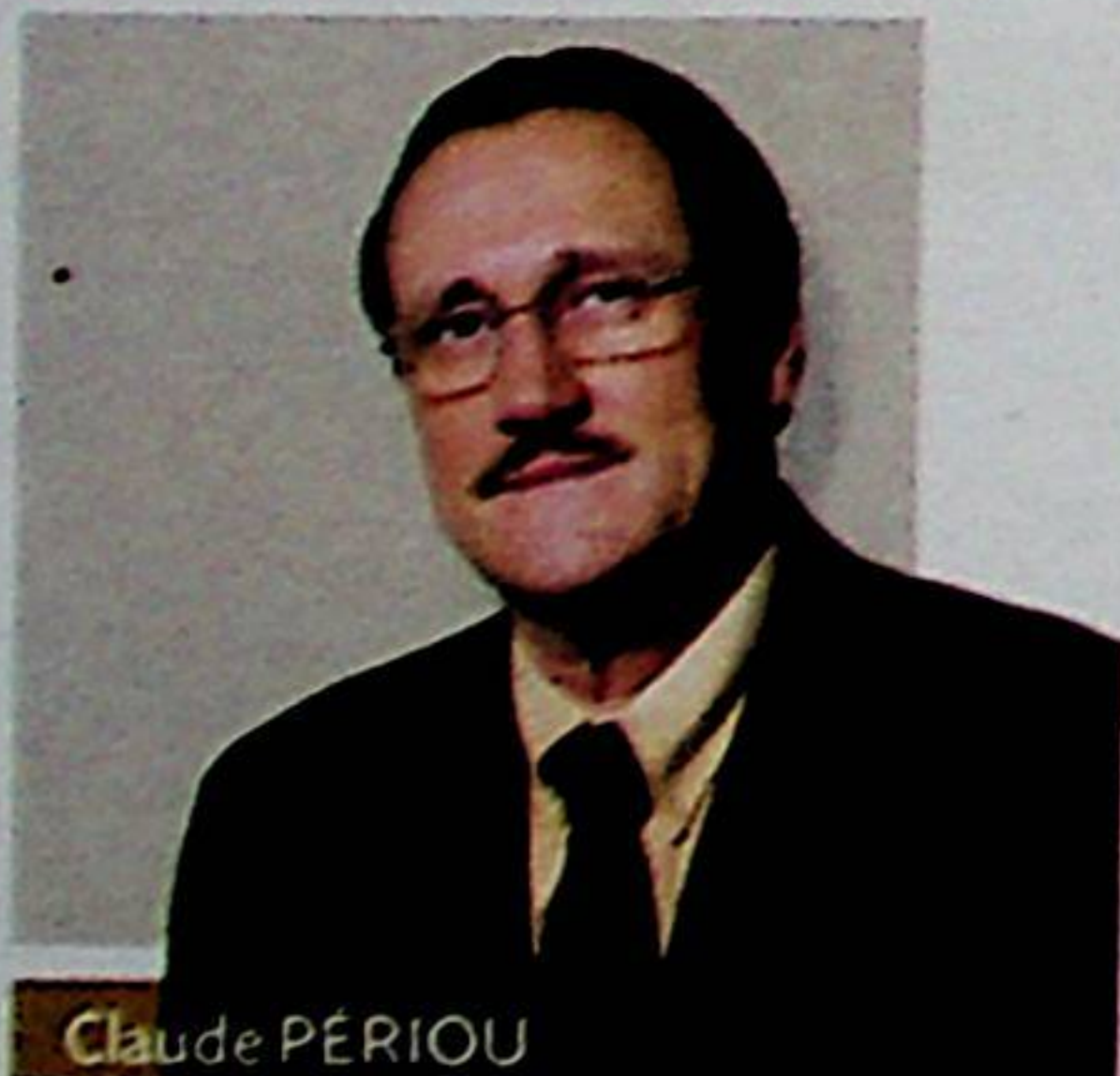
Jean-Yves GROSCLAUDE
Chief Operating Officer



Rémi GENEVEY
Chief Strategy Officer



Pierre JACQUET
Chief Economist



Claude PÉRIOU
Chief Risk Officer



Étienne VIARD
Proparco Chief Executive Officer

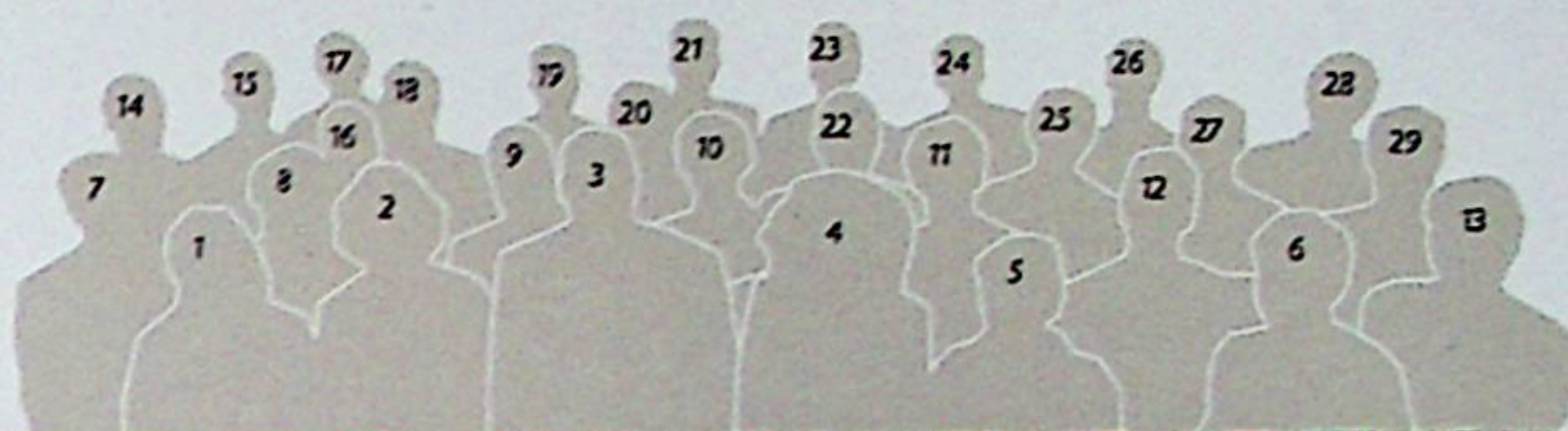
**MEMBERS
OF THE
EXECUTIVE BOARD**



AS OF 20 APRIL 2012

MEMBERS OF THE MANAGEMENT BOARD

AS OF 20 APRIL 2012



EXECUTIVE REPRESENTATIVES

Dov ZERAH (3)
Chief Executive

Didier MERCIER
Deputy Chief Executive

Jacques MOINEVILLE (10)
Managing Director

Claude RAYMOND
Chief of Internal Auditing

Pierre JACQUET
Chief Economist

François KERHUEL (14)
Business Ethics Adviser

Catherine CHEVALLIER (1)
Director of Board Secretariat

DIVISION REPRESENTATIVES

Philippe BASSERY (20)
Chief Human Resources Officer

Stéphane FOUCAULT (9)
Chief Administrative Officer

Rémi GENEVEY (29)
Chief Strategy Officer

Jean-Yves GROSCLAUDE (28)
Chief Operating Officer

Claude PÉRIOU (7)
Chief Risk Officer

Louis-Jacques VAILLANT (15)
Chief External Affairs
& Partnerships Officer

DEPARTMENT REPRESENTATIVES

Valérie ALEXIS (4)
Director of Legal

Jean-François ARNAL (11)
Director of IT, Buildings & Logistics

Jean-Philippe AUBERTEL
Director of Group Risk Management

Christian BARRIER (17)
Director of Human Development

Éric BAULARD (26)
Director of Internal Auditing
& Compliance

Gilles BERGIN (8)
Director of Finance & Accounting

Maurice BERNARD (13)
Director of Sustainable Development

Yves BOUDOT (27)
Director of Sub-Saharan Africa

Grégory CLEMENTE (12)
Director of Asia

Odile DES DÉSERTS (5)
Director of Strategic Steering
& Forecasting

Catherine GARRETA (2)
Director of Multidisciplinary Support

Gilles GENRE-GRANDPIERRE (21)
Director of CEFEF

Odile LAPIERRE
Director of Banks, Private Sector
& Local Authorities

Bertrand LOISEAU (23)
Director of Comptrolling

Marie-Pierre NICOLLET
Director of Middle East & North
Africa

Philippe ORLIANGE
Director of Latin America & the
Caribbean

Pascal PACAUT (22)
Director of French Overseas
Provinces

Robert PECCOUD (18)
Director of Research

Yves PICARD (16)
Head of Second Opinion Function

Jean-Bernard VÉRON (24)
Head of Crisis Prevention
& Conflict Resolution Unit

FRENCH GLOBAL ENVIRONMENT FACILITY (FGEF) REPRESENTATIVE

François-Xavier DUPORGE (25)
General Secretary FGEF

PROPARCO REPRESENTATIVES

Étienne VIARD (18)
Chief Executive

Colette GROSSET (6)
Managing Director of Administration

Marie-Hélène LOISON
Managing Director of Operations

The AFD Group management board coordinates internal and external operations. Members meet regularly to report on and discuss the Group's activities. They monitor risks and analyze economic situations and issues affecting development aid. Led by the chief executive, management board members manage the organization's strategic, operational and organizational problems, opportunities and overall interests.

HIGHLIGHTS

2011

2011 YEAR OF THE FRENCH OVERSEAS PROVINCES

Shining a light on the many identities of France's overseas provinces.

Learn more on www.afd.fr +

A NEW LOOK A NEW SUCCESS

More than 175,000 visitors in nine French cities viewed a traveling photo exhibition, "A New Look at Developing Countries," organized by AFD to celebrate its 70th anniversary. AFD field offices and bureaus produced 140 other events in foreign countries and France's overseas provinces. AFD also created a specific internet site for its "Objectif Développement" initiative, where the photo exhibition appears alongside videos, articles and other content; to date, more than 180,000 people have visited the site. The "Objectif Développement" project will continue into 2012, featuring other events and extensions of the photo exhibition.

26 APRIL

400 MILLION EUROS FOR CÔTE D'IVOIRE'S RECOVERY

AFD helped Côte d'Ivoire rebalance its public finances and stimulate its economy, essential actions to stabilize the country.

29 OCTOBER

AFD'S CHIEF EXECUTIVE AND ITS SUPERVISORY MINISTRIES SIGNED AFD'S "MEANS AND OBJECTIVES" CONTRACT

Learn more on www.afd.fr +

THE FIRST LOAN TO A LATIN AMERICAN MUNICIPALITY MEDELLÍN

On 10 May 2011, AFD signed a US\$250 million loan agreement with the Municipality of Medellín to finance its urban programme. This is AFD's first direct loan to a municipality in Latin America and marks a milestone in AFD's history on the South American continent. In tandem with its funding, AFD will help the city communicate about its policies and disseminate news about the outcomes of its actions.

AFD STRENGTHENS ITS PARTNERSHIP WITH MEXICO

TO COMBAT CLIMATE CHANGE

The Mexican government and AFD signed a € 300 million loan agreement to support Mexico's efforts to combat climate change, particularly in the forest sector. Mexico's pro-climate efforts have made it one of the most advanced emerging countries in the fight. In addition to the loan, AFD will provide technical assistance. This signals a new leap forward for AFD, moving it toward large initiatives to support Mexico's commitment to sustainable development.

26-27 MAY

AFD THE FIRST "DEAUVILLE PARTNERSHIP" FUNDER FOR TUNISIA'S TRANSITION TO A FREE AND DEMOCRATIC SOCIETY

• Revolutionary movements in the Middle East and North Africa marked 2011, variously affecting many countries in which AFD operates. Despite interrupting its activities in Syria and Yemen, AFD strongly mobilized to meet the development challenges that followed. As soon as the G-8 meeting in Deauville ended, AFD signed two loans for €200 million to support Tunisia's recovery and economic stimulus plan.

JULY-OCTOBER

AFD BEGINS OPERATIONS IN 6 NEW ASIAN COUNTRIES

• As of July 2011, AFD may operate in three Central Asian countries – Bangladesh, Kazakhstan and Uzbekistan – and may look for projects in the Caucasus (Armenia, Azerbaijan and Georgia). AFD will propose loans for urban infrastructure, particularly in transportation, water access, sanitation and waste treatment centers that require large investments. Countries in the region expect that AFD's expertise will boost the private sector and will help restructure the agricultural sector.

3-4 NOVEMBER

G-20 SUMMIT UNDER FRENCH LEADERSHIP, IN CANNES

• The G-20 summit meeting in Cannes provided governments an opportunity to reaffirm their commitment to development and to advance their priorities: infrastructure building, strengthened food security and environmental protection.

2 DECEMBER: AFD IS 70 YEARS OLD

AFD CELEBRATES 70 YEARS OF DEVELOPMENT AID

Learn more about AFD's history (in French) at <http://www.objectif-developpement.fr/afd/historique>

SATELLITE SURVEILLANCE OF THE CONGO BASIN FOREST BEGINNING IN THE INTERNATIONAL YEAR OF THE FOREST

• AFD has financed and aided forestry reforms in the Congo Basin region for more than 20 years. It now provides up to 30% of funding – €5 million – for a technical assistance project to support the sustainable management of the Congo Basin Forests. The first support missions studied biodiversity and forest ecology in 2011. A partnership with IGN France International, a geo-information and mapping company, will develop satellite data to monitor forest cover and allow Central African countries to receive compensation through the Reducing Emissions from Deforestation and Forest Degradation (REDD) programme.

DECEMBER

BUSAN: 4TH OECD FORUM ON DEVELOPMENT AID EFFECTIVENESS

• New development actors found their place on the international stage, particularly emerging countries whose private sectors actively assist developing countries. AFD seeks increased opportunities to work with emerging donor countries.

OCTOBER

AN IFOP STUDY CONFIRMS THAT THE FRENCH APPRECIATE DEVELOPMENT AID

• Despite the economic crisis, a poll of French citizens showed that 77% find France's foreign aid actions legitimate, and 35% of these respondents wanted France to do more. In addition, the French have more faith in knowledge transfers than in sovereign loans to developing countries. The respondents thought that poverty alleviation should be France's primary objective, and that North Africa should be the primary destination for sovereign loans and economic assistance.

28 NOVEMBER - 9 DECEMBER

CLIMATE CHANGE CONFERENCE IN DURBAN

• Anticipating the Kyoto Protocol's expiration in 2012, officials worldwide have been discussing what should take its place. The final agreement at Durban set up the Green Climate Fund previously envisioned at the Copenhagen climate summit; it also announced that commitments to the Kyoto Protocol would continue into 2013, and projected a new protocol ready for signing in 2015, to take effect in 2020.

Differences between emerging and industrialized countries narrowed, and Brazil and China showed their willingness to increase their involvement in the process.



AFD'S ROLE AND MISSIONS



A FRENCH INSTITUTION
FOR COOPERATION AND AID

14

France's bilateral aid efforts find their primary outlet in the Agence Française de Développement (AFD), which is a public industrial and commercial entity and a specialized financial institution combined. France's development and cooperation policy guides AFD's actions. At the end of 2010, the government authorized the current policy framework and complemented it in 2011 with a three-year "means and objectives" contract.

AFD provides funding and technical assistance for development projects and programmes that enhance more sustainable and shared economic growth – efforts that improve living conditions for the poorest, work to preserve the environment, and stabilize countries in fragile situations. AFD has its headquarters in Paris, an office in Marseille, and a network of 70 field offices and bureaus in developing and emerging countries and in France's overseas provinces. This geographic reach allows AFD

employees to offer funding, risk analysis and hedging tools, and to tailor its professional training and capacity-building assistance to beneficiaries' needs. AFD's subsidiary, Proparco, provides loans and investment capital to private sector enterprises. AFD works with French and international universities and researchers to enhance debate and forward-looking thinking about development. AFD also administers the French Global Environment Facility, which co-funds projects that reconcile development with the environment.

The AFD Group – that is AFD and Proparco – partners with French organizations having complementary skills and strengths: local governments, companies, professional associations, civil society groups, and so forth. The Group also works with a large range of international partners: European aid agencies, large multilateral development banks, charitable organizations and foundations, and new donor countries.

AFD responds to aid beneficiaries' increasingly varied needs and capacities with a large palette of instruments, combining its own debt financing with public resources from the French government. AFD can raise financing at the best rates in capital markets, and can design innovative co-funding schemes for economic development and the fight against climate change. AFD leverages its low-cost capital, passing the savings along to loan beneficiaries. The Group's

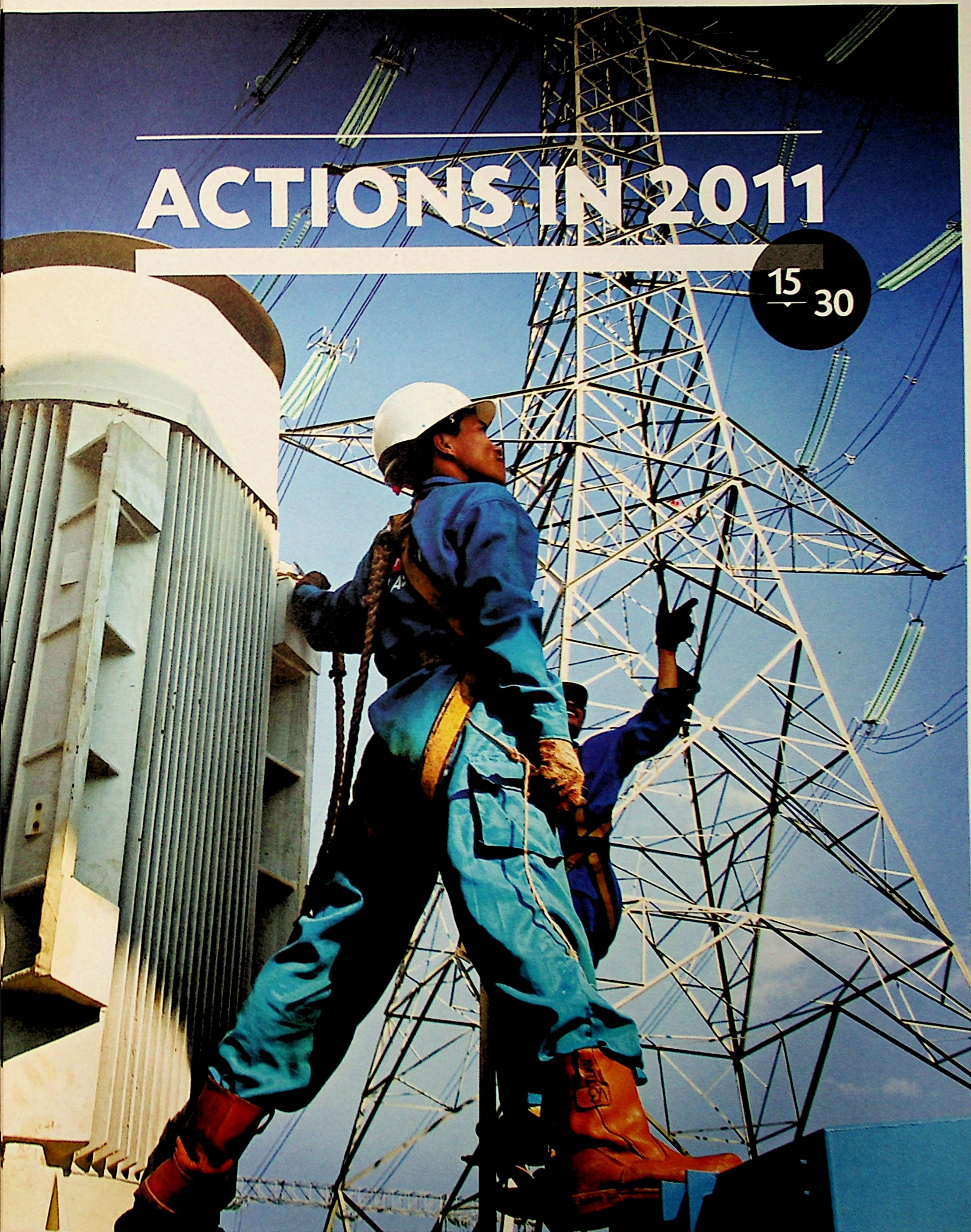
financial strength ensures optimal use of the public monies entrusted to it for executing French bilateral aid policy.

In 2011, AFD Group approved €6.88 billion in funding, of which €1.1 billion went to France's overseas provinces. AFD deploys France's aid monies as grants and loan subsidies, concentrating 60% of it in sub-Saharan African countries – prioritizing the poorest nations – and 20% in North African and Middle Eastern countries bordering the Mediterranean. Middle-income and emerging countries benefit from large loans that use few or no public aid monies; AFD also provides these countries with technical assistance, thus expanding cooperative efforts to meet common global challenges.

AFD strives to adopt the best practices for all its work: incorporating aid effectiveness principles, monitoring and evaluating the outcomes of interventions, applying safeguards to prevent corruption and money-laundering, and promoting social and environmental responsibility in the projects it finances as well as in its own internal operations. AFD pursues ongoing dialogue about the meaning and the results of its development actions with the French parliament, ministries, local governments, businesses and civil society organizations. Last but not least, AFD keeps the French public informed, raising awareness about development issues and challenges across the globe. ♦

ACTIONS IN 2011

15
30



AN INTERNATIONAL PRESENCE

REGIONS WHERE AFD OPERATES



AFD Group finances development projects in more than 90 countries on four continents. The Group boasts a network of 70 in-country field offices and bureaus, including nine offices in France's overseas provinces and one in Brussels. Among the Group's 1,681 employees, 698 work in the field offices.

AFD FIELD OFFICES AND BUREAUS by region

SUB-SAHARAN AFRICA

39.6 %
of all 2011 commitments

€2.723 BILLION
in funding approvals

MIDDLE EAST & NORTH AFRICA

16.1 %
of all 2011 commitments

€1.109 BILLION
in funding approvals

FRENCH OVERSEAS PROVINCES

16.1 %
of all 2011 commitments

€1.108 BILLION
in funding approvals

Distribution (€ million)
286.3 to New Caledonia
151.9 to Réunion
105.3 to Martinique
91.9 to Guadeloupe
80.5 to Mayotte
39.1 to French Polynesia
35.3 to French Guiana
5.6 to Saint Pierre & Miquelon

LATIN AMERICA & THE CARIBBEAN

15.6 %
of all 2011 commitments

€1.074 BILLION
in funding approvals

ASIA & THE PACIFIC

11.5 %
of all 2011 commitments

€794 MILLION
in funding approvals

FUNDING APPROVAL VALUES BASED ON COMMITMENTS MADE BY AFD AND ITS SUBSIDIARY, PROPARCO; TOGETHER THESE REPRESENT 99% OF THE AFD GROUP NET BANKING INCOME. MULTIDISCIPLINARY FUNDING REPRESENTS 1.1% OF COMMITMENTS, WHICH CANNOT BE ALLOCATED TO A SINGLE GEOGRAPHIC REGION.

IN 2011

AFD APPROVED FUNDING THAT WILL HELP:

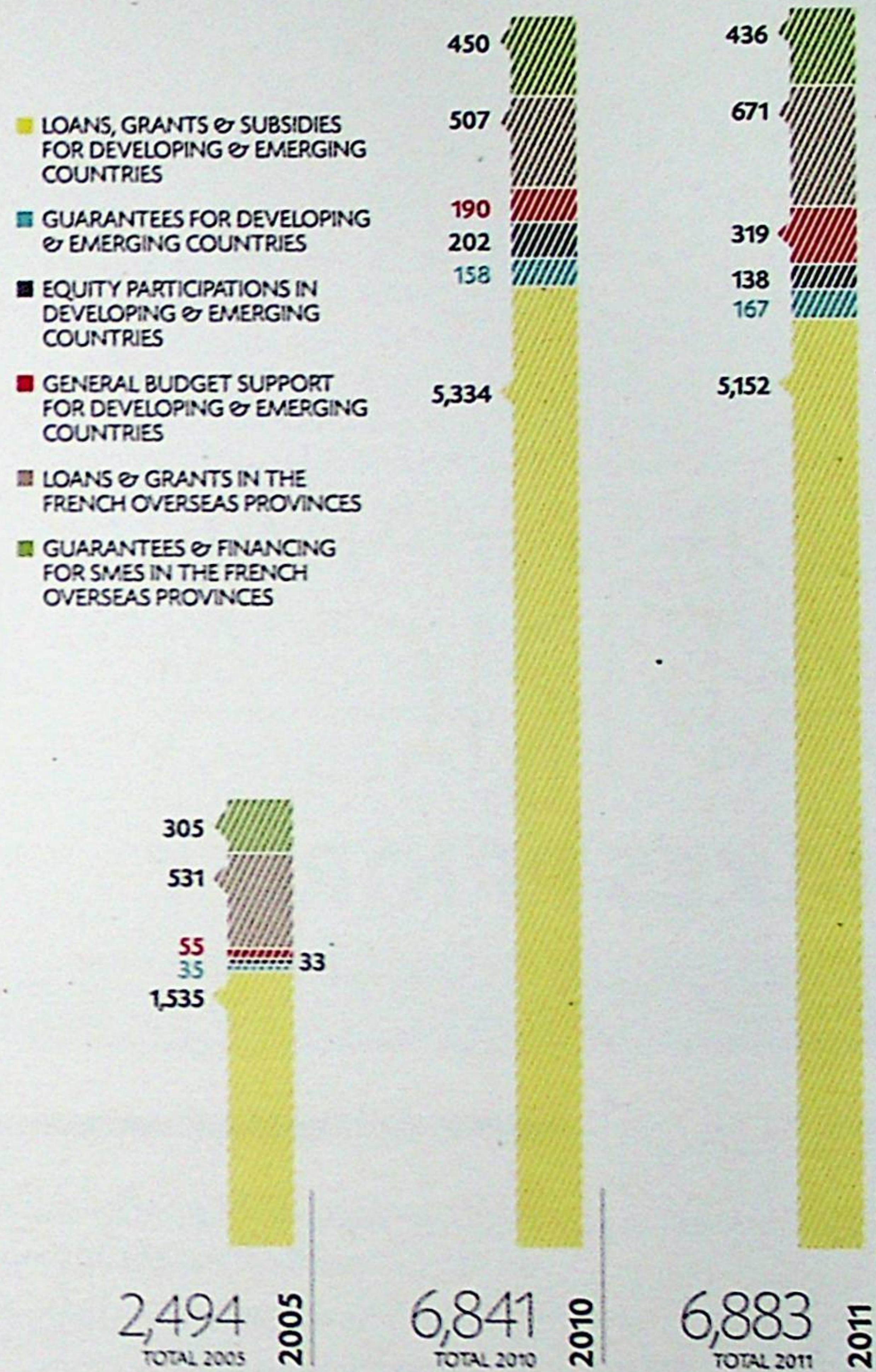
DEVELOPING AND EMERGING COUNTRIES

- Improve *drinking water supply* for **1.5 million people**
- Improve *sanitation systems* for **1.48 million people**
- **Build and renovate terrestrial transport systems** that will convey **7.6 million tons of freight annually**
- Fight climate change by abating **3.8 million metric tons of CO₂ equivalent emissions per year**
- **Produce 431.7 megawatts** of electricity using energy recovery and renewables
- Improve access to *electricity* for **6.15 million people**
- **Ensure primary schooling** for 4 million children and **secondary schooling** for 2 million
- **Provide professional training** for **430,000 adults**

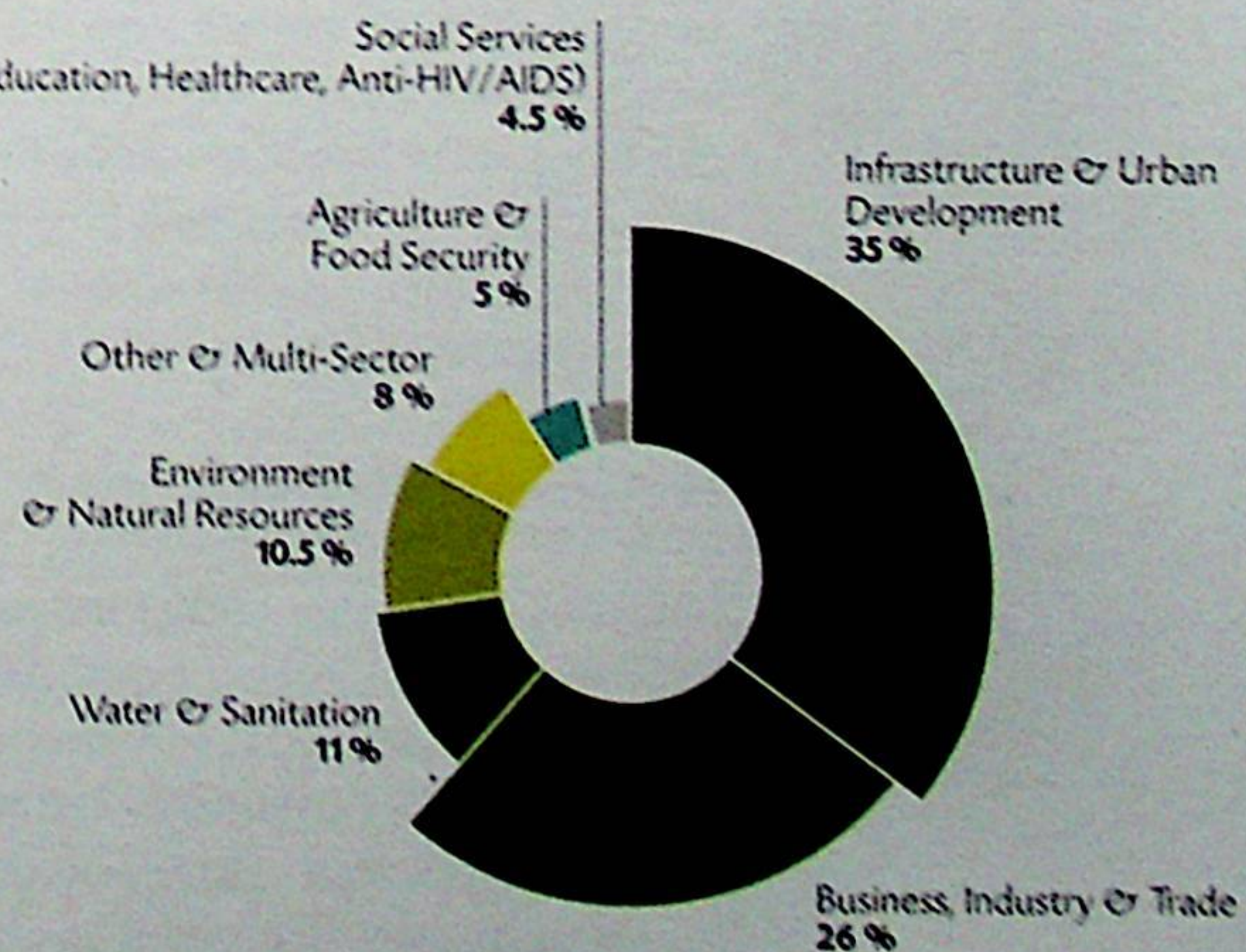
THE FRENCH OVERSEAS PROVINCES

- Improve drinking water supply and *sanitation systems* for **375,000 citizens**
- Build and outfit *healthcare facilities* used by **290,000 patients annually**
- **Treat 285,000 tons of trash per year**

Methodology These indicators reflect the expected outcomes for projects and activities that AFD approved funding for in 2011. They are based on AFD's *ex ante* analyses (conducted prior to funding approval) that take into account the impact of AFD's direct as well as leveraged contributions to these development efforts.



DISTRIBUTION OF AFD GROUP FUNDING APPROVALS BY TYPE OF FINANCING IN DEVELOPING & EMERGING COUNTRIES & THE FRENCH OVERSEAS PROVINCES (EURO MILLION)



DISTRIBUTION OF AFD GROUP FUNDING APPROVALS BY SECTOR OF ACTIVITY (%) IN DEVELOPING & EMERGING COUNTRIES & THE FRENCH OVERSEAS PROVINCES

SUB-SAHARAN AFRICA

TAKES PRIORITY



AFD concentrates its priority actions on sub-Saharan Africa, the epicenter of today's development challenges and opportunities.

Sub-Saharan Africa presents many opportunities – a growing population, expanding cities, natural resource wealth, agricultural potential, sound public finances, and an increasing presence in the alliance of nations. The region's strong gross domestic product (GDP) growth – up 4.9% in 2011 over 2010 – proves its dynamism. Sub-Saharan Africa's resilience in the face of the global financial and economic crisis – the World Bank projects that GDP will rise 5.3% in 2012 – makes it one of the world's few strongly growing regions.

AFRICA'S CHALLENGES

– However, net foreign capital inflows to the region have stagnated in recent years, declining slightly from 3.9% of GDP in 2011 to a forecast 3.5% in 2012, according to the World Bank. Extractive industries – oil, gas and mining – drive economic growth, but they remain highly dependent on world commodity prices. Africa's economic growth therefore generates too few jobs, redistributes too little wealth and often falls behind its population growth. In 2011,

income disparities within countries and development inequalities between regions increased, and populations in arid regions remain very vulnerable to climate events. On a continent often marked by social and political deficiencies, these vulnerabilities were worsened by a food crisis and a famine affecting millions of people in the Horn of Africa. Low rainfall levels across several Sahelian countries prompted renewed concern about the region's food security. In 2011, AFD greatly expanded its development activities in sub-Saharan Africa. It contributed to major infrastructure projects, to more productive agriculture and to better access to essential social services, working via its 30 field offices and bureaus in the region.

AFD was particularly active in the CFA Franc Zone, authorizing €1.4 billion in aid funding – a 143% increase over 2010. Among its many impacts, this funding helped Côte d'Ivoire recover from its violent political crisis.

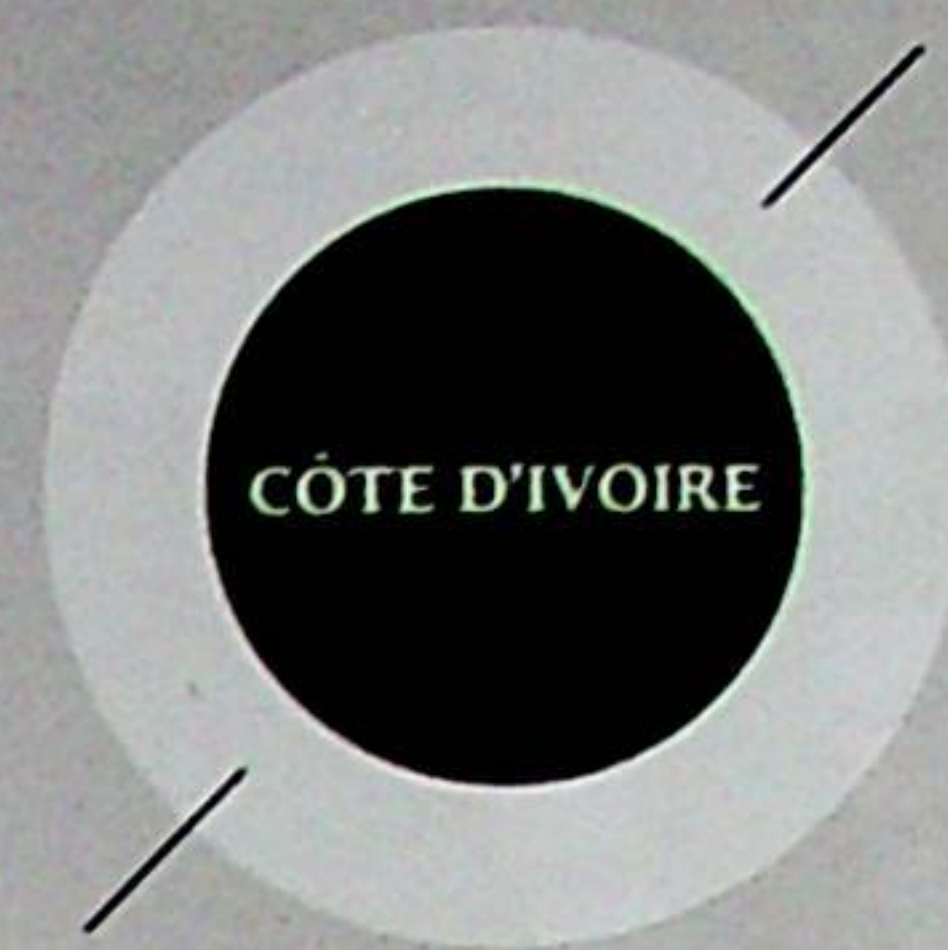
DRAMATICALLY INCREASED FUNDING

– AFD's 2011 commitments (funding approvals) for sub-Saharan Africa increased 26% over 2010, reaching €2.7 billion or 39.6% of the year's total. Much of the funding took the form of sovereign loans to national governments. Observations from 2011

THE REGION RECEIVED

39.6%

OF AFD'S TOTAL 2011
COMMITMENTS



POST-CRISIS ASSISTANCE

When fighting ended in Côte d'Ivoire, AFD promptly helped the country recover from its post-election crisis with a €350 million general budget loan and a €50 million credit guarantee. AFD disbursed a €200 million installment immediately, which paid for civil servant salaries and clean-up in Abidjan. It then disbursed the remaining €150 million to help stimulate the country's economic recovery and to partially finance urgent social welfare outlays for water, education and healthcare. In December 2011, AFD granted the €50 million (CFA 32.8 billion) credit guarantee to two banks, BICICI and the Bank of Africa Côte d'Ivoire, for a loan to the Ivorian government. Public officials will use the loan to pay off debts to the private sector, which will help the government regain investor confidence and stimulate economic recovery. AFD's emergency support undoubtedly helped the country stabilize its situation and renew its relationships with international lenders.

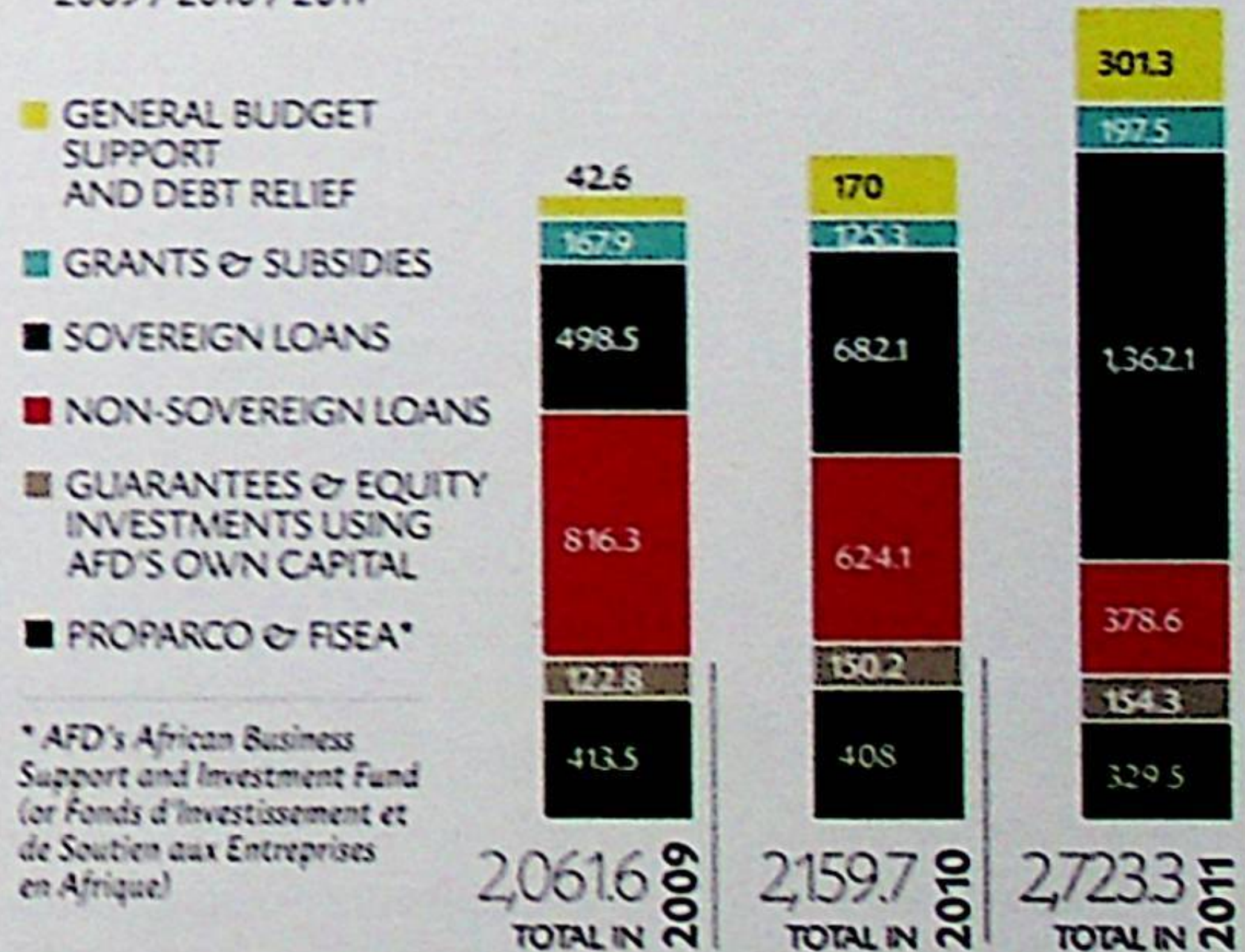
See more information at www.afd.fr

confirmed a situation first noted in 2010: sub-Saharan African economies no longer needed the counter-cyclical non-sovereign loans at market interest rates that had initially compensated for the credit crunch. By 2010, the economies had recovered and reached pre-crisis growth levels, and they continued growing in 2011.

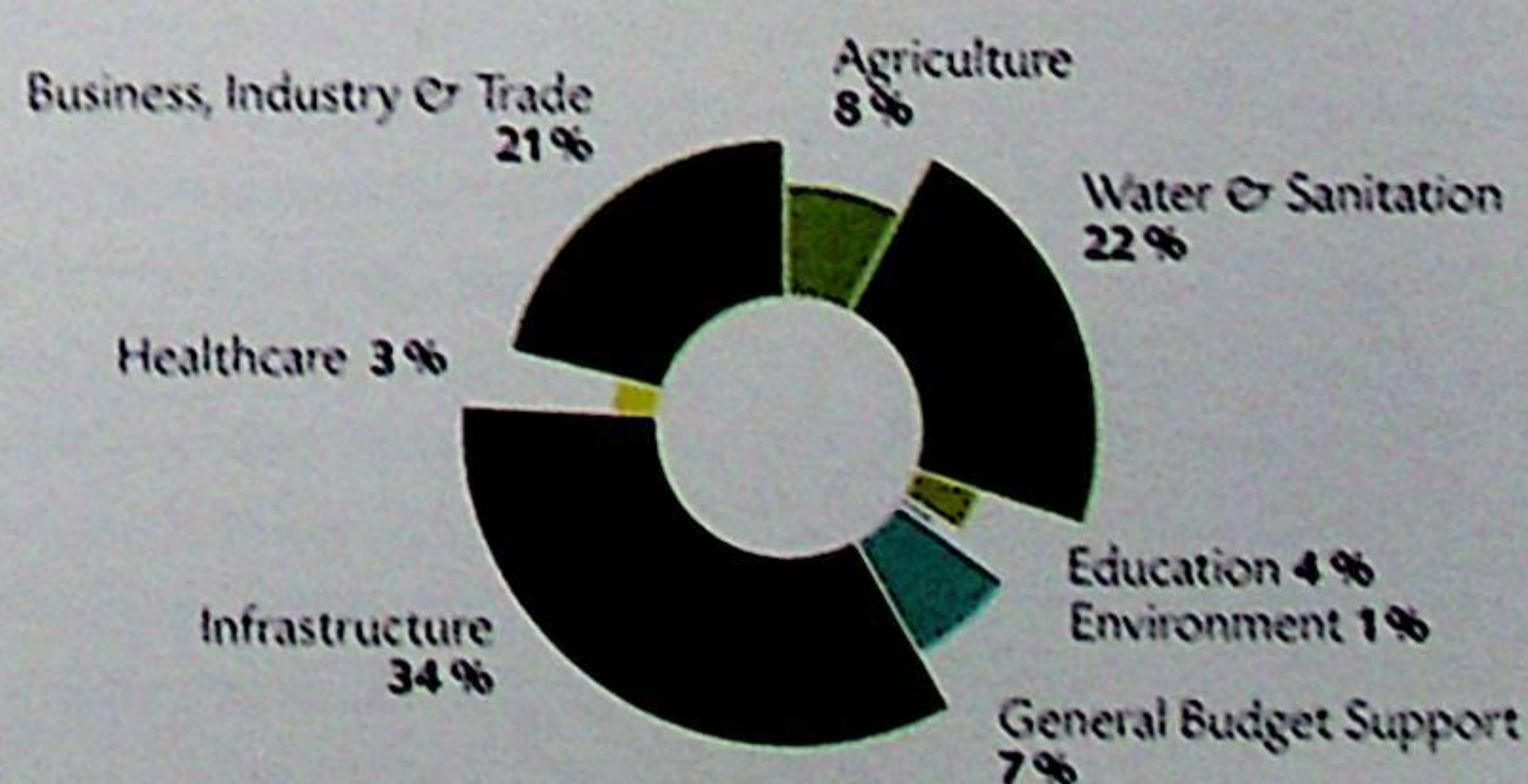
AFD's sovereign loan commitments doubled, reaching €1.3 billion. This boosted AFD's ability to help central governments finance their capital investment plans. AFD nevertheless scrutinizes debt-carrying capacity, carefully monitoring the viability of sovereign debt loads.

Sub-Saharan Africa receives the majority of France's foreign aid that is implemented through AFD; the region's share reached 77% of all 2011 AFD foreign aid funding, or €732 million. This aid took the form of subsidized loans (€233 million); project grants, including FGEF and NGO funding (€198 million); general budget support (€52 million), and debt relief (€249 million) – the last coming primarily from French debt-reduction and development contracts. Fourteen poor African countries, considered priorities for French assistance, received 84.6% of the grant monies reserved for the region. In 2011, AFD allocated 77% of its sub-Saharan African commitments to projects for major infrastructure, water supply and sanitation services, as well as for business, industry and trade. ▶

AFD GROUP FUNDING APPROVALS FOR SUB-SAHARAN AFRICA 2009 / 2010 / 2011



DISTRIBUTION OF AFD GROUP FUNDING APPROVALS FOR SUB-SAHARAN AFRICA BY SECTOR 2011





Transportation

**A NEW BOOM
IN RAIL TRAVEL
BETWEEN MOMBASA
AND KAMPALA**

AFD's a private-equity investment fund, FISEA, which Proparco manages, invests in sub-Saharan African private sector businesses, banks, microfinance institutions, and other investment funds. The FISEA fund invested US\$10.7 million in Africa Railways, the majority shareholder of the company that leases the railway, Rift Valley Railways (RVR). RVR has begun a large-scale upgrade of the rail lines between Mombasa and Kampala, improving the reliability and quality of freight and passenger transportation. The investment program should help boost rail travel between Kenya and Uganda, reduce freight shipping costs, and improve inter-regional integration in East Africa.

20

CAMEROON

**SUPPORT FOR A
JOINTLY-DEVELOPED
RURAL AND
AGRICULTURAL POLICY**

Cameroon is pursuing a national rural and agricultural policy in concert with agricultural trade associations and local governments, giving them a greater role in rural affairs. In 2011, AFD funded four programs totaling €187 million as part of France's debt reduction and development contract with Cameroon. The programs aim to increase the competitiveness of 250,000 farms through funding, technical assistance and consulting. The programs will also renovate 100 vocational training centers and 15 schools that will teach agricultural courses to more than 33,000 rural students and farmers annually. More than 600 rural residents will receive non-agricultural vocational training, and rural communities will be encouraged to participate in their own economic development.

**PROMOTING MORE INCLUSIVE
ECONOMIC GROWTH**

In 2011, AFD committed €1.71 billion, or 63% of its total funding, to sub-Saharan Africa in order to finance infrastructure construction, company expansions, and agricultural modernization. One of AFD's sectoral priorities is financing roads, railways, electricity and other infrastructure to facilitate access to isolated areas and their residents. In 2011, 19% of AFD's work in the region therefore financed electricity production, transport and end-user distribution. Specifically, several projects made inter-regional connections to the West African power grid and promoted sustainable energies in Kenya. Some of these projects promote modernization; for example, AFD's financial support for Senegalese electricity projects replaced dilapidated or worn-out facilities. AFD granted a €60 million sovereign loan to upgrade the electricity production facilities of Senelec, the state-owned power company. An additional €600,000 grant will finance training for the company's employees so that they can operate the new facilities. In other infrastructure projects, AFD provided €257 million in financing to build or renovate roads, railways and ports in the region. France's initiative to promote economic growth and employment in Africa – a commitment made in Cape Town in 2008 – also focuses on supporting business, industry, and trade, especially through financial intermediation. The initiative will mobilize €2.5 billion over five years, using AFD's expertise to help local banks provide more financial tools and credit to African businesses.

In the past four years, 72% of the original objective has been reached with €1.8 billion invested.

Recent food crises have revealed Africa's need for modernized agricultural production, the better to ensure some countries' food security, to create surpluses in others for export and to reduce farmers' and consumers' exposure to commodity price fluctuations. In 2011, AFD dramatically increased funding for the agricultural sector to €397 million. AFD supports public policies that promote food security – reducing supply bottlenecks, financing private sector investment in the food processing industry, and preserving a balance between agricultural and natural ecologies

INCREASING ACCESS TO BASIC SERVICES

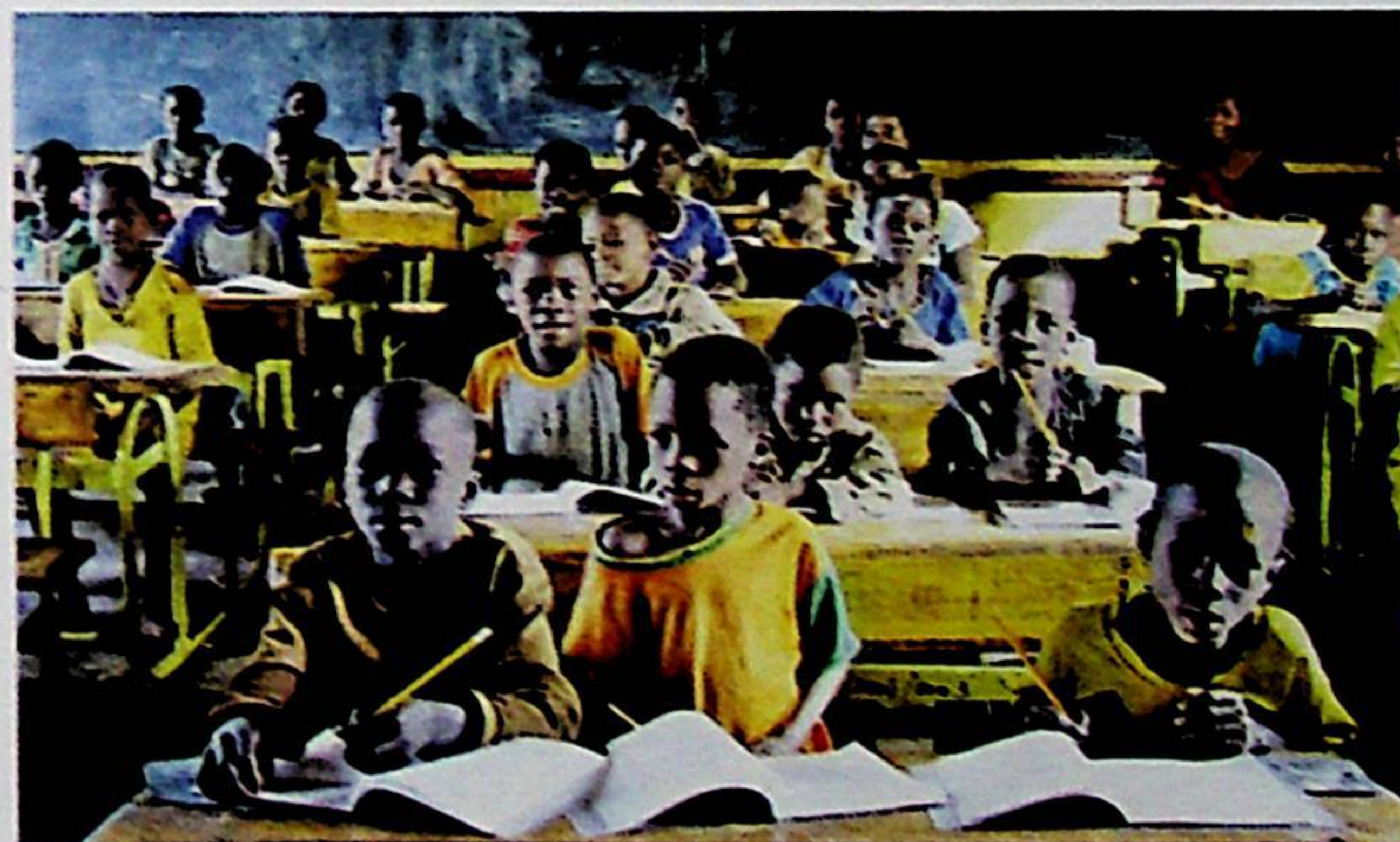
In 2011, AFD continued its support of France's commitment to meet the Millennium Development Goals: it funded projects that will increase access to drinking water, sanitation, healthcare and education in sub-Saharan Africa.

For drinking-water and sanitation access, AFD set up institutional frameworks that foster sustainable water-supply management, more universal access, and sanitary urban environments. This work meant funding projects for water supply, treatment and distribution systems in cities, and bore holes, wells and small supply systems in rural areas. Sanitation system projects – primarily in urban areas – included improved waste collection and transport, along with wastewater purification plants. In 2011, AFD allocated €562 million to financing water and sanitation projects in Cameroon, Cape Verde, Congo, Mali, Mauritius, Mozambique, South Africa and Tanzania. AFD allocated 54% of all grant aid to education and healthcare. At the 2010 Group of Eight (G-8) meeting in Muskoka, France committed to granting €100 million annually over 2011-2015 to maternal and infant health in 18 countries, including 14 sub-Saharan African countries. Of this amount, AFD implements €48 million per year, while other (multilateral) agencies deploy the rest. In 2011, €45 million of this grant money covered the cost of maternal and infant healthcare projects in Benin, Congo, Mauritania and Niger.

AFD's education financing falls within the framework of the United Nations Education for All Program. The funding improves the quality of education systems by contributing to sectoral programs and regional pilot projects. In addition, AFD strongly contributed to professional and vocational training by supporting training services and programs for various sectors of activity. For example, in 2011, AFD funded or co-funded training programs for construction and public works in Madagascar and Senegal, agriculture in Mali, and manufacturing and mechanical engineering in Togo. ♦

84.6%

OF ALL GRANTS TO AFRICA BENEFITTED THE 14 POOREST COUNTRIES IN THE REGION



Education

BILINGUAL PRIMARY SCHOOLING IN FRENCH-SPEAKING AFRICA

Many African children, especially those from rural areas, do not receive a high-quality primary education because they do not speak the primary language of instruction in their region. Eight countries – Benin, Burkina Faso, Burundi, Cameroon, Democratic Republic of Congo, Mali, Niger, and Senegal – have created a regional program that gradually introduces teaching in both French and African languages to primary-school pupils. Three other institutions have partnered with AFD for this program: the French Ministry of Foreign and European Affairs, the International Organisation of La Francophonie, and the Agence Universitaire de la Francophonie (AUF, or Association of French-Speaking Universities). Since every country has its own language, AFD tailors its support to each nation's education policy and national action plan. AFD has underwritten 51% of the program's cost with a €4.5 million grant.

AIDING TRANSITIONS IN THE MIDDLE EAST AND NORTH AFRICA



AFD promotes stable and sustainable development in North African and Middle Eastern countries to bring their economies and living standards closer to those of European countries.

The advent of the "Arab Spring" marked 2011, affecting several AFD aid-beneficiary countries: Tunisia and Egypt in January, followed in succession by Algeria, Syria, Yemen, and, to a lesser degree, Jordan and Morocco.

Although these events caused AFD's work to slow down in some countries, the Group continued to provide suitable solutions for their underlying social and economic challenges. In particular, AFD helped implement the so-called "Deauville Partnership," launched by French President Sarkozy at the G-8 summit meeting in Deauville, France on 26 and 27 May, 2011.

SUPPORTING FRAGILE ECONOMIES

Since 2002, AFD Group funding commitments to the Middle East and North Africa have increased regularly and strongly, at more than 25% annually. However, after reaching €1.3 billion in 2010, in 2011 commitments dipped to €1.1 billion. The Group's development activity was most pronounced in Morocco, which received €543.2 million of approved 2011 funding.

The main sectors financed included infrastructure (29%), water and sanitation (28%), business, industry and trade – especially the private sector – (21%) and the environment (16%).

Disbursements for projects and programs in the region grew 38% in 2011 over 2010, totaling €530 million. This large injection of money helped support economies in countries weakened by the unstable political situation.

EXPANDING PARTNERSHIPS AND KNOWLEDGE CREATION

AFD expanded its relationship with the European Union (E.U.) when the E.U. delegated €7.8 million in aid funding to AFD through the E.U.'s Neighbourhood Investment Facility (NIF) and its National Indicative Programmes for development work in Tunisia. The E.U. plans other similar contributions to AFD so the Group can help implement the E.U.'s external aid efforts. AFD also expanded knowledge creation about the practical, operational aspects of its work – especially projects related to urban transportation and water-demand management – through the Marseilles Center for Mediterranean Integration. This knowledge creation and sharing supports AFD's strategizing with partner countries in the Mediterranean Basin. AFD also began a new program on employment and labor protections at the request of Tunisian authorities; an initial seminar on the subject took place in Tunis.

Strategizing about the Mediterranean region's needs in the 2012-2014 period led to new priorities: increasing economic growth and employment, reducing social and territorial disparities, and improving quality of life through better management of scarce natural capital, such as water and arable land. ♦

AFD HELPS
IMPLEMENT THE
DEAUVILLE
PARTNERSHIP



NORTHERN MOROCCO

Olive orchards and fields of grain

Transportation

CAIRO METRO LINE EXTENSION

Cairo faces an acute shortage of public transportation capacity, car-saturated roads and air pollution. The city opted to increase high-capacity mass transit as a sustainable solution. Today, its underground metro network offers a high-quality, inexpensive service, and a third line is under construction.

In 2009, AFD provided €44 million in financing for the second phase of the metro-line construction. In 2012, AFD approved €300 million in financing for the third phase, which will build 15 stations over 17.7 kilometers. The €2.1 billion project will be co-financed through a grant from the European Union. The new line will reduce travel time and make it easier to reach jobs and services – especially for poorer residents. It will also curb greenhouse gas emissions and air pollution.

MOROCCO

IMPLEMENTATION SUPPORT PROGRAMME FOR THE GREEN MOROCCO PLAN

Recognizing the importance of agriculture to Morocco's social and economic development, Moroccan authorities created in 2008 the "Green Morocco Plan" to reform and stimulate investment in the sector. The authorities asked AFD to contribute to a part of the Plan that provides aid to family farms in northern Morocco. AFD responded with a €50 million subsidized loan and a €300,000 grant. The funding will be implemented through a programme approach. This will allow farmers' associations to invest in productive capacity. It will also finance research and other assistance for programme beneficiaries. The approach aims to create sustainable, fair jobs and labor practices in forward-looking agricultural and related industries.

PALESTINIAN TERRITORIES

SUPPORTING PRIVATE SECTOR COMPETITIVENESS

As part of the Palestinian Territories' 2011-2013 National Development Plan, and in response to high unemployment rates, the Palestinian Authority asked AFD to increase aid to the private sector.

Together with the Palestinian Economy Ministry, AFD commissioned a strategic positioning study at the beginning of 2011. AFD used the study's findings to refine its intervention plan, integrating the local economy's principal needs.

AFD made a €5 million grant to the Palestinian Authority at the end of 2011 for a project to structure the private sector according to the study's identified priorities. A cluster approach and public-private communication will strengthen business competitiveness, expand the domestic market, and promote exports.

TUNISIA

SUPPORT FOR STIMULUS PLAN

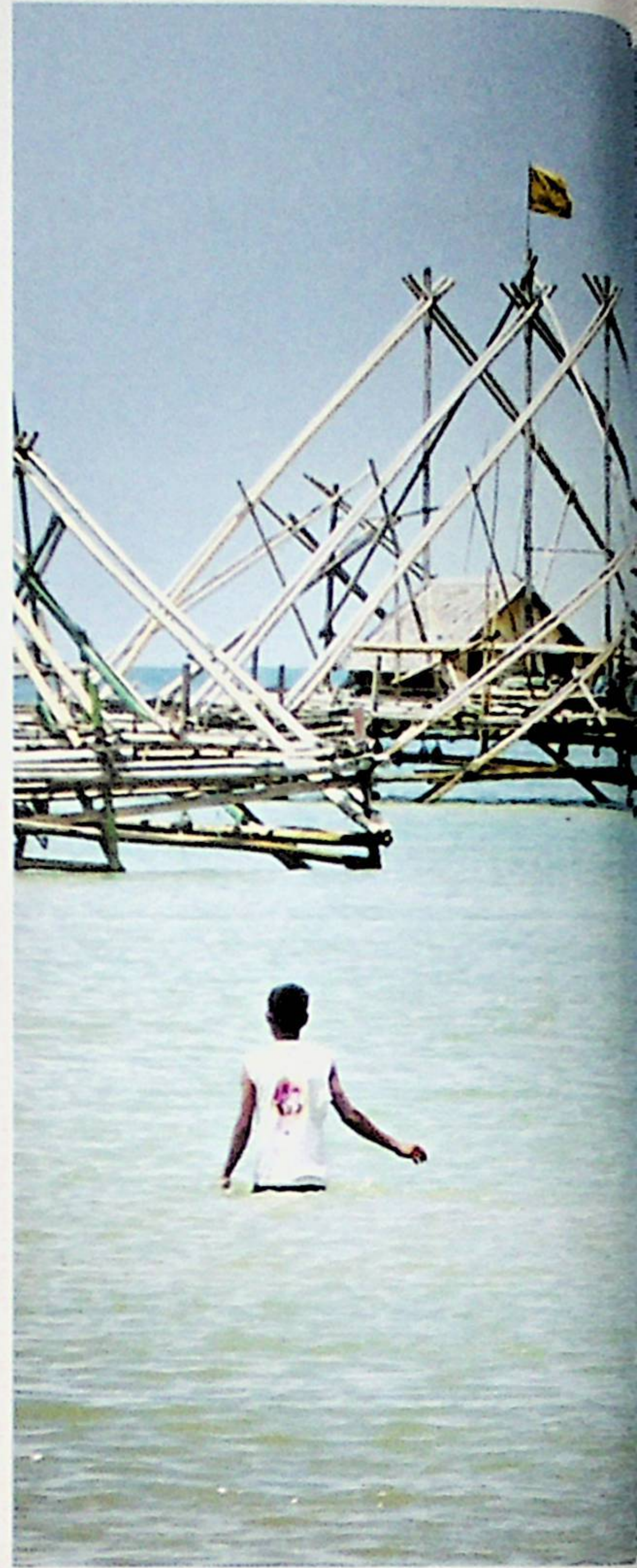
Following the revolution that ushered in the Arab Spring, Tunisia saw its economic and labor situation marked by high overall unemployment and, especially, few job opportunities for young people. Furthermore, too-restrictive regulation still weighs on the financial services sector, contributing to the lack of dynamism in domestic venture investment.

In the wake of the Deauville Partnership Agreement, AFD loaned Tunisia €185 million to set up two parts of its national stimulus plan, one for employment and the other for the financial services sector. This aid programme will assist Tunisia's rapid transition to a freer society. In these efforts, AFD works alongside the World Bank, the European Union and the African Development Bank. France's national unemployment office, Pôle Emploi, will help modernize Tunisia's job assistance program.

MEETING STABILITY **AND CLIMATIC** CHALLENGES

IN

ASIA



24

In 2011, AFD helped Asian countries meet two main objectives: fighting climate change and promoting regional stabilization.

The French government opted in 2011 to extend AFD's development assistance remit to Bangladesh, Kazakhstan, Uzbekistan, and countries in the Caucasus region. To promote green and inclusive growth in these countries, AFD began reviewing several urban development project proposals, such as for building protected bus lanes and sustainable waste management facilities.

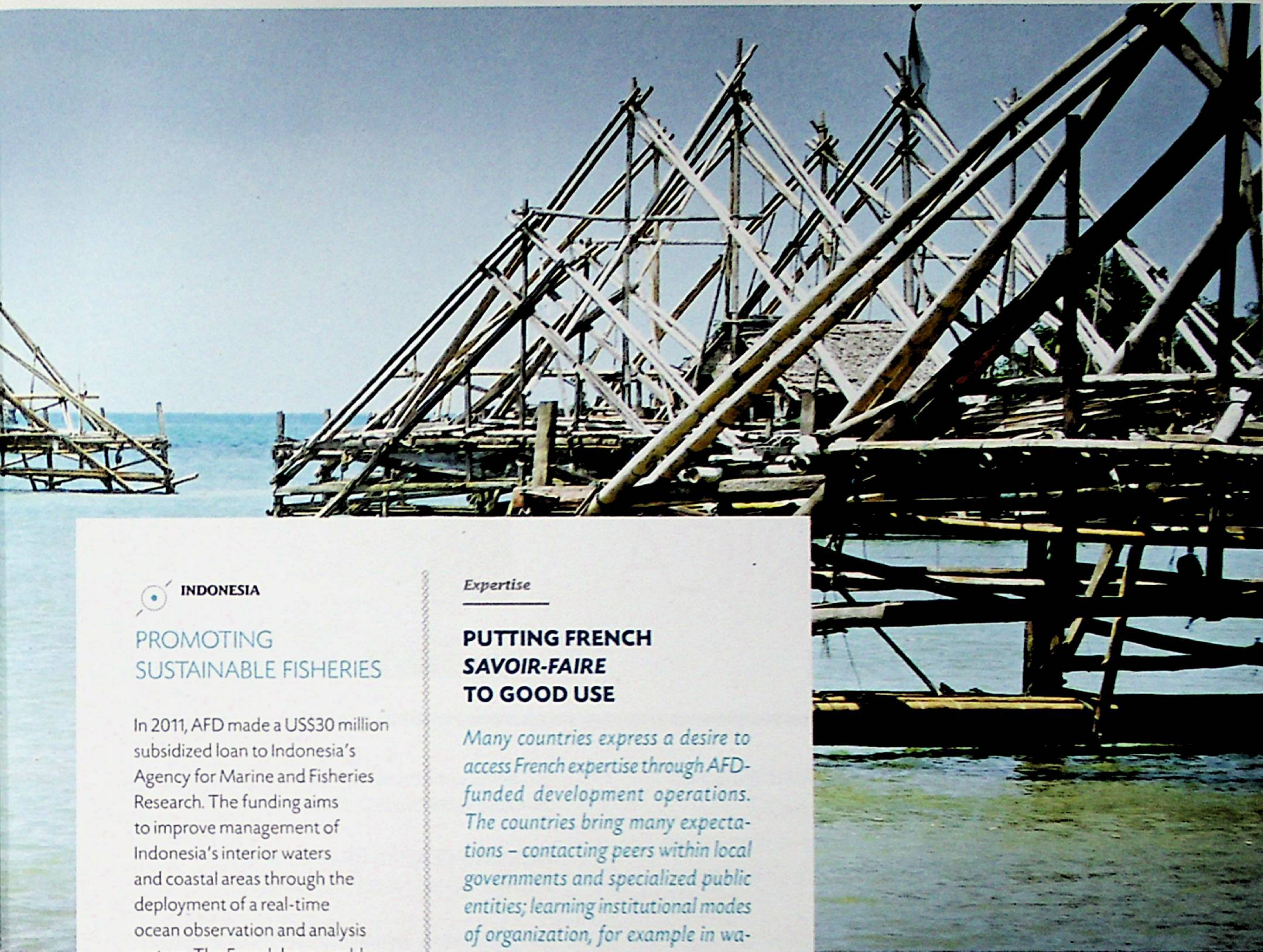
The Asia region received 11.5% of AFD's funding in 2011, and many new partnerships enriched the year. For the fourth consecutive year, senior managers from AFD and the Asian Development Bank reviewed jointly-financed projects. AFD and its Asian peer, the Japan International Cooperation Agency (JICA)

worked together on creating new avenues for future collaborative efforts, particularly for pro-climate and sustainable development operations. In addition, AFD signed a cooperation pact with the Export-Import Bank of Korea (Korea Eximbank) in May 2011, which should result in joint projects in 2012.

CONSIDERING ENVIRONMENTAL ISSUES

– AFD's actions in Asia help motivate governments – especially those in emerging countries – to better integrate climate change and biodiversity protection in public policies. In tandem with its financing of various national "Climate Plans," AFD also funds innovative projects for energy efficiency in companies and large cities – for example, for buildings and urban heating. In addition, it funds the development of renewable energies, such as small hydropower systems, and the preservation of marine biodiversity. In China, AFD supported

IN 2011,
ASIA RECEIVED
11.5%
OF AFD'S FUNDING



 **INDONESIA**

PROMOTING SUSTAINABLE FISHERIES

In 2011, AFD made a US\$30 million subsidized loan to Indonesia's Agency for Marine and Fisheries Research. The funding aims to improve management of Indonesia's interior waters and coastal areas through the deployment of a real-time ocean observation and analysis system. The French have world-renowned expertise in working with satellite and radar data; sharing French skills will help Indonesia fight illegal fishing more effectively and ensure better monitoring of fisheries stocks, while also protecting mangroves and coral reefs.

Expertise

PUTTING FRENCH SAVOIR-FAIRE TO GOOD USE

Many countries express a desire to access French expertise through AFD-funded development operations. The countries bring many expectations – contacting peers within local governments and specialized public entities; learning institutional modes of organization, for example in water management; gaining expertise or transferring knowledge about technologies created by French companies. AFD exploits French know-how and extends France's influence abroad by putting aid beneficiaries in contact with French companies and public servants.

Climate

PROMOTING CLEANER CHINESE CITIES

China is the world's second largest producer of urban heating. However, it wastes much of the energy consumed in production because of obsolete facilities and sub-optimal management. In 2011, AFD approved two €40 million loans, one to the city of Jinan and the other to Tianjin, each with a double aim: efficiency

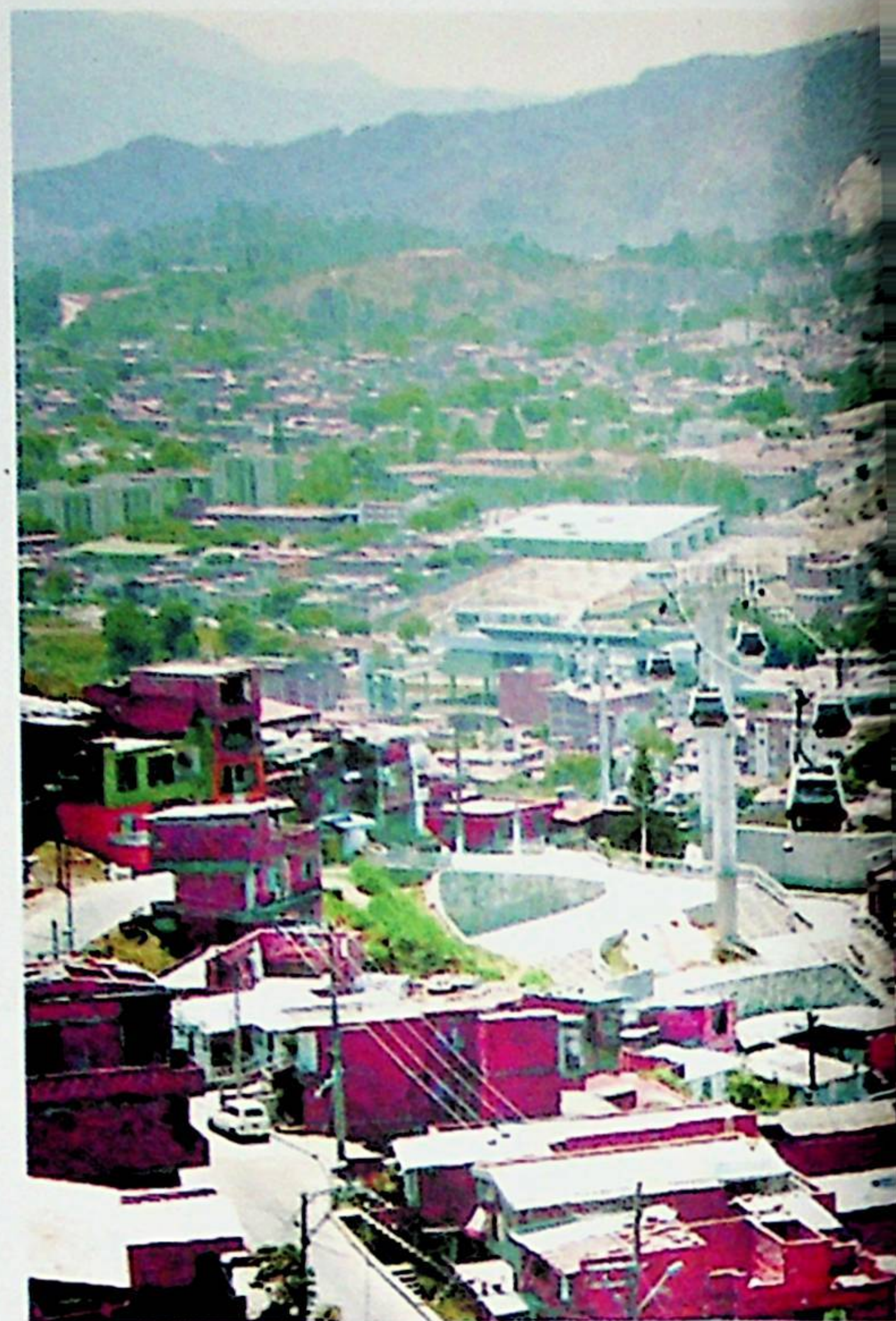
upgrades to their heating systems and ambitious reductions in local carbon dioxide emissions and pollution. Several French companies will probably showcase innovative equipment for this project and demonstrate their recognized expertise in optimizing urban heating and energy use.

pilot programs in Yunnan Province with a €35 million loan. The programs aim to renew depleted forests, support conservation agriculture, and extend biogas use to more homes.

CONTRIBUTING TO POLITICAL AND REGIONAL STABILITY

In countries undergoing fragile situations, such as Afghanistan and Pakistan, AFD makes basic services provision its priority. This helps improve living conditions and encourages social cohesion during times of war and unrest. In the Indochinese peninsula, AFD supports economic development to help the region maintain and increase its share of the economy relative to that of its giant emerging neighbors. AFD finances the agricultural sector for irrigation projects, and also supports rice marketing and sales. It also funds professional and vocational training services, particularly for the local textile industry. ♦

PROMOTING GREEN AND INCLUSIVE GROWTH IN LATIN AMERICA



AFD supports sustainable urban development in Latin America and the Caribbean, taking action to meet the region's challenges.

In the Latin America and the Caribbean region, AFD financed €1.074 billion in projects and programs in 2011, focusing on sustainable urban development and environmental preservation. AFD partners with other development banks (notably the Inter-American Development Bank) to co-fund projects, and participates in discussions about development with institutions such as the United Nations Economic Commission for Latin America and the Caribbean.

FINANCING SUSTAINABLE URBAN DEVELOPMENT AND SOCIAL COHESION

Latin America has been slow to develop its infrastructure compared to other emerging regions. The South American continent is the world's most urbanized region: AFD's mandate to support green and inclusive economic growth therefore assumes its full meaning in Latin American cities. Local, central and federal governments are attempting to fill their urban mass transportation deficit – a priority problem. The solution will come from a strategy that combines urban development efforts with those that promote social cohesion. AFD meets this stringent requirement with a comprehensive approach to urban development. For example, AFD financed the Santo Domingo metro system in the Dominican Republic, launched a program to strategize about urban development in Medellín, Colombia, and funded sustainable transportation projects in Curitiba, Brazil. To achieve these solutions, AFD mobilizes French partners – city and regional gov-

ernments, companies and others – to contribute their expertise and technical assistance.

FIGHTING CLIMATE CHANGE AND PROTECTING THE ENVIRONMENT

Latin America's natural capital has been depleted by intensified agricultural production, urbanization and industrial production. In response, national and local governments have formulated policies that combine natural resource protection with exploitation. In addition, Latin American countries contribute widely to international talks on global challenges, especially climate change. AFD seeks to help these countries in their economic development and infrastructure projects, while emphasizing the projects' sustainability goals. AFD's support for a comprehensive water management project in Colombia provides a good example of this effort. Colombia enjoys abundant water resources in some parts of the country, but not others. The lack of water near urban areas creates conflict between water consumers. The poor quality of the water supplied aggravates the situation. To help solve this problem, AFD provided general budget support to Colombia to bolster its Water Plan for 2014. In particular, AFD will help the country create a clear sectoral framework, vital for the success of all future investments in water-related projects. The aid plan combines several tools: the general budget support, co-financed by the Andean Development Corporation (Corporación Andina de Fomento, or CAF), a Latin American development bank; key indicators for monitoring and executing a comprehensive water management policy; and technical assistance and cooperation via the participation of French watershed and water-supply management agencies. ♦

26

IN 2011, AFD COMMITTED

€1.074
BILLION

TO PROJECTS AND
PROGRAMS IN LATIN
AMERICA AND THE
CARIBBEAN REGION



IN ACCORDANCE WITH ITS MANDATE TO PROMOTE "GREEN AND INCLUSIVE GROWTH" AFD FINANCES ECONOMIC DEVELOPMENT THAT BENEFITS THE VULNERABLE AND PROTECTS THE ENVIRONMENT. AFD PAYS SPECIAL ATTENTION TO GLOBAL CHALLENGES – FIGHTING CLIMATE CHANGE AND PRESERVING BIODIVERSITY.

COLOMBIA

HELPING THE CITY OF MEDELLIN GROW

Municipal authorities from Medellín asked AFD for a US\$250 million loan to finance the transportation part of their comprehensive urban plan, serving the city's center-east axis. The loan funded facilities that gave nearly 400,000 shantytown residents easier access to the city's opportunities – jobs, social services, educations, and so forth. Other forms of technical aid, joint actions and knowledge transfer underpin the strength and durability AFD's partnership with the municipality, notably in partnership with the Parisian Urbanism Workshop (Atelier Parisien d'Urbanisme, or APUR).

HAITI

€101 MILLION FOR RECONSTRUCTION TWO YEARS AFTER THE EARTHQUAKE

France earmarked resources to help rebuild Haiti in the aftermath of the earthquake that struck the country on 12 January 2010. Over the past two years, AFD and the European Union have committed €101 million for reconstruction. At the same

time, projects already underway continued with AFD providing €37 million in general budget support to the Haitian government. AFD funded an additional €64 million for urban development, healthcare and agriculture projects.



Environment

HELPING FINANCE MEXICO'S CLIMATE PLAN

Mexico takes a proactive stance on the issue of climate change, particularly in international negotiations. AFD finances Mexico's National Climate Plan to Fight Climate Change with €485 million for

two aid programmes. The funding complements a program for technical assistance and one for expert knowledge transfers between Mexico and France concerning forestry management, sustainable

land development, and tools and methods for measuring climate change impacts. The European Commission's Latin American Investment Facility provides grant support to these aid operations.

The operation completely meets AFD's mandate to promote green and inclusive growth, and allows AFD to build a strategic partnership with one of the most pro-climate countries in the region.



Higher Education

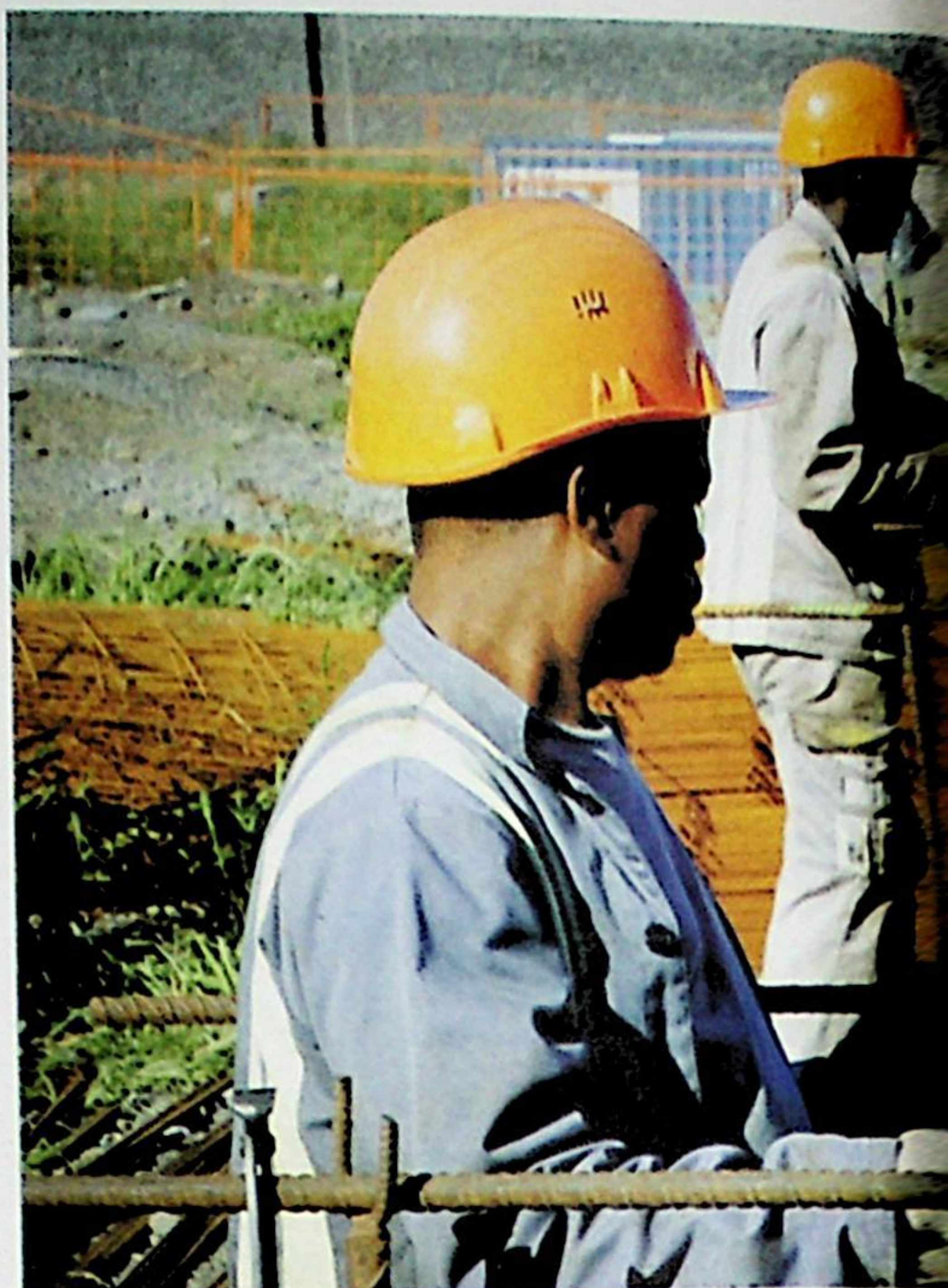
SUPPORTING SOCIAL COHESION AND ECONOMIC DEVELOPMENT

The rector of a university, Pontificia Universidad Católica Madre y Maestra (PUCMM), requested a €6 million AFD-guaranteed credit line to finance a student loan program. The loans will allow Dominican and Haitian youths from poor families to pursue their higher education. In addition, the loan program helps improve local business competitiveness by educating future workers and managers.

INCREASED INVESTMENT

IN

FRANCE'S OVERSEAS PROVINCES



AFD works toward economic and social development and regional integration in France's overseas provinces.

AFD helps local governments in the French Overseas Provinces with their economic and social development needs. It advises them, finances their capital investments, and supports private sector growth and competitiveness, while building housing and other urban facilities.

HELPING LOCAL GOVERNMENTS WITH CAPITAL INVESTMENTS

AFD helps local governments design and finance their capital investment plans, targeting the environment and social cohesion as priorities. For example, AFD improves the quality of life for residents of Martinique by lending €5 million to the utility company that provides water and sanitation services to towns located in the center of the island; these funds go toward capital investments. In French Polynesia, AFD finances waste collection and treatment services for the town of Manihi in the Tuamotu-Gambie archipelago. AFD's support for local government includes technical assistance and advisory services. In New Caledonia, AFD helped finance a financial-engineering and legal study of investment needs and operating expenditures for a new medical center in Koutio.

SUPPORTING BUSINESS AND ENTREPRENEURS

Relatively undercapitalized small and medium-size enterprises in France's overseas provinces

feel the effects of the economic crisis more than their continental peers. To help overseas entrepreneurs, AFD offered a total of €502 million of funding in 2011; this financing covers a full range of solutions that work in synergy with banking products - credit guarantees, direct loans, and financial products from the French small-business support agency, OSEO, which AFD represents in the French Overseas Provinces. AFD-backed credit guarantees catalyzed overseas banks to make 1,500 commercial loans. One company, Formapro French Guiana, was created via a bank loan guaranteed by AFD through its DOM Fund. The start-up trains employees from local companies in business management, advertising and public relations, law and accounting. Beyond supporting one company, this type of action builds up the local professional and vocational-training industry - essential in a province where lack of skills and qualifications hamper residents in finding jobs, further contributing to high unemployment levels.

IMPROVING HOUSING

Alongside France's national and local governments, AFD holds an equity stake in the capital of seven overseas property companies that own (on average) half of the overseas social housing stock. AFD supports the property companies' capital investments. For example, AFD financed the extra cost of sustainable construction practices when the Réunion Regional Property Company built a seven-story low-income apartment building. The loan also allowed the company to equip more than 300 existing units with solar water heaters.

IMPROVING POWER PRODUCTION AND DISTRIBUTION IN MAYOTTE

Population growth has greatly increased electricity demand in Mayotte, as has the improved standard of living since the institution of minimum welfare benefits. The island's economic development depends, in part, on increasing the reliability of electricity production. To achieve this, AFD loaned €75 million to the local public utility company, Mayotte Electricity, so it can expand the Longoni power plant.



RÉUNION

FINANCING PORT RÉUNION'S EXTENSION AND MODERNIZATION

Port Réunion is a nationally important port, run by the Réunion Chamber of Commerce and Industry under contract from the French government. The port has many functions – fishing, leisure, military and commercial – and serves as the region's main marine cargo transfer point.

In 2011, AFD granted an €11 million loan to the chamber of commerce to finance capital investments in the port. The works will extend and deepen the inner harbor around the container terminal and create another harbor for leisure boats. The loan will help Réunion integrate with regional and international trade: the port improvements will reduce freighters' waiting times and cargo handling costs while increasing warehousing turnover rates. New leisure-boat facilities should generate more commercial activity from boat repairs and nautical recreation.

STRENGTHENING REGIONAL INTEGRATION

AFD helps local officials in the overseas provinces to set up projects with counterparts in neighboring countries, thus promoting the provinces' integration with their regional economies. AFD also undertakes development actions directly in some of these neighboring countries to assist their economic development and improve living conditions, thus curbing inward migration. In this spirit, AFD and the Indian Ocean Commission signed a financing agreement at the end of 2011 to boost economic cooperation between member countries. Cooperative efforts will focus on regional food security, energy autonomy, land development, communication and information technology, tourism development, and ways to draw value from marine biodiversity. ♦

€1.1 BILLION

IN FUNDING APPROVED, OF WHICH 55% GOES TO THE PUBLIC SECTOR – A NEW RECORD FOR THE FRENCH OVERSEAS PROVINCES

Land Development

RETROFITTING INFRASTRUCTURE FOR EARTHQUAKES IN THE FRENCH ANTILLES

At any moment, a major earthquake could seriously harm residents and economic development in Guadeloupe and Martinique. To manage seismic risk and prevent damage, AFD approved funding for two €20 million loans to Guadeloupe. The financing will support seismic retrofits to protect elementary and high schools, administrative buildings, and roads. AFD also approved funding for a €12.2 million loan to the University Hospital Center in Fort-de-France for rebuilding its treatment technical support center to seismic safety standards.



NEW CALEDONIA

SUPPORTING NICKEL PRODUCTION TO BETTER DISTRIBUTE ECONOMIC ACTIVITY

AFD will help New Caledonia reduce economic disparities between areas of the island, (as stipulated in the Matignon and Noumea Agreements), with AFD's largest-ever loan: €170 million to

the South Pacific Mining Company. The loan will help this state-owned company, based in the north, finance part of the construction of a ferronickel refinery plant, a project piloted since 2008 by a

subsidiary, KNS. The US\$5 billion construction project will put 5,000 people to work, and the plant's operation will call for 800 permanent on-site jobs. With this loan, AFD helps structure

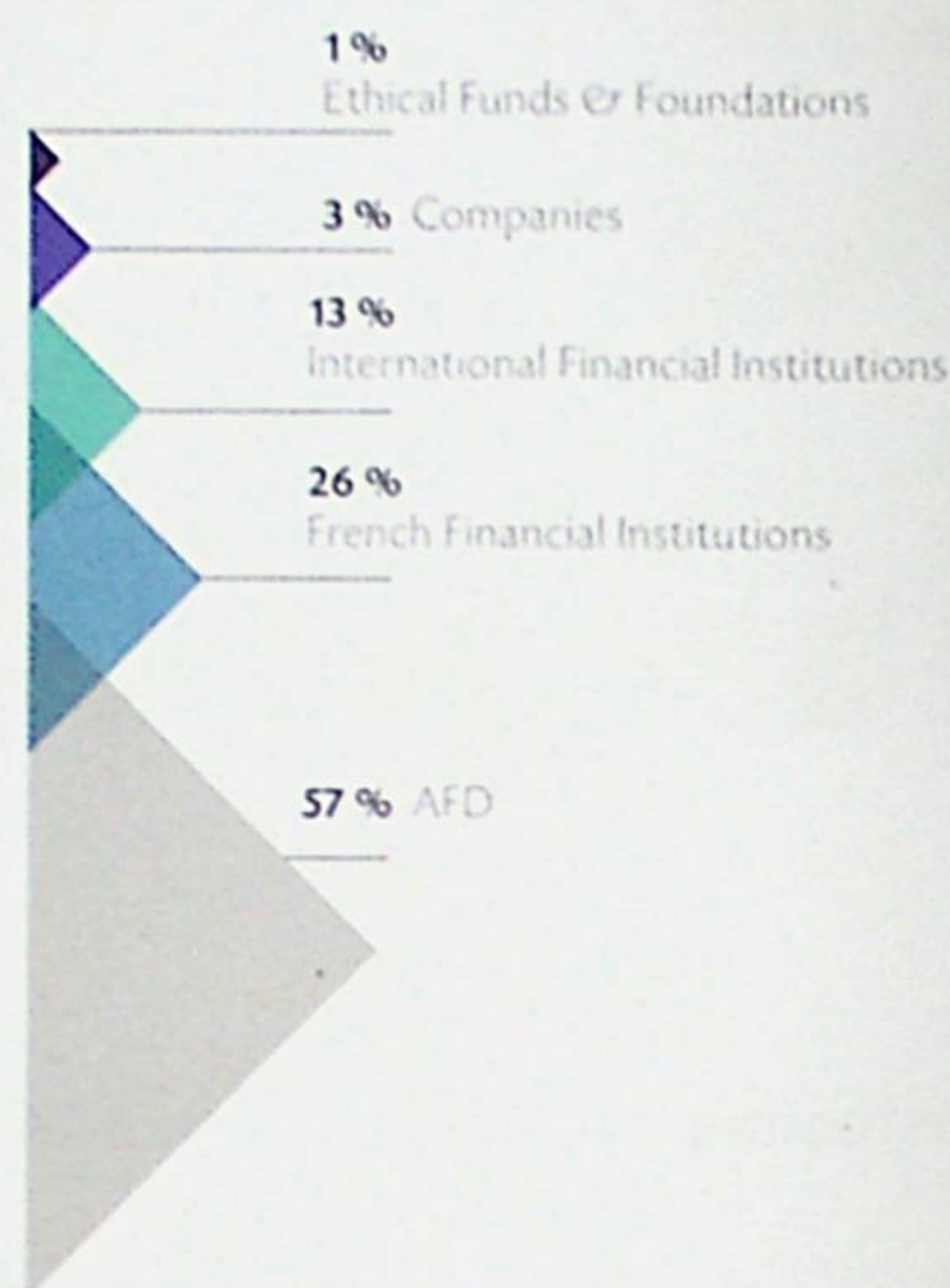
New Caledonia's private sector by setting up a major industrial entity that will generate subcontracting and other economic activity.

PROPARCO

A RESPONSIBLE INVESTOR SERVING THE PRIVATE SECTOR



SHAREHOLDERS



Proparco, a development finance institution, was created 30 years ago with the conviction that the private sector plays an essential part in expanding developing-country economies.

Proparco is a subsidiary of AFD dedicated to private sector finance. It has a unique shareholder profile: a community of private and public institutional investors from the developed and developing worlds, all committed to long-term investment in economic and social development. Proparco's mission is to catalyze private sector investment in developing countries in order to promote economic growth and sustainable development.

In developing and emerging countries, Proparco offers a full range of long-term, non-subsidized

financing instruments – loans, investment capital and credit guarantees. Proparco financing focuses on direct support to companies and financial intermediaries, and on strengthening financial and physical infrastructure. Proparco expects its beneficiary companies to demonstrate strong effects on prosperity, high levels of social and environmental responsibility, and good governance.

Proparco complements conventional bank financing to make up for market deficiencies. Proparco uses its financing to prove the viability of private sector innovations and operations in sectors and regions that other investors deem too risky. Proparco strives to promote the highest environmental, social and governance standards, helping its client companies put appropriate policies in place. Another important aspect of its work involves financing low-carbon projects.

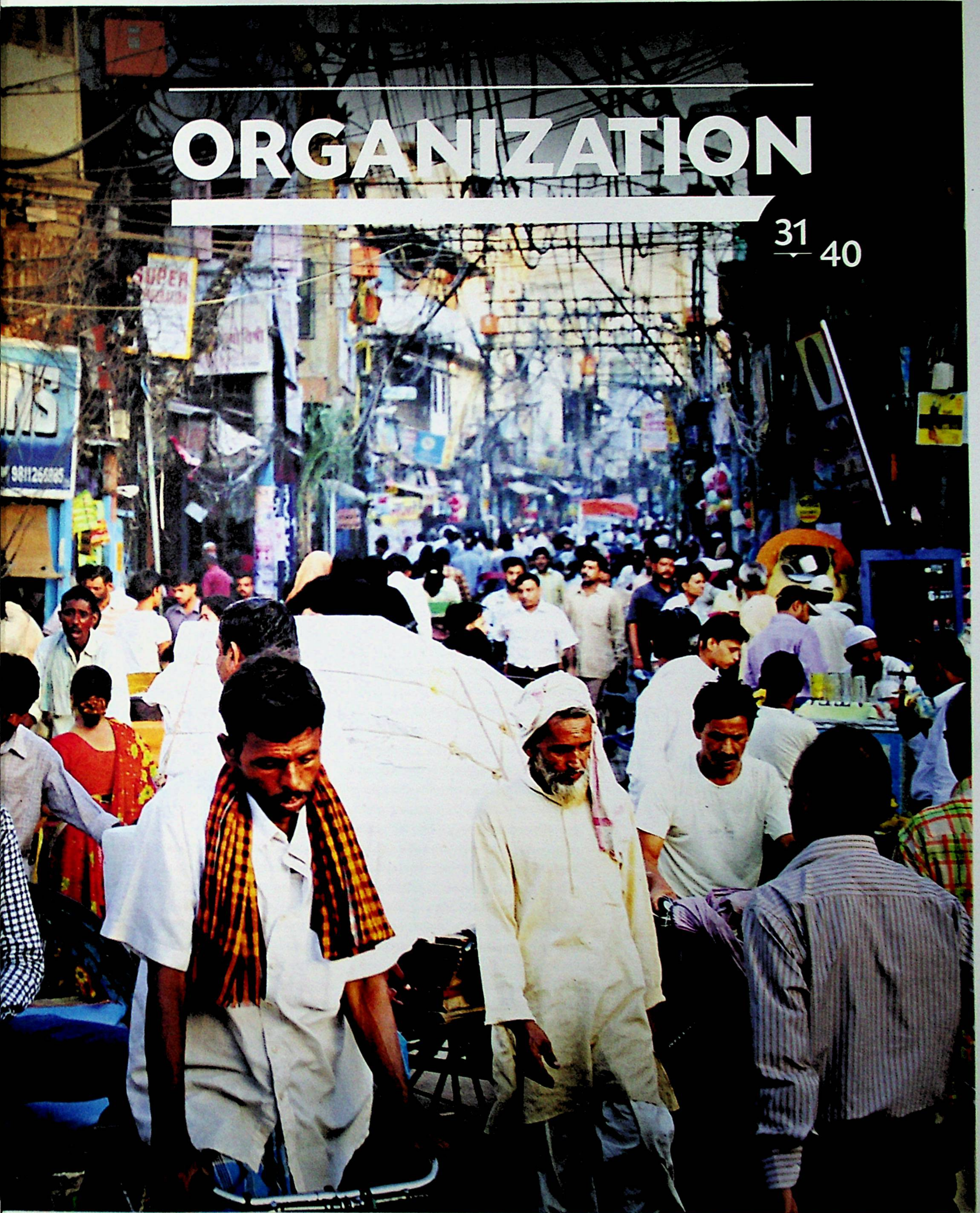
In 2011, Proparco provided financing worth €865 million, maintaining a high level of lending activity and confirming its place among major bilateral private sector funders. The majority of its work centers on Africa, with nearly 40% of its financing activity concentrated on sub-Saharan and North Africa. Proparco also built on prior activity in relatively new regions of operation, providing €106 million in financing to Asia and €231 million to Latin America and the Caribbean. ♦

PROPARCO 2011 KEY NUMBERS



ORGANIZATION

31
40



FINANCING AND ASSISTING

SUSTAINABLE DEVELOPMENT

INNOVATIVE "CLIMATE + DEVELOPMENT" LOANS TO FIGHT CLIMATE CHANGE

AFD has made the fight against climate change one of its central battles, particularly in emerging countries. To help these countries reduce their carbon intensity and their vulnerability to climate change, AFD assists public authorities in creating and implementing national pro-climate development policies, offering budget-support loans and French expertise. To date, AFD has provided these "Climate + Development" loans to Indonesia, Mexico, Mauritius and Vietnam, together with aid implementation modalities tailored to each country's specific challenges. These Climate + Development loans marshal French expertise through knowledge transfers. They also provide an opportunity to experiment with actions recommended during international climate talks.

AFD tailors financial products to meet the needs of its beneficiaries and their development activities. It strives to optimize aid effectiveness, focusing public development resources on the least advantaged.

In recent years, AFD has greatly expanded its palette of financial tools in response to new regions of operation. Its main financial instruments include:

Loans: AFD makes (1) "sovereign" loans to national governments and public entities that enjoy a state guarantee, and (2) "non-sovereign" loans to private sector companies and public or private sector entities without state backing. All loans may be "concessional" (interest rates or other terms may be subsidized via a grant component) or may be "non-concessional" (interest rates and other terms follow the market).

Grants and Subsidies: AFD provides grants and subsidies for high-impact projects (such as education and healthcare) that do not generate sufficient profit over the short or medium term to pay back market-rate loans. Grants and subsidies primarily fund capacity-building projects that target 14 very poor priority countries in sub-Saharan Africa.

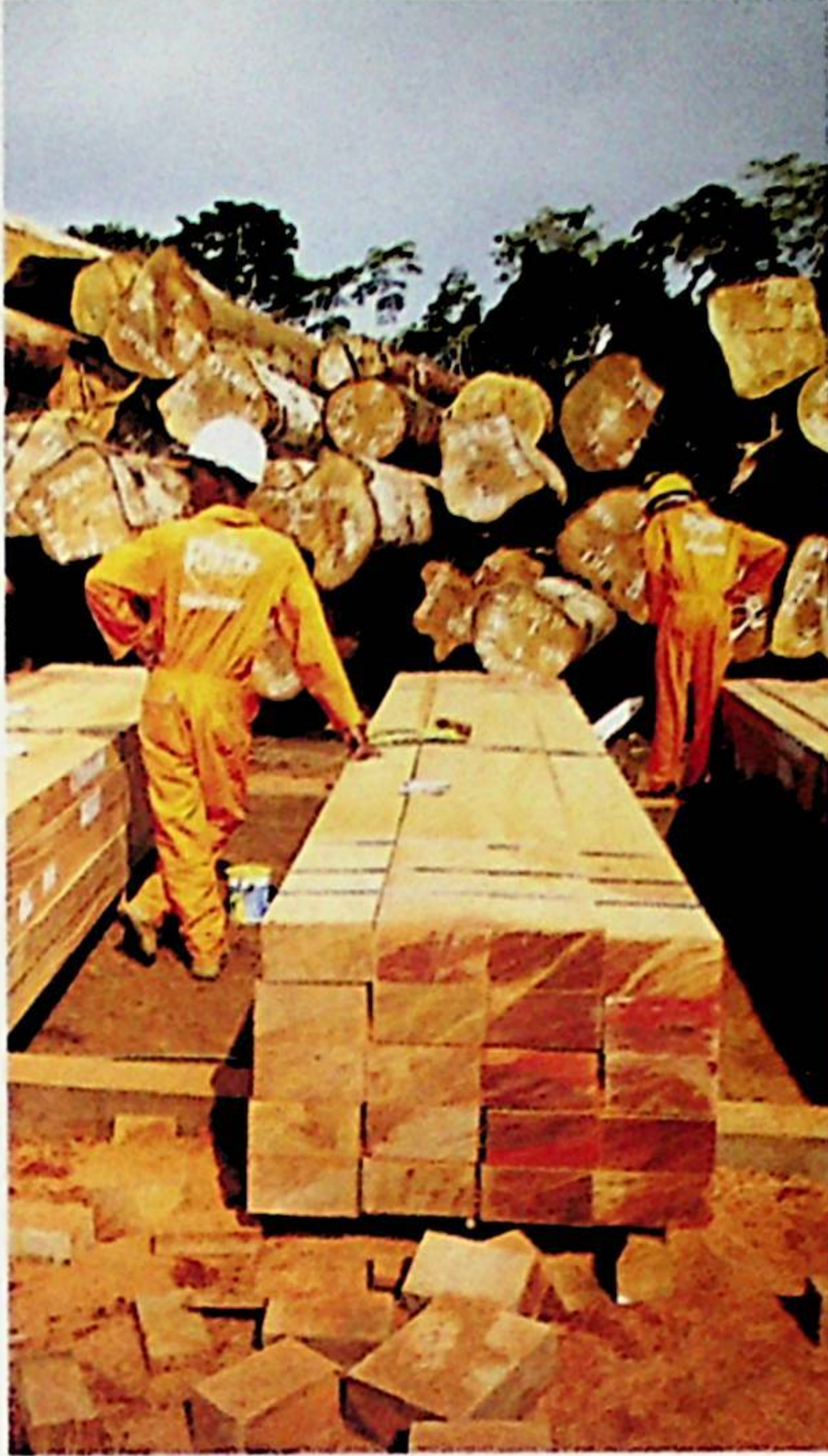
Guarantees: AFD provides credit guarantees that can motivate commercial banks to loan to third parties, especially small and medium-size businesses, for capital investment and job creation.

Private Equity: A specialized investment capital team at Proparco manages most of the Group's equity stakes. These investments provide funding that companies and financial institutions require for their long-term growth.

CAPACITY BUILDING: A SPECIFIC GOAL

Support for capacity building aims to improve aid beneficiaries' performance over the long term – their ability to achieve goals and adapt to a changing environment. Capacity-building efforts consider three interdependent dimensions: individual skill sets, working modes within the target organization(s), and traits of the operating environment. AFD helps build capacity through two principal aid modalities: (1) knowledge capitalization – sharing AFD's practical experience from many sectors and its institutional expertise in project planning and execution, and (2) expertise financing – funding external experts for training, technical assistance and knowledge-transfer services.

Given the importance of capacity building in the development process and the requirements of aid beneficiaries, AFD mobilizes a dedicated team to deploy these modalities. At the end of 2011, AFD had funded 146 in-country technical assistants, 76% as postings in sub-Saharan Africa; these experts worked primarily in agriculture (29%), education (17%), the environment (16%) and healthcare (14%). ♦



MONITORING PROCEDURES AND MANAGING RISKS

AFD has developed a system of internal controls and external audits to monitor, measure and mitigate the Group's risk exposure, mapping credit, market, operating and other risks.

MANAGING RISKS

As a specialized financial institution, AFD is subject to banking regulations; it carefully follows rules that apply to credit establishments. The Risk Department covers the measuring, monitoring and mitigating of risk for the AFD Group; it reports directly to the chief executive.

AFD evaluates credit risk by assessing each borrower's long-term solvency using its own credit-rating methods, adapted according to intervention sector and specific borrower characteristics. AFD reviews loan portfolio quality every quarter. It also monitors all of its other exposures: market, interest rate, liquidity, foreign exchange rate, non-compliance and/or operating risks. AFD gives special attention to fighting corruption, money laundering and terrorist financing to comply with banking regulations and to assist the international efforts to fight against these crimes. Strict procedures monitor the use of funds.

More generally, AFD takes care to mitigate its legal risks in funding external aid operations, in relations with other institutions and donors, and in its internal operations.

CONTROLLING INTERNAL PROCEDURES

AFD Group's internal controls system aims for reasonable assurance that the Group meets three objectives: (1) optimized execution in internal and external operations, (2) reliable financial information, and (3) compliance with laws, regulation and internal procedures.

Permanent control involves protocols to identify and assess operational risks, report incidents and independently assess risk-management effectiveness. The Risk Department has created a group-wide risk map that indicates the frequency of possible risks, such as accounting errors, frauds, system malfunctions and operating deficiencies. Since 2010, the Risk Department has managed the permanent control system, devising suitable prevention and mitigation measures for each type of risk.

Periodic audits involve reviews of past operations. AFD's chief of internal audit-

ing and his team perform the audit to ensure legal and procedural compliance, verify actual risk exposures, and assure effective and suitable internal controls and prevention/mitigation measures. The internal auditors follow international norms; the French Institute of Internal Audit and Control (IFACI) has certified AFD's auditing methods, in accordance with France's professional internal audit guidelines. The chief of internal auditing and the chief risk officer report to the Group's internal audit committee several times a year. ♦

WORKING INTERNATIONALLY

WITH MANY DEVELOPMENT PARTNERS

In 2011, AFD strove to deepen working relationships with international donors and development organizations. It sought to consolidate donors' co-funding expertise and strategic thinking, while making the most of AFD's most recent partnerships with French aid organizations.

MORE STRUCTURED PARTNERSHIPS

The year 2011 was marked by the Forum on Aid Effectiveness in Busan, Korea. The summit allowed AFD to take on new tasks with many of its main bilateral and multilateral aid partners. These tasks promote and facilitate cooperation between donors, improving the organization and coordination of multi-donor financing. For instance, AFD and the World Bank began work on a co-funding agreement. Similarly, AFD, KfW Bankengruppe of Germany,

and the European Investment Bank continued work on a mutual recognition of procedures project to simplify the funding approval process for jointly financed projects.

Co-funding grew in volume in 2011, particularly between AFD and its European partners. Over the past three years, European institutions have allocated more than €300 million of European

aid to AFD, to manage or to deploy on their behalf. This amount includes monies for subsidized loans made through European funding facilities that target the regions where AFD operates: sub-Saharan Africa, the Middle East and North Africa, Latin America, and Asia.

AFD also worked toward closer relationships with several philanthropic foundations – vital contributors in today's international aid architecture. Its principal partners now include the Bill and Melinda Gates Foundation and the Aga Khan Development Network. These cooperative efforts allow each partner to benefit from the other's complementary capacities and particular strengths in the field.

DRAWING CLOSER TO NGOS

AFD supplemented its outreach to international donors with equally important overtures toward French aid organizations, with a view to strengthening those relationships. AFD reaches out to nongovernmental organizations (NGOs)

NGO

THE DISABLED AND DEVELOPMENT

In 2008, AFD signed a three-year partnership agreement with a nongovernmental organization, Handicap International to incorporate disability needs in development policies and projects. Initially, the agreement allows AFD and the NGO to collaborate on accessibility in urban settings. Handicap International and AFD regularly share ideas on how to integrate disabled access into AFD's aid operations. Handicap International has trained AFD employees on the subject, and in 2012 will provide specially-designed pedagogical materials to AFD, its partners and aid beneficiaries. The NGO has also worked for AFD on development projects – for example, conducting a feasibility study on disabled access for an urbanism project.

Furthermore, Handicap International is one of the leading beneficiaries of AFD funding earmarked for NGO initiatives. For instance, AFD finances Handicap International's fieldwork, lobbying, advertising and operational research via several programme agreements. In 2011, AFD gave a €2 million grant (along with other financing) to co-fund the second phase of a programme contract promoting political, social and economic inclusion for the disabled in West Africa. These contracts allow Handicap International and AFD to regularly discuss the NGO's strategy and execution.

A FRUITFUL PARTNERSHIP WITH THE AGA KHAN DEVELOPMENT NETWORK

The partnership between AFD and the Aga Khan illustrates the importance of "new" aid actors in AFD's strategy. Drawing inspiration from Islamic ethics, the Aga Khan Development Network (AKDN) is a non-denominational network of aid organizations that aims to help all those in need. By deploying its financial instruments for various projects, AFD supports and propels a 2008

France-AKDN cooperation framework agreement.

Cooperative efforts centered on two key values – innovation and locally-rooted action – began in Afghanistan and have now expanded to sub-Saharan Africa with the 2011 opening of the Cardiac and Cancer Center in the Aga Khan University Hospital in Nairobi. AFD will help finance specialist training and research along with care for the poorest patients – about 30,000 over the next 20 years. The partnership also involves cooperative projects with the Aga Khan Agency for Microfinance, and on infrastructure projects, such as the Bujagali Dam in Uganda.

FRENCH LOCAL GOVERNMENTS ARE DEVELOPMENT PARTNERS

Increasingly, AFD provides funding directly to local governments in developing countries. It draws on the strong policy expertise of French municipalities and other local governments in designing strategies; it also directly engages those local governments in projects, especially where they have "sister cities" in beneficiary countries. AFD has set up about 20 partnerships

with municipal, county and regional governments in France, all engaged in international cooperation efforts; AFD has helped these local governments define common objectives and exploit synergies between them and with AFD. The benefits of these partnerships go both ways. French local governments offer solid practical experience and – when available – connections they have cultivated with foreign counterparts; AFD supports these local governments in their foreign assistance and international overtures, enhancing their usefulness.

in particular, discussing sectoral issues and co-financing their initiatives. In 2011, AFD granted €40 million to French NGOs for their work in developing countries and in raising French public awareness about development issues.

LEADING PUBLIC DEBATES ABOUT DEVELOPMENT

In 2011, the AFD headquarters and field offices organized nearly 190 events in public places throughout France and in aid-recipient countries. These events aimed to encourage closer dialogue between the Group and its stakeholders, especially policy makers and the public. The events provoked discussion and debate about the issues confronting developing and emerging countries – issues that chal-

lenge certain French provinces as well: employment, professional and vocational training, healthcare, essential services in urban areas, and so forth.

About 20 public debates on these issues occurred in France's largest cities in conjunction with a traveling photo exhibition, "A New Look at Developing Countries," organized by AFD to mark its 70th anniversary.

AFD complemented these outreach efforts – which reflect its commitment to public accountability – with detailed discussions with French parliamentarians during more than 50 meetings, three-quarters of which involved senior AFD management. ♦

AFD organized nearly 190 events in France and abroad to promote discussion and debate about development aid.



ENRICHING KNOWLEDGE

ABOUT DEVELOPMENT ISSUES

AFD takes active part in strategic international discussions and, equally, in enhancing thought about development aid modalities and solutions. AFD sees this creation of knowledge as an indispensable complement to its financial and technical operations, allowing it to tailor interventions as practices, needs and situations evolve.

CREATING DEEPER KNOWLEDGE

In 2011, AFD narrowed its research focus to fewer topics for easier assimilation and action on its findings. Studies examined the changing architecture of international aid, for example, the arrival of new vertical funds (such as the GAVI Fund for vaccinations), or the role donors from emerging countries (such as Brazil and China) play in West Africa. One research program focuses entirely on the role of national institutions in a country's economic growth trajectory; others study how development practices change when practitioners and policy-makers integrate environmental considerations, such as natural resource depletion, energy efficiency, and climate change mitigation. In addition, AFD presented studies on the future of the

French Overseas Provinces' economies and societies at a conference organized in partnership with CEROM (Comptes Economiques Rapides pour l'Outre-mer), a statistical agency specializing in these areas.

AFD regularly researches all of the regions and countries in which it has a mandate to operate. In 2011, this work focused on the African continent and the Mediterranean basin region. Macroeconomic and country-risk analyses proved especially telling in the context of the international financial crisis. AFD researchers mobilize all economic and social science disciplines: they collect new data, for example on the job market in sub-Saharan African cities, the quality of education, or economic diasporas. They deepen theoretical frameworks, such as the role of economic rents in development; and they also conduct empirical studies, for example on the price-risk of imports, the political economy of decentralization, or on payments for environmental services. AFD strategists and project teams use this work for planning documents and for improved diagnostic, financial and monitoring indicators. AFD publishes its research in its own collections or

with other publishers, such as Gallimard and Routledge, or in conjunction with the World Bank series for the Africa Development Forum.

FORGING SCIENTIFIC PARTNERSHIPS

AFD's knowledge creation depends on exchanges and partnerships with research centers in France, Great Britain, the Netherlands, the United States and elsewhere. French research partners include the Development Research Institute (or Institut de Recherche pour le Développement), the Paris School of Economics, the Toulouse School of Economics, the International Environment and Development Research Center (or Centre International de Recherche sur l'Environnement et le Développement), and the Social Policy Analysis Association (or Fonds d'Analyse des Sociétés Politiques), among others. International research partners include the London School of Oriental and African Studies, Maastricht University, and Harvard University.

In addition to research, regular collaboration with the scientific and academic world also occurs in conferences and colloquia outside AFD. For its 70th anniversary, AFD organized a conference series with four French universities: Aix-Marseille, Auvergne, Bordeaux and Lille. When the traditional AFD-European Development Network conference was postponed until 2012, AFD also organized about a dozen conferences on specific topics, including one on the French Overseas Provinces in November (see box). In-country AFD research presentations to local stakeholders provide other opportunities for discussion and debate. ♦



Conference

CREATING ADDED VALUE AND JOBS IN FRANCE'S OVERSEAS PROVINCES

At the end of November 2011, AFD organized a conference on the French Overseas Provinces. This biannual meeting has several partners: the overseas statistics compiling agency, (CEROM), each province's statistics division, France's national statistics institute (INSEE), and the overseas reserve bank (IEDOM). More than 200 decision-makers, researchers, public officials and individuals from local governments and the private sector attended the conference. They used findings from recent studies to form an overview of the job market and a business climate facing a structural competitiveness deficit. Strong economic growth in most overseas provinces has not sufficed to close households' revenue gap or to create enough jobs to lower the unemployment rate. Even though businesses grew vigorously during the 2000s, higher education has not diversified and local markets remain too narrow for young graduates to find work. The conference attendees shared their experiences and proposed suitable solutions, such as expanding professional and vocational training services and reinforcing regional integration.

AFD regularly conducts research on all the regions
and countries in which it operates.

Research

BEFORE THE 2012 WORLD WATER FORUM: EVALUATING WATER ACCESS

"Think before acting": this proved one of the main conclusions of a report by the URD Group and the Water Academy, AFD had commissioned to study access to potable water and sanitation in post-crisis situations. The report discusses the difficulty development professionals face as they move from emergency measures to long-term crisis management to post-crisis disengagement. The report suggests that

aid workers need to move beyond the speed-quality dilemma. It recommends that they consider multiple aspects of the situation in applying solutions, such as the beliefs and traditions of affected populations, probable environmental impacts, and lessons from social sciences. This will help ensure that projects find the institutional moorings and the local ownership they need to be effective.

For more information, download the report (in French) from AFD's website: Julie Patinet and Marina Rama (2011) L'accès à l'eau et à l'assainissement pour les populations en situation de crise : comment passer de l'urgence à la reconstruction et au développement ?, coll. Documents de travail n°115, AFD, 2011.

EVALUATING PROJECTS

TO IDENTIFY AREAS FOR IMPROVEMENT



AFD systematically performs a post-project performance evaluation at the end of each standard project. It also conducts more targeted project assessments for certain topics or sectors of activity. AFD evaluations follow standards defined by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD). The evaluations have two objectives:

- _ Improving future development policies, programs and projects by deriving lessons from experience.
- _ Responding to stakeholders' demand for accountability, including that of the French public.

Six principles guide standard project evaluations:

- _ **Systematization:** All projects must be assessed within 6-12 months after their completion.
- _ **Decentralization:** AFD field offices lead the effort (rather than headquarters) and present the results to local stakeholders.
- _ **Externalization:** Consultancies or technical offices outside AFD perform the evaluation.
- _ **Use of national experts:** AFD calls on local experts from the beneficiary country in order to take advantage of their knowledge of project context and to help build local capacities.
- _ **Standardization:** Evaluations must meet international criteria and standards.
- _ **Partnership:** AFD shares the results of each evaluation with project stakeholders.

In 2011, AFD commissioned 23 evaluations according to this decentralized procedure, covering projects repre-

senting €428 million in commitments. Each year, AFD summarizes these results and publishes a performance score for the entire project portfolio, which then goes to AFD's board of governors and the public. AFD uses the evaluations to write summary reports or to make meta-evaluations, increasing internal understanding of specific aid-related subjects. In 2011, this summarizing work centered on the topic of capacity building and projects involving bank credit lines.

In 2011, AFD expanded its evaluations to funded NGO projects: the first such assessment addressed NGO interventions in Madagascar.

Alongside individual project evaluations, AFD conducts evaluations of multiple projects in certain sectors or covering specific topics. In 2011, the main reports included post-catastrophe operations, national parks projects in Morocco, small-scale and artisanal fisheries projects in Senegal, and 20 years of forestry projects in the Congo Basin. As part of AFD's transparency policy, the Group publishes all these sectoral and thematic evaluations on its website and in print.

AFD also pursued a program that uses experimental methods to evaluate the impact of funding and other assistance, for example, for a micro-insurance project in Cambodia.

AN EXTERNAL VIEW OF AFD'S EVALUATION ACTIVITIES

To better meet demands for accountability, AFD has created an independent committee to examine its annual evaluation program. An outside director chairs the evaluations committee, which

comprises four subject-matter experts and four representatives from AFD's supervisory ministries. The evaluation committee also reports on its work to the AFD board of governors. In 2011, the committee examined the quality of several decentralized project evaluations and two strategic assessments. ♦



CONGO BASIN FOREST

THE FGEF EVALUATES PRO-ENVIRONMENT ACTIONS

The French Global Environment Facility (FGEF) is a bilateral funding instrument dedicated to protecting the environment within sustainable development programmes. It has served France's development and cooperation policies since 1994. The FGEF finances innovative projects that reconcile the economic growth in aid-recipient countries with six global environmental imperatives: biodiversity conservation, international waters management, climate change mitigation, land erosion prevention, persistent organic pollutants limitation, and ozone layer protection.

The FGEF conducts mid- and post-project performance evaluations to check the relevance, duplicability and quality of the actions it funds.

The United Nations declared 2011 the "International Year of the Forest." This provided an audience for a timely AFD study on biodiversity conservation in the Congo Basin, the second largest forest in the world. The assessment covered 13 projects and 25 small initiatives; its findings highlighted the FGEF's pioneering and catalyzing role in the region. The FGEF contribution included improved attention to biodiversity preservation in forest management plans; expanded use of eco-certification; consideration of local populations' needs in forestry programs; and dialogue opened between national governments, the private sector, and civil society.



CEFEB

AFD'S CORPORATE UNIVERSITY IN MARSEILLES

The Center for Financial, Economic and Banking Studies (or CEFEB) offers professional training and skills building programs for AFD's aid beneficiaries, employees and partners, particularly other donors. As a center for sharing experiences and knowledge, CEFEB adds value to professional education courses by crossing the boundary between theoretical research and operational practices proven in the field.

CEFEB offers seminars on the economics of the public sector and "macro-financial" management, that is, addressing links between the real macro economy and financial conditions. Other seminar topics include public-private partnerships, sustainable development and social and environmental responsibility, development finance and microfinance innovation, local government development projects, and urban planning. These subjects match AFD's priorities, and may change to reflect its overall strategic plan.

CEFEB IN 2011



22 employees

53 seminars

4 master's degree programs

2,000 graduates

20 partnerships in France
and aid-recipient countries



"Our company is 100% Ivorian – the only certified credit rating agency in the WAEMU region. Since 2011, stock and bond issuers and credit guarantors in the region must have a credit rating. Together with CEFEB, Proparco and the non-financial rating agency Vigéo, we organized two seminars, one in Abidjan and one in Dakar, to raise awareness among financiers and corporate officers about this change. For AFD Group, the seminars served as an occasion to share good practices; for my company, the attendees constituted potential clients."

Stanislas ZEZE

Chief Executive Officer,
Bloomfield Investment
Corp., Abidjan



"The Master of Public and Private Works program offered by CEFEB is an exceptional opportunity to acquire new technical and managerial skills that will allow me to optimize my company's performance."

Ninon Joilleux AHOUDJIANOU

Project Manager, Benin
Electricity Company, Master
of Public and Private Works
Class of 2012



THE FOUR PILLARS OF A CEFEB EDUCATION

Master of Public and Private Works
CEFEB offers this degree program in partnership with the International Development Study and Research Center (or CERDI) at the University of Auvergne. Each year CEFEB enrolls about 40 promising public and private sector managers from AFD aid-recipient countries in a 500-classroom-hour course.

Seminars

Each year CEFEB organizes about 50 seminars in Marseilles and foreign countries. It belongs to the international donor network, Training for Development (Train4dev), which disseminates findings on relevant topics to all its members.

Projects such as the Pan-African Capacity-Building Platform

AFD and the Development Bank of Southern Africa are creating a high-level pan-African university for infrastructure studies through programs in existing schools. In addition to supporting this educational platform, CEFEB also provides technical assistance, human resources management consulting, and professional-training program design.

Work Outside CEFEB

CEFEB is involved with France's *grandes écoles* – the École Nationale d'Administration (or ENA), the École des Mines (or MinesParisTech) and the Institut d'Études Politiques (or Sciences Po Aix) in Aix-en-Provence. It also represents AFD at economic, social and financial forums and caucuses in the Provence-Alpes-Côte d'Azur region, and contributes to Marseilles' international prestige.



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

41
— 50

EMBRACING

GOOD PRACTICES

The AFD Group consists of the Agence Française de Développement (AFD), France's bilateral development finance agency, and the Société de Promotion et de Participation pour la Coopération Economique (or Proparco), a majority-owned subsidiary focused on private sector development. The AFD Group strives to be an exemplary public entity, spreading good social, environmental and governance practices through its development activities.

AFD Group draws upon France's international commitment to human rights, as expressed in the Charter of the United Nations, and to worker rights, as outlined in the conventions of the International Labour Organisation (ILO). The Group also draws upon principles espoused by the Global Compact, of which AFD is an active member; the guidelines for multinational enterprises set by the Organisation for Economic Cooperation and Development (OECD); the principles found in the Sustainable Development Charter for French Public Institutions and Enterprises; and the social responsibility standards recommended by the International Organization for Standardization (ISO) 26000. AFD and Proparco have both consistently raised the standards for corporate responsibility in their internal and external operations. In 2011, the Group decided to produce an annual corporate responsibility report, naming a special coordinator for this long-term mission. The report adheres to the guidelines of the Global Reporting Initiative, a partner to the ISO 26000 social responsibility standard.

Overall, AFD Group's approach to corporate responsibility

covers both dimensions of its activity:

- Internal operations of AFD's and Proparco's headquarters in Paris, their field offices in foreign countries and the French Overseas Provinces, and AFD's corporate university, the Center for Economic, Financial and Banking Studies (or CEFEB), in Marseille, France ;
- External operations for development project financing and execution.

The Group has integrated social, environmental and governance responsibility concerns into its strategy. Among other steps, this integration involves:

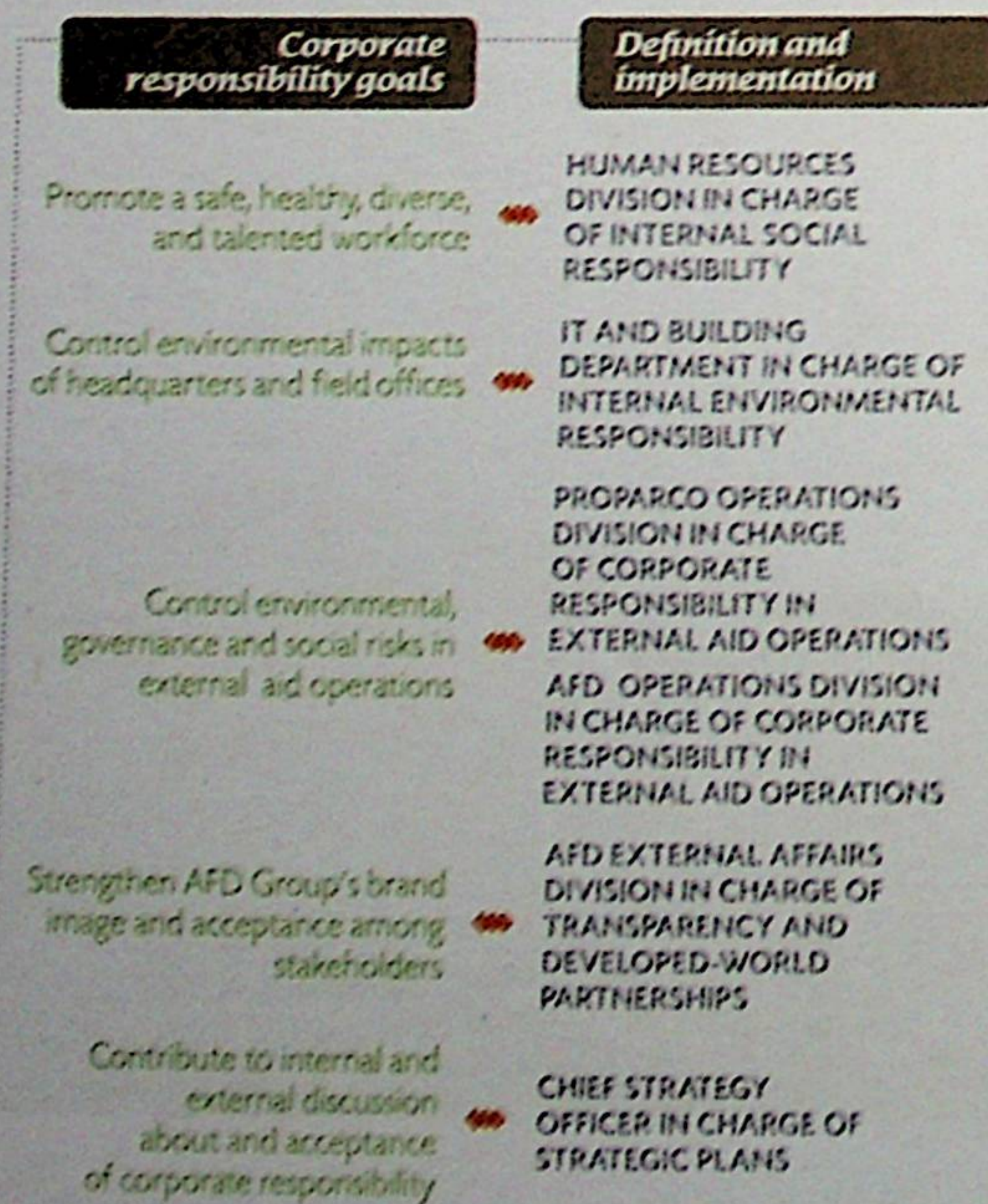
- Increasing the amount of publically-available information.
- Building corporate responsibility awareness and skills among the work force.
- Promoting equality within the work force.
- Reducing the environmental footprint of all operations
- Strengthening the oversight of funded aid projects.

ORGANIZING CORPORATE RESPONSIBILITY

In June 2011, the special coordinator and the AFD Group executive board created a corporate-responsibility working group, comprised of employees from several departments within AFD, Proparco and selected field offices. The group formulates and updates the Group's corporate responsibility policies and coordinates its first report on the subject. Each member also relays information about corporate responsibility issues to the employees in their respective divisions. The working group's approach focuses on AFD and Proparco, which account for 99% of AFD Group's consolidated net banking income.

In this connection, AFD Group pays homage to Jean-Loup Feltz, who championed the corporate responsibility cause until he passed away suddenly in early 2012. Without his work and commitment, the Group's inaugural corporate responsibility report, published in 2012, would not have been possible.

AFD GROUP DEFINITION AND IMPLEMENTATION OF CORPORATE RESPONSIBILITY POLICIES



The full AFD Group 2011 corporate responsibility report can be downloaded from www.afd.fr.

COOPERATING

WITH STAKEHOLDERS

AFD and Proparco see their stakeholders as vital contributors to the Group's chief mission: financing sustainable development. To improve its aid operations, AFD Group has increased dialogue with its stakeholders: aid beneficiaries, donors and peer institutions, nongovernmental organizations, civil society, private sector companies, and others.

In addition to engaging with stakeholders in France, the Group fosters more than 60 international partnerships in Europe and elsewhere, through its 70 field offices in foreign countries and France's overseas provinces.

AFD Group shares its thinking about development aid issues and related work through its many research studies, conferences, videos, books and other publications.

AFD's corporate university, the Center for Economic, Financial and Banking Studies (or CEFEB) offers special courses on social, environmental and governance issues for all the Group's employees and many of its partners and aid beneficiaries.

THE RELATIONSHIP BETWEEN AFD AND THE FRENCH PARLIAMENT

– AFD Group recently established direct talks with French parliamentarians following changes to the constitution and a July 2010 law governing France's actions abroad. By engaging in these talks, the parliamentarians confirm their interest in the Group's efficient execution of French foreign aid policy. In 2011, an AFD study and two related parliamentary reports on bilateral and multilateral aid led to fruitful discussions between the two institutions. ♦

AFD'S 70TH ANNIVERSARY: CITIZENS JOIN THE DEVELOPMENT DEBATE

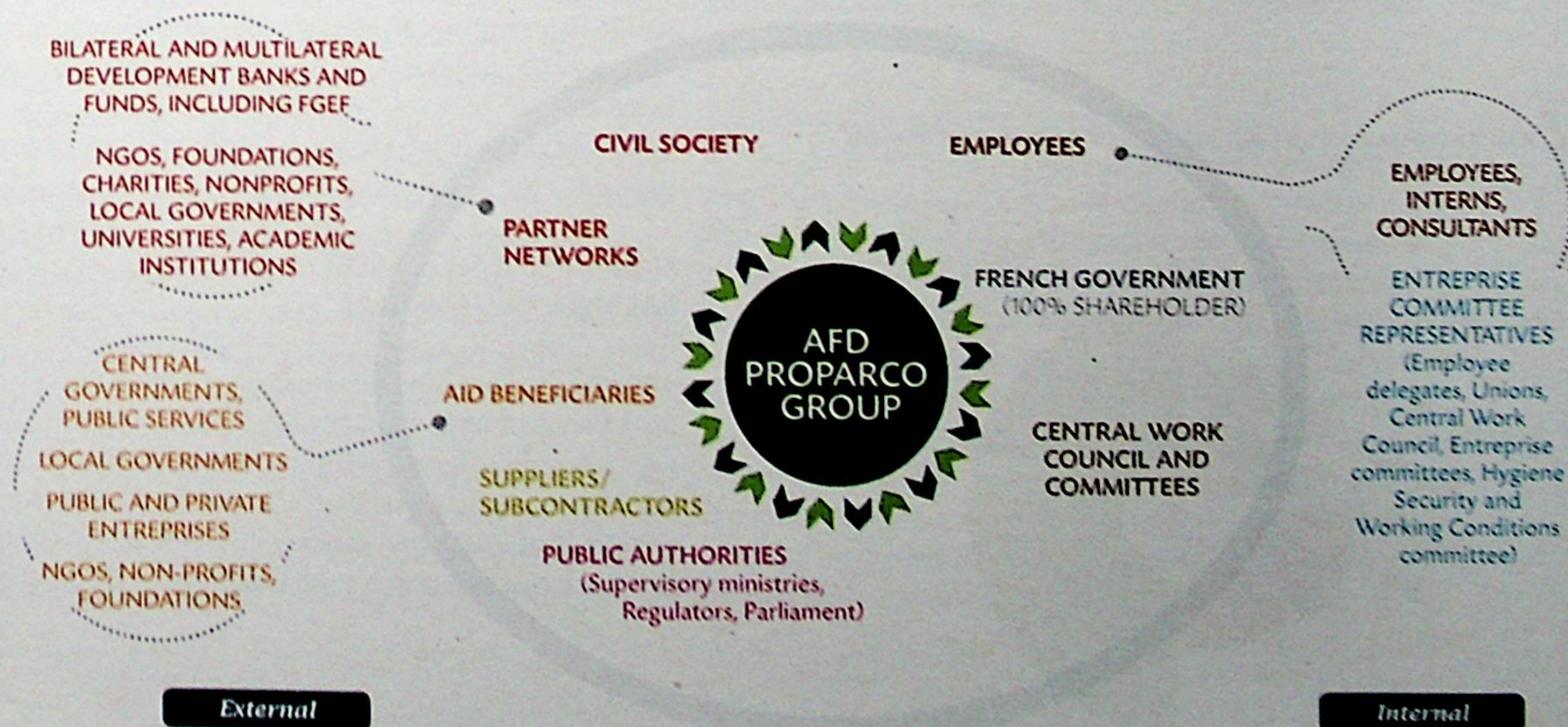
As part of its 70th anniversary events, AFD Group created a photo exhibition, "A New Look at Developing Countries": the show included a series of public debates about development aid, which shared the Group's expertise and experiences with a large audience. Nearly 175,000 people saw the exhibition and 3,200 attended re-

lated public conferences in France. AFD field offices in 40 foreign countries produced 140 similar events. The debates and conferences proved stimulating for the audiences and Group alike, raising awareness about often-misunderstood issues while illuminating the Group's work and France's development aid policy.

AFD GROUP STAKEHOLDER CONFIGURATION

AFD SPHERE OF INFLUENCE

LABOR REPRESENTATION

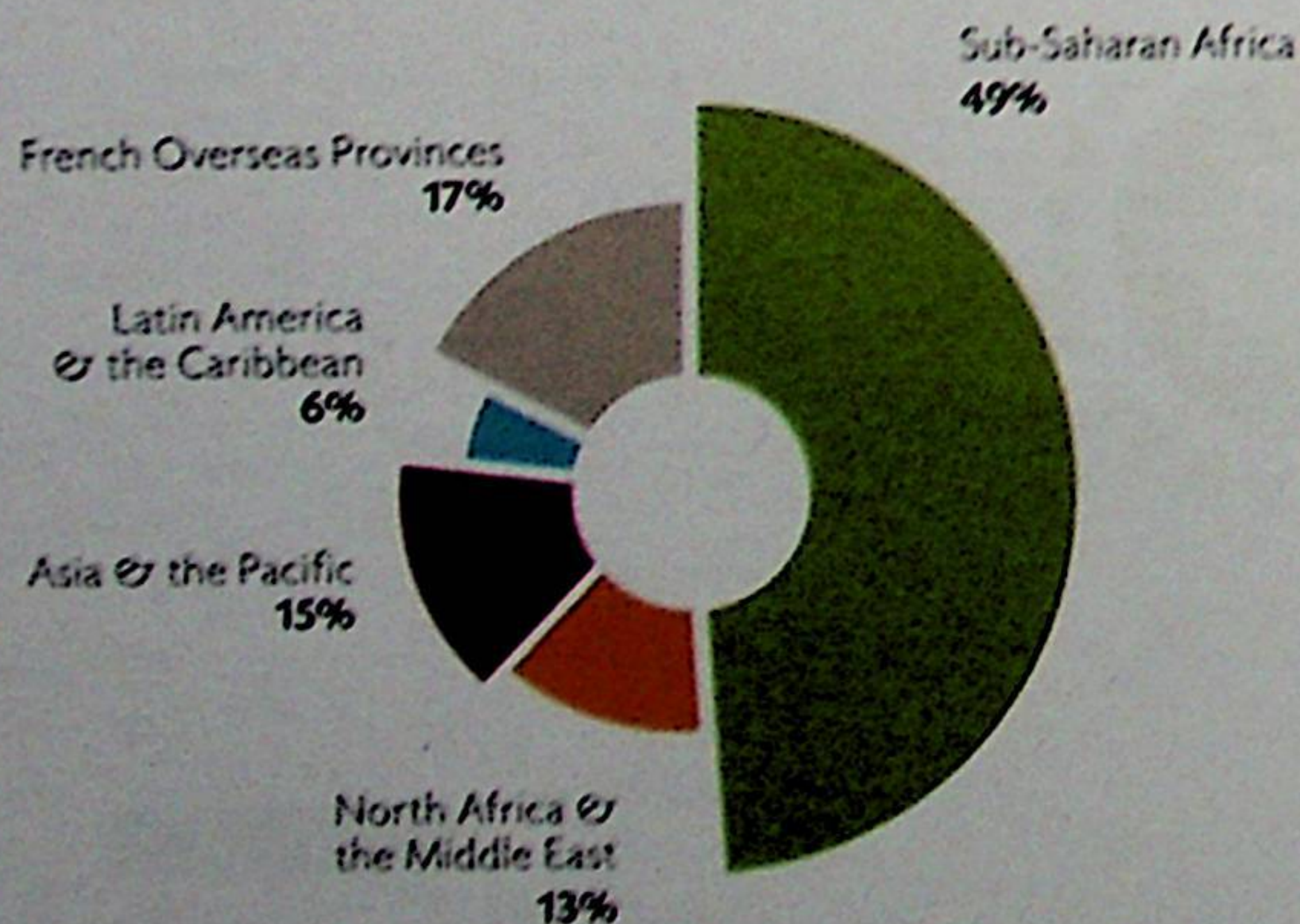


OUR AMBITIOUS GOALS FOR INTERNAL SOCIAL RESPONSIBILITY

Over the past ten years, the employee roster for AFD has expanded by 23%. In that time, employees' average age has declined; their average skill level has increased, as have the percentages of women and of foreign nationals working as managers in AFD field offices. AFD's human resources strategy aims to consolidate its human resources capital through exacting employment policies. The strategy articulates the organization's central values: commitment, integrity, openness and mobility. These values find their expression in the Group's employment policies:

- _ Providing the most favorable working conditions possible in order to attract and retain talented people;
- _ Encouraging high-quality and ongoing communications with employees and trade union representatives;
- _ Ensuring consistency and transparency in career-building and support;
- _ Promoting diversity and equality through special recruiting efforts.

AFD GROUP EMPLOYEE DISTRIBUTION BY GEOGRAPHIC REGION
(NOT INCLUDING FRANCE) AS OF 31 DECEMBER 2011



HELPING EMPLOYEES ADVANCE

Annual employee performance reviews allow managers to recognize employee contributions based on job descriptions and jointly defined objectives. The evaluation also helps determine training priorities and each employee's potential for professional growth. The Human Resources Division encourages internal and geographic mobility, both to create inspiring career paths and meet the Group's skill needs. AFD also invests in professional training programs above the legally-mandated level, spending more than 4% of its gross payroll expense on training, rather than the 1.6% minimum. The AFD Human Resources Division ensures fair and high-incentive remuneration for all employees worldwide. In 2011, all employees (including locally-recruited staff in foreign countries) also received the same national health, disability, life and pension insurance coverage and supplemental private insurance. These employee benefits are provided by national plans or, where needed, by the Group directly – for example, additional retirement and disability insurance benefits.

In addition, the chief executive declined his 2011 bonus payment.

ENSURING HEALTH, SAFETY, BALANCE AND FAIRNESS

AFD offers various ways for employees to find a better work-life balance through flexible work hours, such as working part-time or from home. AFD gives high priority to the safety and physical and mental health of all of its employees; an occupational health and safety committee meets at headquarters four times per year. All employees undergo annual



medical and psychological exams, and AFD covers the cost of vaccinations for employees recruited abroad.

AFD uses monitoring procedures to protect workers from a variety of risks, such as terrorism, earthquakes and epidemics. If an event occurs that could jeopardize employee safety, a crisis unit responds and repatriates personnel if necessary.

PROMOTING EQUALITY AND DIVERSITY

The AFD Human Resources Division constantly strives for work force gender parity and diversity, giving all equally-skilled job candidates equal access to employment.

In 2007, after signing a specific labor agreement with employee trade union representatives, AFD instituted a policy to actively hire people with disabilities. It also makes arrangements to retain employees who become disabled during their careers.

As the number of field offices has grown in recent years, AFD has hired more foreign nationals as managers and permanent staff members in those offices.

AFD has also hired more young people, particularly through so-called "alternating" contracts that allow youth to pursue schooling while interning with the organization.

In 2007, AFD signed a preliminary labor agreement to promote parity in hiring and advancing the careers of men and women employed under French law; this agreement pertains to those hired in mainland France (rather than in foreign countries or in the overseas provinces). In June 2011, a new agreement reiterated and updated this commitment. Aiming for parity at all levels of the company, the Group's target for December 31, 2013 would increase representation of women in the management ranks to 50%, up from 43.4% in 2011; in

AFD GROUP EMPLOYEE DISTRIBUTION 2009-2011

EMPLOYEE HEADCOUNT	End 2009	End 2011
France (mainland)*	851	955
Field offices	152	151
Technical assistants	7	6
Transferees	28	22
AFD GROUP FRANCE EMPLOYEES*	1038	1134
French Overseas Provinces	102	108
Foreign countries	393	439
AFD GROUP LOCAL AND FOREIGN EMPLOYEES**	495	547
TOTAL AFD GROUP EMPLOYEES	1533	1681
TOTAL RESERVE BANK EMPLOYEES	366	367
TOTAL INTERNATIONAL VOLUNTEERS	90	78

*Not including apprentices and interns

** Since 2007, this number includes local and foreign hires and foreign consultants

AFD Group encourages internal and geographic mobility.

senior management of departments and divisions to 33%, up from 25.4% in 2011; and in the field offices to 28%, up from 22.4% in 2011. AFD also aims to promote women at the same rate as men and in proportion to the targeted gender mix at each level.

MAINTAINING GOOD LABOR RELATIONS

AFD Group management considers good relationships and dialogue with employee and trade union representatives a central tenet of internal social responsibility policy. Four principles underpin good labor relations: (1) constructive dialogue between senior management and employee representatives; (2) respect for each side's prerogatives and complementary roles; (3) professional negotiations, underpinned by information, training and external support that allow representatives to exercise their mandate; and (4) anticipation and resolution of problems, via the Group's tracking of labor-related changes and medium-term trends. ♦

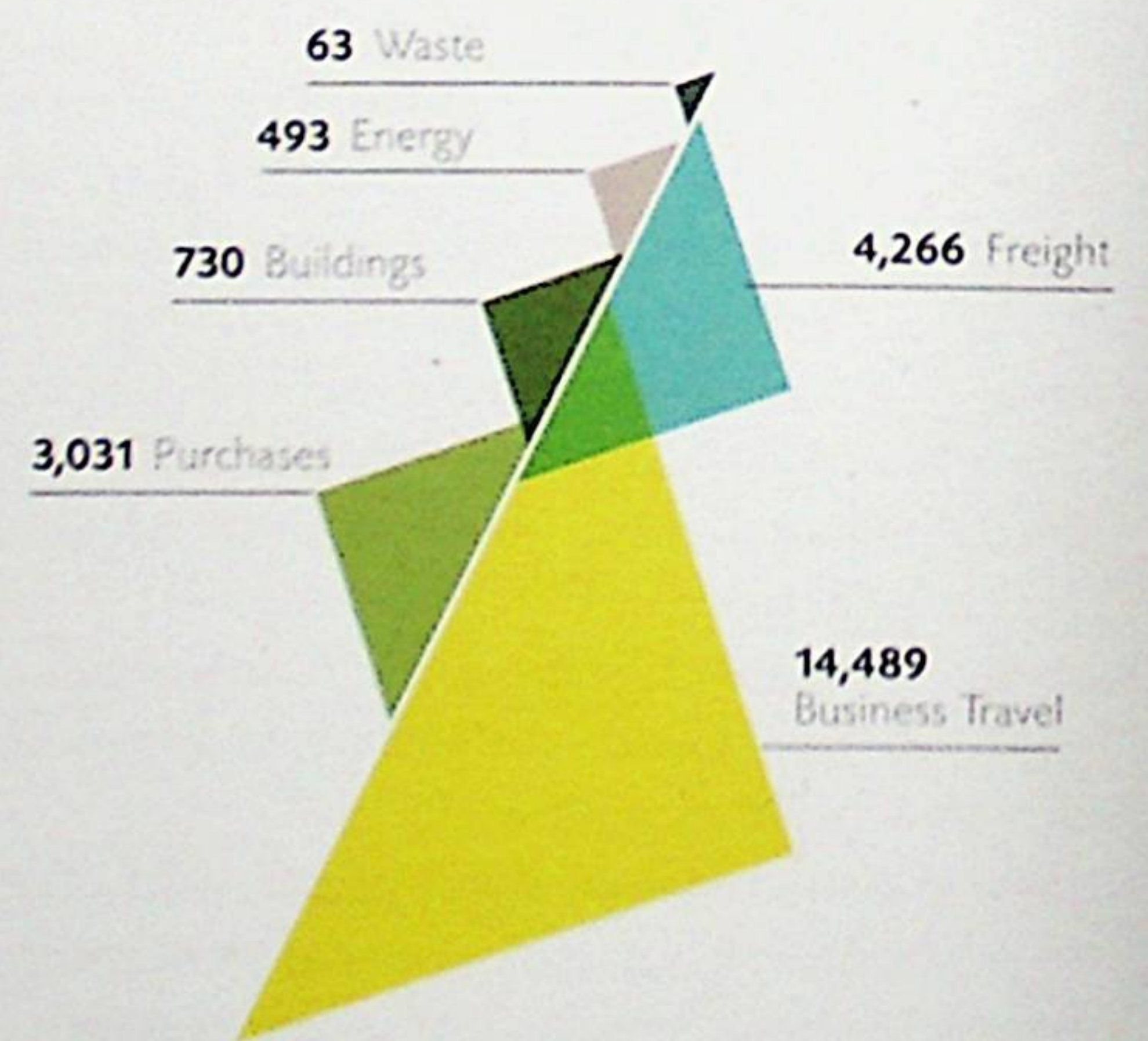
OUR PROACTIVE STRATEGY FOR

INTERNAL ENVIRONMENTAL RESPONSIBILITY

ENVIRONMENTAL IMPACT STUDIES AND CARBON FOOTPRINTS

AFD Group has conducted annual environmental impact studies and carbon footprint measurements at headquarters buildings since 2006, and for its entire office network since 2009. The Group aims to reduce the greenhouse gas (GHG) emissions generated by all its sites to one-quarter the current amount by 2050, in accordance with France's 2003 "Grenelle Environment I" GHG emission reduction initiative. The Group uses a Carbon Footprint Tool created by the French Environment and Energy Management Agency (or ADEME) to identify and measure GHG emissions generated by a given site or activity. The measurements underpin AFD Group's economically, socially and environmentally sustainable development strategy.

AFD also aims to exceed required standards and ultimately achieve carbon neutrality. Beyond its steps to reduce its environmental footprint, the Group has purchased carbon credit offsets since 2007 for the GHG emissions generated by AFD, Proparco and CEFEB buildings in Paris and Marseilles. AFD has also financed other offsetting projects.

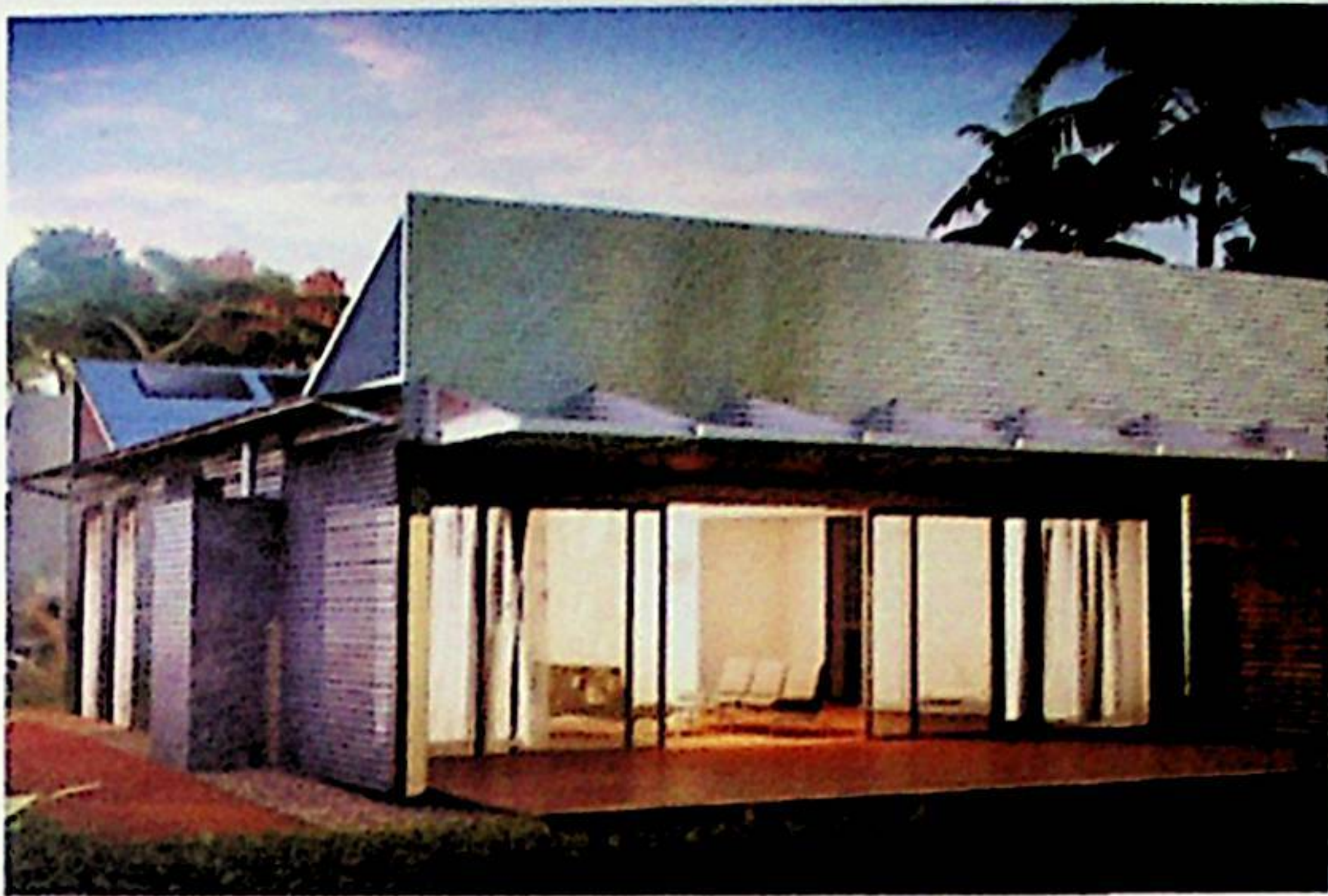


AFD GROUP HEADQUARTERS GHG EMISSIONS RANKED BY SOURCE 2011
(IN METRIC TONS CO₂ EQUIVALENT)

TRAVEL GENERATES MOST EMISSIONS

As a development finance institution, AFD must monitor its projects in developing and emerging countries. Consequently, the largest single share of its GHG emissions is generated by employee business travel. Limiting travel is crucial for reducing negative environmental impacts. In October 2010, AFD installed an organization-wide videoconferencing system that eliminated a significant number of business trips. From 2010 to 2011, employees tripled

their use of videoconferencing, from 233 to 705 videoconferences. AFD field offices may also take steps to reduce their travel-related GHG emissions. For example, after seeing the results of its carbon footprint assessment, the office in Nouméa, New Caledonia began carpooling instead of driving individual cars.



RENEWABLES AND ENERGY EFFICIENCY

In 2009, in accordance with France's Grenelle Environment I and II directives to improve energy efficiency in public buildings, AFD launched a major drive to lower energy consumption in all its offices worldwide.

Between 2009 and 2010 – as part of its IT strategy – AFD reorganized and consolidated its information technology services and computer servers. This reduced the servers' electricity consumption.

AFD also took steps to better control interior temperatures and meet building standards in headquarters and field office buildings.

AFD has also increased the share of renewables in its energy mix to lower its reliance on fossil fuels. It has launched a program in its field offices to replace 215 inefficient electric water heaters with solar water heaters. Almost all AFD's hot water needs could be met by solar energy, which would reduce the relevant electricity use by 80% or more. Another project to install a photovoltaic power generation system at the Paris headquarters began in the last quarter of 2011. In addition to upgrading to more environmentally-friendly equipment, AFD is building two low-carbon employee residences using certified energy-efficient and "High Environmental Quality" (HEQ) specifications. Special internal task forces will oversee the outfitting of an energy-efficient office building in Paris – the "Mistral" – that AFD acquired in February 2011. The task forces will make recommendations for the building's environmentally responsible fittings and systems.

IMPROVING WASTE MANAGEMENT

For the past several years, AFD has worked to recycle its waste products. To comply with the Grenelle Environment II guidelines, it must further reduce waste production and increase recycling and recovery of electronics and other trash. For example, when computer equipment depreciates, the AFD IT, Buildings and Logistics Department donates some working components to charities and schools who respond to a call for takers. Overall, headquarters has reduced its waste production by 6.7% from 2009 to 2011 – despite an increase of activity. In 2012, AFD will audit and redesign existing waste management systems.

This audit will ensure the tracking of all Group inputs from their sources through to recovery and recycling.

PURCHASING RESPONSIBLY

AFD's procurement policy addresses the issue of excess office supply packaging, following guidelines set by France's so-called "exemplary state" position paper of 3 December 2008. Purchasing contracts stipulate that office-supply vendors must reduce their use of packaging and ensure the collection and recovery of the materials.

In 2012, AFD Group will analyze the organization's purchasing policy and its procurement of sustainably and responsibly produced products. This includes redefining procurement procedures and more systematic inclusion of environmental and social clauses in updated tender specifications. The clauses will focus on suppliers' social and environmental practices, their use of certified environmentally-friendly products, and their hiring of the disabled.

INCREASING DISCUSSION ABOUT RESPONSIBLE PRACTICES

AFD and Proparco also work to raise awareness among employees about issues central to sustainable development. These internal communication efforts follow France's national sustainable development strategy, along with the "exemplary state" action plan that Grenelle Environment II recommends for public institutions and administrators. In addition, AFD's corporate university, CEFEB, offers specific courses on social and environmental responsibility for AFD Group employees, partners and aid beneficiaries. For example, since 2010, CEFEB has conducted a seminar on biodiversity to highlight its protection in countries where AFD operates. AFD Group also participates in debates and discussions about environmental issues, particularly as a member of the French Club of Public Institutions for Sustainable Development (or Club Développement Durable des Établissements Publics). ♦

ENSURING SUSTAINABILITY AND RESPONSIBILITY

IN DEVELOPMENT PROJECTS

AFD Group finances and conducts development projects in developing countries and in France's overseas provinces that support sustainable economic growth – projects reconciling growth with natural resource preservation and the promotion of social equality. In emerging countries, AFD focuses on global challenges, such as fighting climate change and conserving biodiversity.

AFD's corporate responsibility approach underpins its development work. Since 2007, the Group has deployed several means to monitor and mitigate the environmental and social risks of its financed projects. It oversees the entire project lifecycle, from initial identification to post-implementation evaluation.

Every year AFD reaffirms its commitment to the ten principles of the Global Compact, to which it is a signatory. In addition, in May 2009 Proparco signed the Declaration of Principles for responsible sovereign lending, promulgated by an association of European development finance institutions. These commitments show that the Group actively manages social and environmental risks, and seeks to improve the quality of its projects.

AFD and Proparco project teams preventively assess each project's social and environmental effects prior to funding. This allows them to propose measures during the project review phase that avert, abate or offset anticipated negative effects. The project teams then define a risk mitigation action plan with the aid beneficiary. Project lending or grant contracts formalize the beneficiary's commitment to the action plan; the project team then monitors compliance with the contract during the project implementation phase.

ADDRESSING CLIMATE CHANGE CHALLENGES

The fight against climate change is inextricably linked to economic and social development. Global warming's acceleration will hinder economic development over the long term, just as economic development can exacerbate warming through rapid increases in natural-resource and fossil-fuel consumption. The heart of AFD's work is in the fight to preserve the environment and mitigate climate change. It helps developing and emerging countries integrate climate concerns into their development strategies. It also increases these countries' resilience to effects of climate change, while enhancing their economic and social development.

ENVIRONMENTAL AND SOCIAL RISK ASSESSMENTS

AFD Group classifies the projects that it directly finances according to three levels of social and environmental risk: (1) A-level indicating high risk, (2) B-level indicating moderate risk, and (3) C-level indicating low or no risk. Following the same principles, projects that the Group finances through an intermediary financial institution are coded IF and A, B, or C, depending on the financial institution's overall portfolio risk, as in IF-A, IF-B or IF-C.



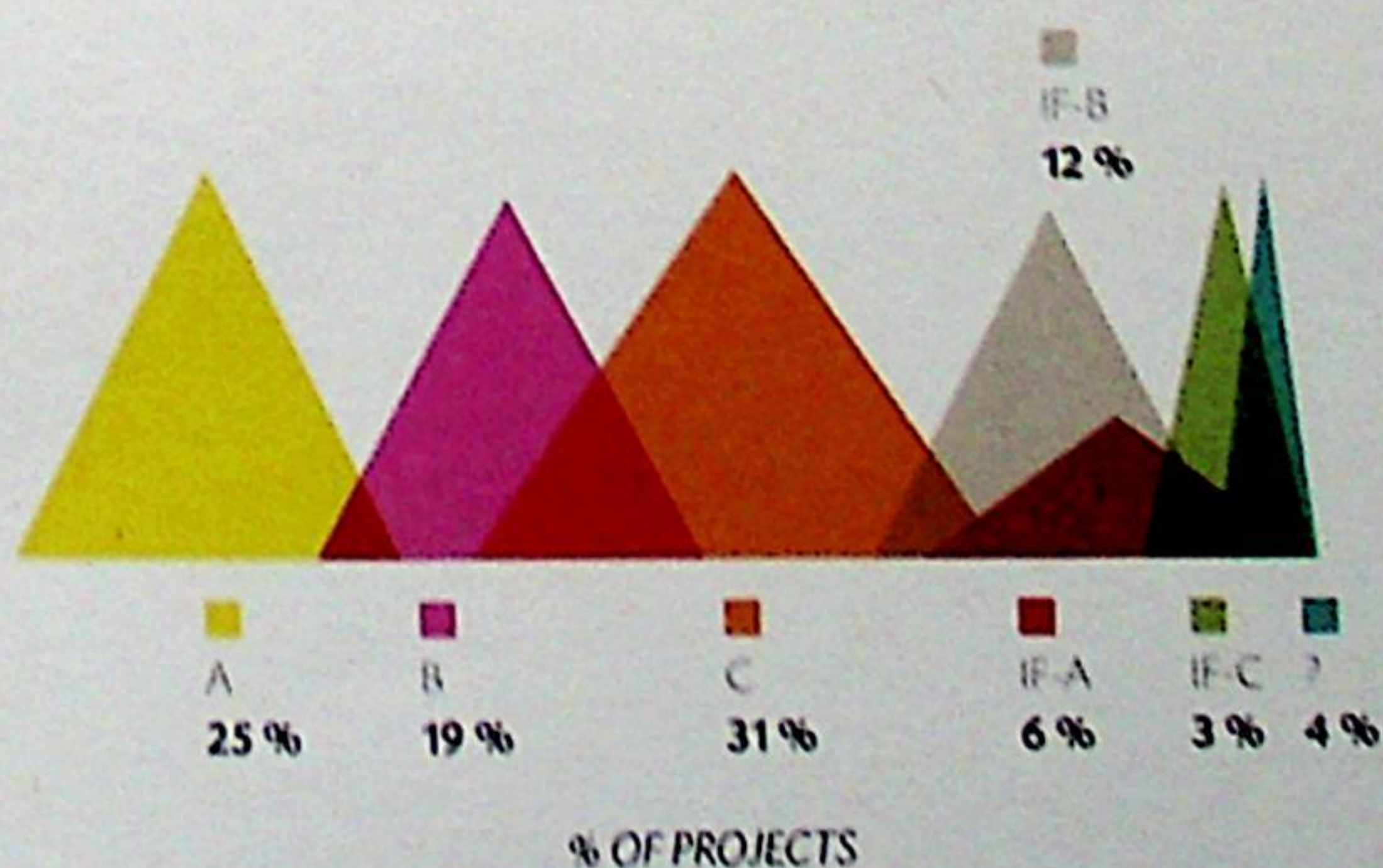
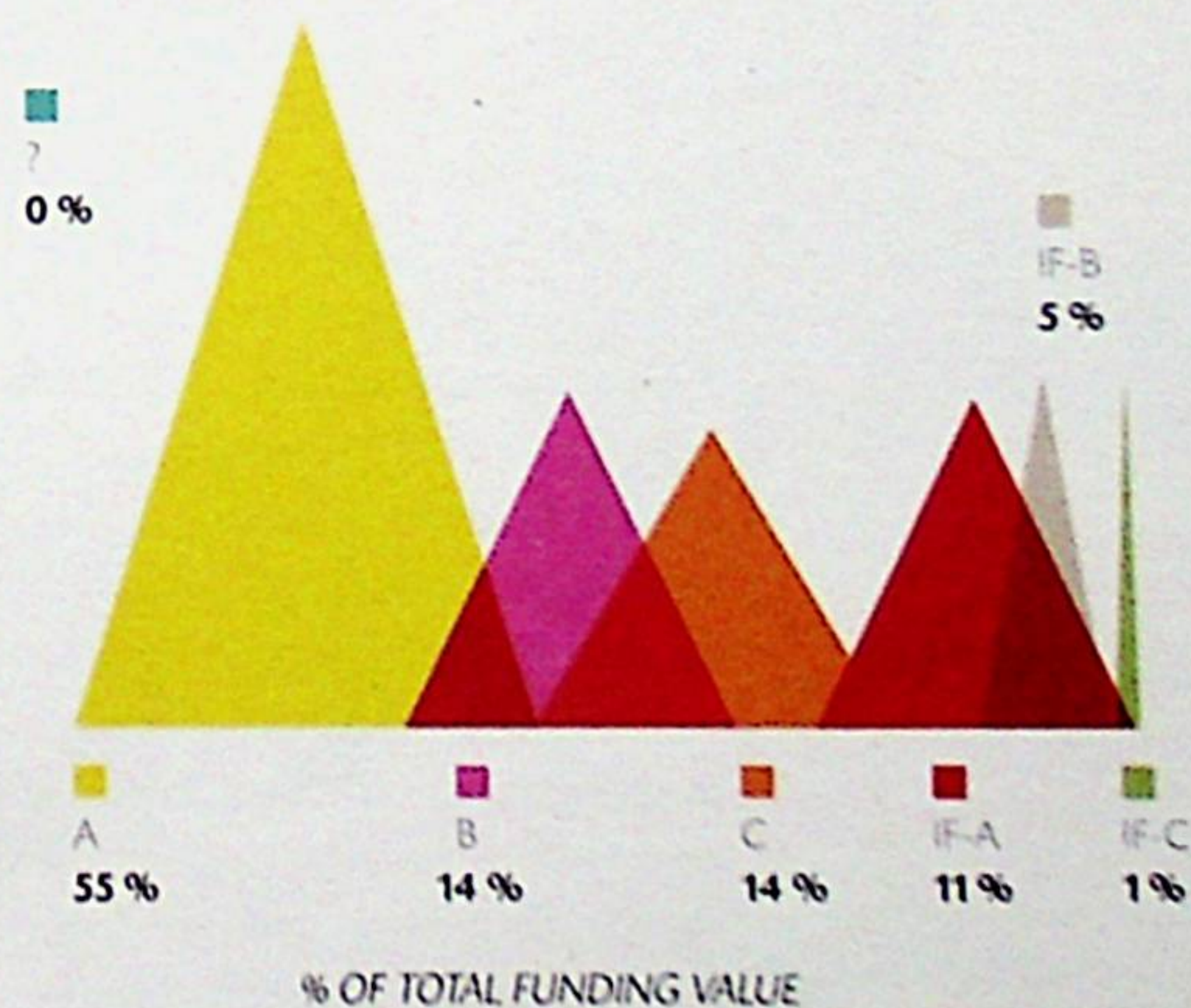
VIETNAM
RESPONSIBLE RURAL LENDING

Of Vietnam's 85 million inhabitants, 75% live in rural, often poor areas. In this context, lending services for rural populations take on a special importance.

A small savings and loan association, the People's Credit Fund (PCF), opened branches in 1993 to provide banking services in rural towns not served by national banks. The PCF savings and loan network counts more than 1,000 branches mutually owned by their member-companies. It serves rural Vietnamese entrepreneurs. The savings and loan network offers its loyal clients both proximity and a good understanding of their situation.

In 2010, AFD gave a loan to the PCF network. It also made a grant to the network's training arm to foster a new role – that of sharing good social, environmental and labor practices among its member-companies. The PCF network set up an innovative social and environmental risk-management system. Its loan officers now consider these risks alongside other financial aspects of each loan application. AFD provided its experience and assistance to the PCF network.

DISTRIBUTION OF ENVIRONMENTAL AND SOCIAL RISKS FOR PROJECTS APPROVED IN 2011



AFD GROUP STANDARDS

AFD Group has listed exclusionary criteria for denying funding requests on ethical, regulatory, environmental or social grounds. The board of governors of both AFD and Proparco validated the list at the beginning of 2011. All Group-financed projects must comply with the target country's

national laws, particularly environmental and labor laws. However, when a country's laws are incomplete or changing, AFD Group applies the standards, rules, good practices and directives set by multilateral peer institutions, such as the World Bank, International Finance Corporation and the ILO.

The AFD "Climate Strategy" was validated by AFD's board of governors in November 2011 and by Proparco's in March 2012. In implementing this strategy, AFD will systematically measure the carbon footprint of every project, prior to granting financing and after implementation. These measurements will follow a robust and transparent internal method that AFD has used for several years. The method estimates the quantity of greenhouse gas emissions that a proposed project will generate, avoid or reduce per year, before the project begins. The method then compares this figure with a baseline "no project" emissions scenario.

Civil society and the international community now demand more transparency about the effect of development projects on the fight against climate change. AFD has therefore established a clear and publicly available classification of the climate-related projects that it finances.

AFD qualifies its standard development projects as "climate projects" when they also reduce greenhouse gas emissions or mitigate other climate change impacts.

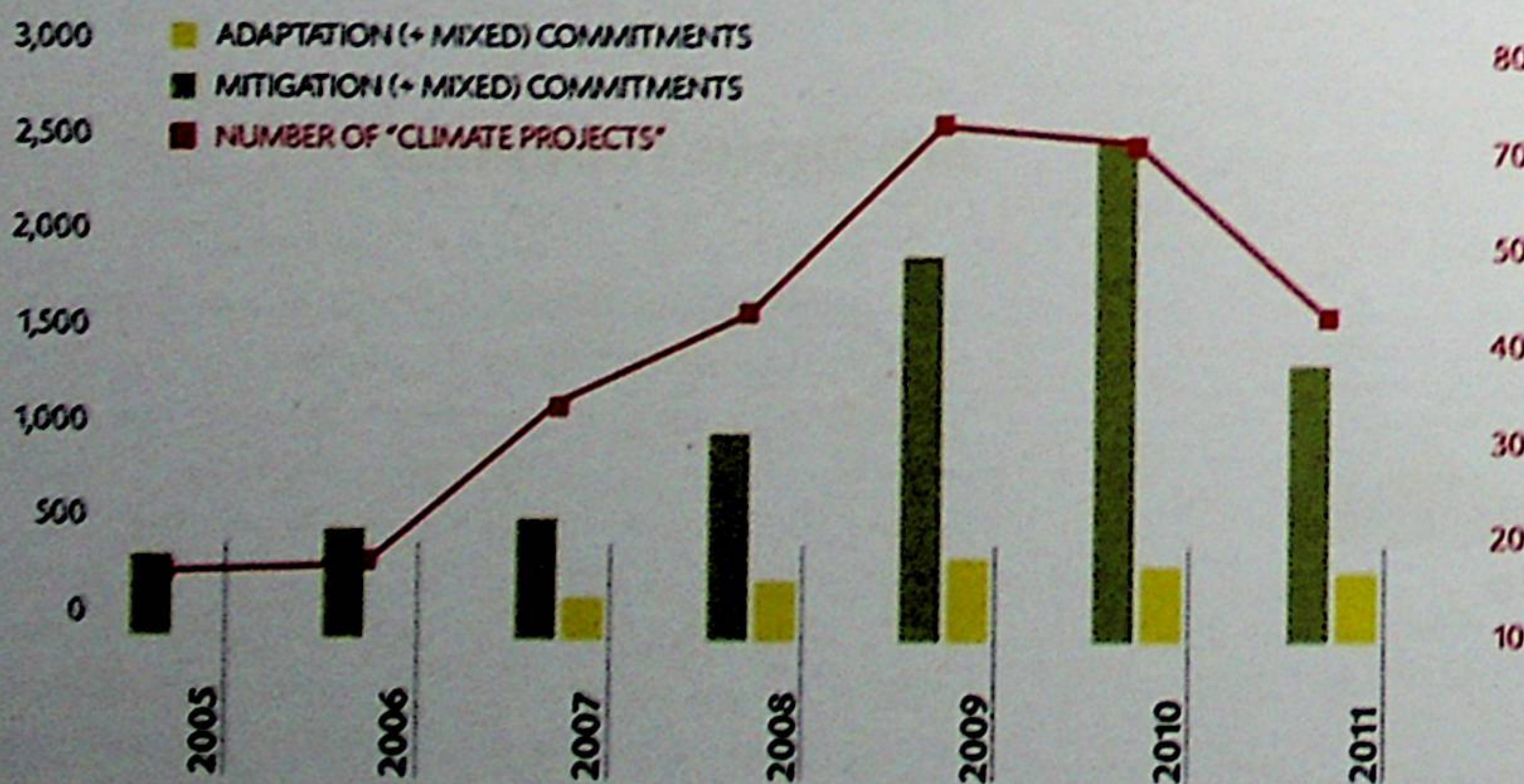
In 2011, AFD committed nearly €2 billion to 43 development projects and programs that also fought climate change, of which €1.6 billion financed greenhouse gas emissions-reduction (mitigation) projects, while the other €400 million financed adaptation projects. These climate project commitments represented 41% of all AFD-authorized foreign aid funding that year (compared with 55% in 2010) and 19% of Proparco's financing (compared with 27% in 2010). Despite this slight decline in climate-related commitments and projects, their overall number remains high. The decrease in their commitment share chiefly reflects postponed funding decisions for significant climate-impact projects, delayed until the board of governors' first meeting in 2012. ♦

INDONESIA

PROPARCO FINANCES
FAJARPAPER COMPANY

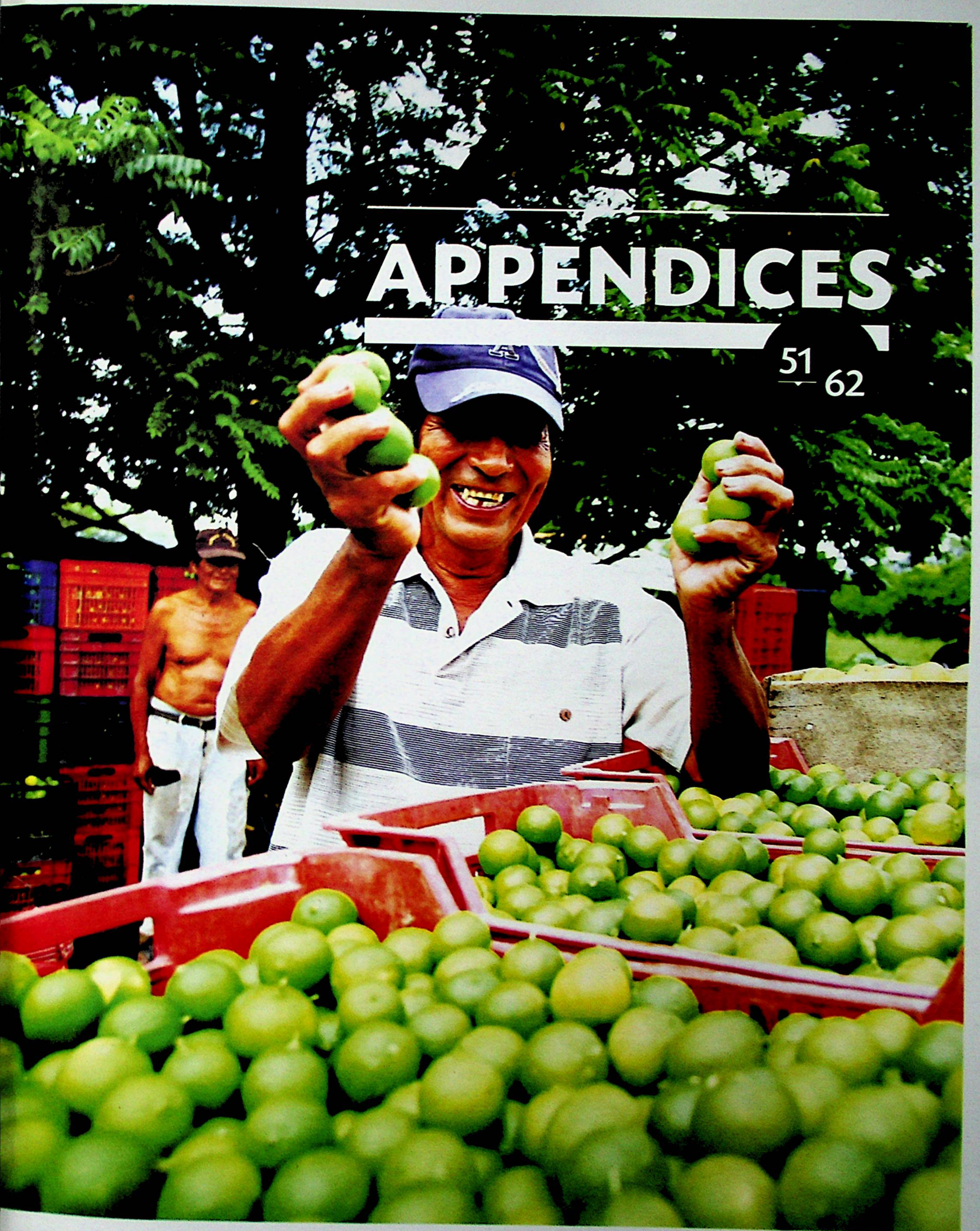
FajarPaper is Indonesia's second largest producer of industrial paper for cardboard and brown paper bags. The company uses 100% recycled paper, purchased in Indonesia for the most part. The company expects to reach its full paper production capacity of 1 million metric tons in 2012. FajarPaper's efforts to reduce its environmental footprint distinguishes it from its competitors. The company uses recycled paper and reduces energy consumption by co-generating electricity and steam with a waste incinerator. It feeds into and reuses wastewater from two treatment plants. In June 2010, the company received an ISO 14001 environmental management certification. FajarPaper called on Proparco to finance the purchase and installation of a new incinerator to burn all wastepaper by-products and to produce steam for the cardboard production process. In connection with its financing, Proparco commissioned an environmental and labor audit of the company to assess its compliance with the International Finance Corporation's performance standards and to determine any additional actions needed. The audit identified the need to address human health risks cause by the incinerators' dioxin and furan emissions. FarjarPaper promised to regularly measure the two incinerators' emissions to ensure that levels complied with international standards.

AFD GROUP CLIMATE-RELATED COMMITMENTS 2005-2011



APPENDICES

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See each office's web portal on www.afd.fr

AFD OFFICE NETWORK

Operations in countries not listed here are supervised by AFD headquarters in Paris.

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& FUTUNA, VANUATU,
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BOOKS, PERIODICALS & VIDEOS

WORKS FEATURING SPECIFIC REGIONS, TOPICS AND SECTORS OF ACTIVITY

| SAVOIRS COMMUNS |

A discussion series based on AFD's practical experiences and those of other development aid professionals and participants, in French.

| KEY PLAYERS' VIEWS |

A series of booklets featuring the views of "key players" in the development field, covering a range of current topics.

French Overseas
Health
Fragile States and Societies
Developing Cities

| AFD AND ... |

Brochures highlighting AFD's operations and activities in various regions and sectors.

- AFD in South Africa - Supporting green and equitable growth
- AFD in Ghana - A dynamic and sustainable partnership, in a country in transition
- AFD in East Africa
- AFD and Asia
- ARIZ: a dedicated risk-sharing tool facilitating access to bank credit

BOOKS

Works published with AFD's support, available in bookstores and from their publishers.

- *A Planet for Life 2011: Oceans: The New Frontier?* Pierre Jacquet, Laurence Tubiana and Rajendra K. Pachauri (eds.) TERI Press, New Delhi.
- *Rubber Stories.* Ly Phalla and Philippe Monnin (eds.) Lionel Courty and Ji-Sook Lee (trs.) Melon Rouge Editions, Phnom Penh

| JOINT PUBLICATION WITH THE WORLD BANK |

The African Development Forum Series focuses on sub-Saharan Africa's principal social and economic development challenges. Each edition examines an issue and enriches thinking about local, regional and global policies.

- *Contemporary Migration to South Africa: A Regional Development Issue.* Aurelia Segatti and Loren B. Landau (eds.) Washington, DC: World Bank.

ANTHOLOGIES

| KALEIDOSCOPE |

A monthly bibliography listing scientific and technical articles on economic development and poverty alleviation from international journals. Includes summaries of articles addressing current events.

| PRODUITDOC |

A quarterly bulletin reviewing commodities markets, organized by product and illustrated with graphs and summary tables.

VIDEOS

| "OBJECTIF DÉVELOPPEMENT" A NEW LOOK AT DEVELOPING COUNTRIES |

A series of short (5') films produced by AFD and Magnum Photos

- *Cities/Colombia*, by Thomas Dworzak
- *Growth/Cambodia*, by John Vink
- *Water & Sanitation/Palestinian Territories*, by Paolo Pellegrin
- *Healthcare/Mauritania*, by Olivia Arthur
- *Education/Burkina Faso*, by Bruno Barbey
- *Agriculture/Guinea*, by Jonas Bendiksen
- *Climate/Indonesia*, by Jean Gaumy

Making of Objectif Développement, produced by La Chouette Noire (2/33)

| FILMED PROJECT EVALUATION |

- *Water Access in Soweto 2005-10*, by Eric Mounier, produced by AFD/Studio K (5')

| PROJECT STORIES |

Improving Water Access in Soweto, by Eric Mounier, produced by AFD/Studio K (5')

| INTERVIEWS WITH EXPERTS |

Interviews filmed by AFD's communication team during AFD conferences and other events.

- *Public Authorities and Urban Development:* Interview with Nathalie LeDenmat and Samuel Lefevre of AFD, April 2011
- *Solidays:* Interview with Agnès Dakin of NGO Chigata, in Côte d'Ivoire, June 2011
- *Agriculture in Ghana - A Governance Example for Africa:* Interview with Bruno Lederc of AFD in Accra, June 2011
- *Reconciling Poverty Alleviation and Environmental Quality:* Interview with Wangari Maathai and Amartya Sen, Nobel laureates at an AFD/Institute Veolia Environment conference, July 2011

- *Is Development Aid Effective?* Interview with Daniel Verger of Coordination Sud and Philippe Chedanne of AFD at the AFD/Odissée conference discussion in preparation for the Forum on Aid Effectiveness in Busan, November 2011
- *Climate a Central Concern in Durban:* Interview with Pierre Forestier of the Economic, Social and Environmental Council, December 2011

See www.afd.fr/home/publications/Videos
See www.objectif-developpement.fr

SCIENTIFIC JOURNALS

| AFRIQUE CONTEMPORAINE |

A quarterly journal of research articles analyzing major trends in African politics, economics and society, in French. Published by de Boeck.

| A SAVOIR |

A series featuring reviews of books and papers that present current understanding of operational issues.

- N° 1 : The Regulation of Water and Sanitation Services in Developing Countries
- N° 3 : Toward a Joint Management of Transboundary Aquifer Systems
- N° 7 : Payments for Ecosystem Services. From Theory to Practice – What Are the Prospects for Developing Countries?
- N° 9 : How Can We Capitalize on the Demographic Dividend? Demographics at the Heart of Development Pathways
- N° 12 : Contract Farming in Developing Countries - A Review

| WORKING PAPERS |

A series of varied works including in-depth articles, academic works and discussion papers.

- N° 76 : Market Access and Specialization in Cash Crops: Vietnam's Expected Gains from WTO Accession
- N° 77 : The Banking System of Vietnam after the Accession to WTO: Transition and its Challenges
- N° 81 : Economic Integration and Investment Incentives in Regulated Industries
- N° 83 : The Global Discourse on "Participation" and its Emergence in Biodiversity Protection
- N° 84 : Community Participation in Biodiversity Protection: An Enhanced Analytical Framework for Practitioners
- N° 87 : Local Taxation: An Economy Based Guide
- N° 89 : Presentation of the Institutional Profiles Database 2009
- N° 92 : Community Participation Beyond Idealisation and Demonisation: Biodiversity Protection In Soufrière, St. Lucia
- N° 93 : Community participation in the Pantanal, Brazil: Containment Games and Learning Processes
- N° 94 : Developing Lower Secondary Education: A Rural Issue and Challenge for Sub-Saharan Africa
- N° 96 : Thailand: The World's Leading Exporter of Natural Rubber Owing to its Smallholders
- N° 99 : Private Sector Participation in the Indian Power Sector and Climate Change

- N° 108 : Peasants Against Private Property Rights: A Review of the Literature
- N° 110 : Aid for Trade: A Survey
- N° 117 : Student Loans: Liquidity Constraint and Higher Education in South Africa

| MACRODEV |

A series providing macroeconomic analyses of development processes, by country, region or issue, in French.

| FOCALES |

A series presenting accounts of AFD's and its partners' – experts, researchers, consultants and practitioners – field experiences in developing and emerging countries.

- N° 2 : Local Government in Palestine
- N° 3 : Linking Labour Organisation and Vocational Training in Uganda: Lessons for Rural Poverty Reduction
- N° 5 : Urban Development in Vietnam: The Rise of Local Authorities
- N° 6 : The Regulation of Small-Scale Water Providers in Laos

| RESEARCH STUDIES |

A series featuring AFD-initiated and directed research studies.

- N° 1 : Financing Higher Education in the Mediterranean Region: The Case of Egypt, Lebanon and Tunisia
- N° 2 : Water Services and the Private Sector in Developing Countries: Comparative Perceptions and Discussion

| CONFERENCES & SEMINARS |

A series of presentations and conclusions drawn from seminars and conferences organized by AFD's research department.

- N° 1 : Implementing Large-Scale Energy Efficiency Programs in Existing Buildings in China
- N° 2 : Transitions Decried, Transitions Experienced, From Global to Local: Methodological, Cross-cutting and Critical Approaches
- N° 3 : Measure for Measure – How Well Do We Measure Development?

| EX POST |

A collection evaluating AFD's and its partners' work to capture key lessons, organized by five themes: Evaluation and Capitalization, Executive Summary, Methodology Notes, Impact Analyses and Joint Evaluations.

Evaluation and Capitalization series

- N° 25 : Ex-post Evaluation of the FGEF Energy Efficiency Project in the Construction Sector in Afghanistan

- N° 26 : Developing Smallholder Rubber Production: Lessons from AFD's Experience
 - N° 27 : Sector Program Support in Practice: Lessons and Perspectives for AFD Reflexions on Case Studies
 - N° 30 : Cartography of the AFD Biodiversity Project Portfolio
 - N° 34 : Addressing Development Challenges in Emerging Asia: A Strategic Review of the AFD-ADB Partnership
 - N° 41 : AFD Municipal Development Project in the Palestinian Territories
- Executive Summary series**
- N° 3 : AFD-funded Resident Technical Assistance
 - N° 4 : What Microfinance for Agriculture in Developing Countries?
 - N° 7 : Sectoral Aid in Practice: Lessons Learned and Next Steps for AFD
 - N° 9 : Operating in Fragile States: Lessons from Experience
 - N° 10 : The Forest Sector in Countries of the Congo Basin: 20 years of AFD Intervention

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- N° 3 : Are Evaluations Useful?

Impact Analyses series

- N° 2 : Poverty, Access to Credit and the Determinants of Participation in a New Micro-credit Program in Rural Areas of Morocco
- N° 4 : Assessing the Effects of Health Insurance: The SKY Micro-Insurance Program in Rural Cambodia
- N° 5 : Randomized Controlled Evaluation of SKY Health Insurance in Cambodia, Survey Protocol
- N° 6 : Analysis of the Determinants of the Demand for Financial Services in Rural Morocco
- N° 7 : Impact of Microcredit in Rural Areas of Morocco: Evidence from a Randomized Evaluation

Joint Evaluations

Current editions available in French only.

FINANCIAL STATEMENTS



A view of AFD Group's financial standing as of 31 December 2011.

The complete 2011 AFD Group financial report is available in the Registration Document, which can be downloaded from www.afd.fr

BALANCE SHEET

ASSETS (€ MILLION)	2010	2011	LIABILITIES & CAPITAL (€ MILLION)	2010	2011
Loans (net outstanding)	12,908	15,629	Bonds and borrowings from markets	9,004	11,316
Loans (gross outstanding)	13,254	15,960			
(-) Allowances for capital and interest impairments	-419	-420			
(+) Accrued interest	73	89	Borrowings from French Treasury	2,481	2,496
			Financial liabilities (excluding own debt)	301	252
IMF-PRGF operations *	1,956	2,086	IMF-PRGF operations*	1,956	2,085
Investment portfolio	696	687	Managed funds and advances from French state	392	568
Cash & short-term instruments	927	625	Accruals and other liabilities	458	481
Equity participations	391	421			
			Provisions	651	724
Property, plant, equipment and intangible assets	167	184	Capital & Retained Earnings	2,149	2,182
Accruals and other assets	450	547	Net income	104	73
TOTAL	17,495	20,178	TOTAL	17,495	20,178

*PRGF: Poverty Reduction and Growth Facility

KEY RATIOS & INDICATORS

		2009	2010	2011
Net banking income (€million)		466	383	361
Net income (€million)		246	104	73
Dividends paid to French treasury (€million)		167	220	71
Return on equity	<i>Overhead expenses¹ / Net banking income</i>	50.1%	65.5%	71.6%
Return on capital employed	<i>Net income / Equity²</i>	14.8%	6.1%	4.3%
Return on assets	<i>Net income / Total assets</i>	1.6%	0.6%	0.4%

¹ Overhead includes depreciation and amortization expenses, 2009 and 2010 ratios have been recalculated to reflect this change.

² Average debt liabilities and average shareholder's equity net of provisions for general banking risk (€ 460 million).

INCOME STATEMENT

EXPENSES (€ MILLION)	2010	2011	INCOME (€ MILLION)	2010	2011
Borrowings expense	609.3	757.5	Income earned on loans and guarantees	734.6	847.3
Interest expense	291.9	317.1	Interest income and commissions on loans and guarantees	384.7	443.7
Swaps expense	319.3	439.3	Swaps income	340.0	432.0
			Net allowances for unpaid interest	29.4	-2.1
			Interest income losses	-3.4	-0.8
			Net allowances for sovereign loan impairments	-32.1	-37.4
Net foreign exchange loss (- gain)	-1.9	1.0	Recoveries on subsidy account for SAL* and mixed loans-grants	16.0	11.9
			Income earned on interest rate subsidies	166.8	183.0
Miscellaneous financial expenses	24.7	30.7	Investment income	42.1	42.7
Expenses for IMF-PRGF operations	22.5	37.0	Income from equity participations	6.0	4.5
			Commissions on operations	37.0	36.8
			Miscellaneous commissions	29.8	33.8
			Commissions on IMF-PRGF operations	23.4	37.9
TOTAL BANKING EXPENSES	656.5	825.2	TOTAL BANKING INCOME	1,039.6	1,186.0
NET OF IMF-PRGF OPERATIONS EXPENSES	634.0	788.2	NET OF IMF-PRGF OPERATIONS INCOME	1,016.2	1,148.1
NET BANKING INCOME	383.2	360.8			
General and administrative expenses	238.2	245.8			
Employee compensation and benefits	155.5	166.4			
• Employee compensation net of IEOM and IEDOM** reimbursements	151.7	164.0			
• Allowances for retirement benefits	3.7	2.4			
Taxes and regulatory fees	3.5	3.8			
Other general and administrative expenses	79.3	75.6			
Net other allowances for provisions	0.0	0.0			
Net allowances for depreciation of property, plant and equipment and amortization of intangibles	12.7	12.6			
TOTAL OPERATING EXPENSES	251.0	258.5			
GROSS OPERATING INCOME	132.2	102.4			
Cost of risk and other credit risk provisions	-30.2	-33.8			
Net allowances for loan impairments	22.3	0.8			
Provisions for contingencies and charges allowances	-52.2	-33.8			
Capital losses on bad debt and loan losses	-0.2	-0.7			
Gross income from operations	102.0	68.6			
Gains or losses on fixed assets	3.3	5.2			
Net profit before tax and exceptional items	105.3	73.8			
Net income from exceptional operations	-1.5	-0.3			
Income tax expense	-0.1	0.0			
NET INCOME	103.7	73.5			

*SAL: Structural Adjustment Loan **IEOM and IEDOM are the reserve banks for the French Overseas Provinces

FUNDING APPROVALS

by AFD Group in 2011 (€ million)

	GRANTS & SUBSIDIES		LOANS		GUARANTEES		EQUITY		HIPC INITIATIVE & BUDGET SUPPORT		TOTAL		CO-FUNDING WITH OTHER DONORS	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
SUB-SAHARAN AFRICA														
Benin		10.0	30.0		0.2	1.4				3.0	33.2	11.4		2.0
Burkina Faso	8.5	8.3		18.4	10.4	7.9				0.5	19.4	34.6		2.8
Burundi	0.0	1.2				1.0				2.6	2.6	2.2		
Cameroon	1.1	2.4	60.0	329.0	10.4	24.7				211.8	71.5	567.9		5.7
Cape Verde	0.5			27.2							0.5	27.2		
Central African Republic	5.5	5.7									5.5	5.7		
Chad	2.3	6.4			3.2	2.6					5.5	8.9		
Comoros	0.9	5.2	4.0								4.9	5.2		
Congo (Democratic Rep. of the)	7.5	15.5			0.5		7.2	0.7	1.0		16.3	16.2		
Congo (Republic of the)	2.5	0.3			4.6					31.0	7.1	31.3		12.9
Côte d'Ivoire		1.5		358.0	16.1	66.3					16.1	425.9		
Djibouti					3.4	4.3	5.5				8.9	4.3		
Ethiopia	0.3	0.6		70.0							0.3	70.6		4.0
Gabon	0.6		16.0	15.0	11.5	6.5			10.0	1.5	38.0	23.0		
Ghana	0.5	1.6	60.0	231.6	5.0	1.2	2.3	4.0	21.9		89.8	238.3		4.8
Guinea	1.5	10.7			1.1	3.1					2.6	13.8		
Guinea Bissau		0.1										0.1		
Kenya		3.9	256.8	235.9	1.0	8.7	8.7				266.5	248.6		
Madagascar	7.2	22.0			29.7	7.2		5.0	0.8		37.6	34.1		
Mali	16.5	8.5	29.8	44.3	2.4	4.1			41.7		90.3	56.8	4.8	
Mauritania	0.8	4.1	22.0	45.0	2.0			2.0	14.2		39.0	51.1	0.2	0.1
Mauritius	0.4		50.0	117.5	5.9	2.2	3.8	1.7			60.2	121.4		
Mozambique	1.0	3.2	14.7	40.0					14.5	0.9	30.2	44.1		3.1
Namibia					10.0						10.0			
Niger	3.4	15.7		11.4		1.8			3.0	10.0	6.4	38.8		
Nigeria			222.9	6.7			0.7	0.2			223.6	6.9		
Rwanda	0.4		15.0		11.0				3.3		29.7			
Sao Tomé & Príncipe	0.7										0.7			
Senegal	2.4	7.1	93.3	86.5	10.9	11.0			0.3		106.8	104.6	3.3	
South Africa	0.5		402.7	234.3							403.2	234.3		
Tanzania	0.5		6.3	43.6	2.8	3.7	0.9	3.4		4.1	10.5	55.4		
Togo	6.7	6.5		40.0	0.5	5.2			3.0	2.0	10.1	53.6		
Uganda	0.5		83.0	16.1	0.1	0.7					83.6	16.8		14.0
Zambia			53.1	10.4		0.5					53.1	10.9	10.8	
Zimbabwe			15.1								15.1			
MULTI-COUNTRY PROGRAMS	52.7	56.5	164.5	4	7.5		86.0	58.8	50.3	40	361.0	159.3	20.0	1.35
TOTAL	125.3	197.5	1,599.1	1,984.9	150.2	163.8	115.1	75.8	170.0	301.3	2,159.7	2,723.3	39.2	55.7
MIDDLE EAST & NORTH AFRICA														
Algeria	2.4										2.4			
Egypt		1.0	189.4	10.5			8.1	3.9	0.5		198.0	15.4		1.3
Iraq			87.3				7.7				94.9			
Jordan	1.7	1.6	131.1								132.8	1.6		
Lebanon	0.6	1.4	34.3	70.0	1.0		10.5				46.4	71.4		
Morocco	3.4	3.2	357.0	540.0			3.0				363.4	543.2		
Palestinian Territories	20.7	22.6			0.4	2.3					21.2	24.9		
Syria	0.6		50.0		1.8		7.5				59.8			
Tunisia	10.6	0.6	205.0	185.0	0.2		8.0				223.8	185.6		7.8
Turkey	1.5	0.4	160.0	231.0							161.5	231.4		20.0
Yemen	1.0		37.5								38.5			
MULTI-COUNTRY PROGRAMS	7.8	8.9			2.5		26.5				10.3	35.4		0.1
TOTAL	50.3	39.6	1,251.6	1,036.5	5.9	2.3	44.8	30.4	0.5		1,353.0	1,108.9		29.1

	GRANTS & SUBSIDIES		LOANS		GUARANTEES		EQUITY		HIPC INITIATIVE & BUDGET SUPPORT		TOTAL		CO-FUNDING WITH OTHER DONORS	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
ASIA & THE PACIFIC														
Afghanistan	28.7	25.9									28.7	25.9		
Cambodia	0.4	5.5		8.2							0.4	13.8		
China	1		103	176.8			6.0	4			110.0	180.8		
India	0.4		154.5	248.6	0.2	0.2	8.1	15.6			163.2	264.3		
Indonesia	0	0.3	272.7	156.6							272.7	156.8		
Laos	0.4	2									0.4	2		
Mongolia			1.9								1.9			
Pakistan	0.35		68								68.4			
Sri Lanka			35								35			
Thailand			30	20							30	20		
Vanuatu														0.02
Vietnam	5.9	1.5	200.2	129.0							206.1	130.5		
MULTI-COUNTRY PROGRAMS	5.6						1.9				7.5			0.1
TOTAL	42.8	35.2	865.2	739.1	0.2	0.2	15.9	19.6			924.2	794.1		0.1
LATIN AMERICA & THE CARIBBEAN														
Argentina				14.8								14.8		
Brazil	1.6		216.7	56.4	0.2		5.5				224.0	56.4		
Colombia		1.9	296.2	351.8							296.2	353.7		
Costa Rica				5.2								5.2		
Dominica				10								10		
Dominican Republic	0.04		40.3	159.7	0.5	0.6					40.8	160.3	0.04	
Ecuador				7.6								7.6		
Guatemala		1.5										1.5		
Haiti	27.0	21.9			0.7				20	18	47.7	39.9		19.6
Jamaica			22.5								22.5		23.1	
Mexico			325.8	385		0.1					325.8	385.1		2
Nicaragua			15.4								15.4			
Panama				24.5								24.5		
Paraguay			26.5								26.5		11.3	
Peru	0.3		18.9	15.3							19.1	15.3		
MULTI-COUNTRY PROGRAMS	2.0		268.4				18.2				288.6			3.5
TOTAL	30.9	25.3	1,230.6	1,030.3	1.5	0.7	23.7		20	18	1,306.7	1,074.3	34.4	25.1
NON-COUNTRY-SPECIFIC PROGRAMS	38.5	13.7	100	49.8			2	12.1			140.5	75.5		3.1
TOTAL DEVELOPING & EMERGING COUNTRIES	287.8	311.3	5,046.6	4,840.6	157.7	167	201.5	137.9	190.5	319.3	5,884.1	5,776.1	73.6	113.3
FRENCH OVERSEAS PROVINCES														
French Guiana			47.2	23.5	7.9	11.8					55.2	35.3		
French Polynesia			113.1	35.1	6.9	3.6		0.3			120.0	39.1		0.3
Guadeloupe			63.5	64.0	25.2	27.9					88.8	91.9		
Martinique			76.6	87.5	20.3	17.9					96.8	105.3		
Mayotte			28.3	78.0	4.4	2.5					32.7	80.5		
New Caledonia			123.3	275.6	10.6	10.7					134.0	286.3		0.2
Réunion			48.8	102.5	46.4	49.5					95.2	151.9		
Saint Pierre & Miquelon			3.0	5.0	0.5	0.6					3.5	5.6		
Shared by several local governments					1.4	1.5					1.4	1.5		0.4
Shared by several provinces							3.46				3.46			
TOTAL LOANS & GRANTS			503.9	671.1	123.7	126.0	3.5	0.3			631.1	797.4		0.9
OSEO MANDATE FOR SME GUARANTEES & FINANCING			284.3	277.4	41.9	32.7					326.2	310.1		
TOTAL FRENCH OVERSEAS PROVINCES			788.2	948.5	165.6	158.7	3.5	0.3			957.3	1,107.5		0.9
TOTAL	287.8	311.3	5,834.7	5,789.1	323.4	325.7	205.0	138.2	190.5	319.3	6,841.4	6,883.5	73.6	114.1

PROJECTS APPROVED

by AFD in 2011

This is a partial list of projects approved for developing and emerging countries.

COUNTRY	SECTOR	PROJECT	BENEFICIARY	TOTAL COMMITMENT (€ MILLION)
AFGHANISTAN	AGRICULTURE & FOOD SECURITY	Projects to help residents of Kapisa and Surobi	Central Government	15
	WATER & SANITATION	Support for a drinking-water supply network extension in Kabul	Central Government	9
BENIN	HEALTHCARE	Support for maternal and infant healthcare	Central Government	10
	BUSINESS, INDUSTRY & TRADE	Delegated European Union (EU) loan for microfinance development	Central Government	2
BURKINA FASO	AGRICULTURE & FOOD SECURITY	Support for rural local governments to secure land and manage natural resources	Central Government	8
	URBAN DEVELOPMENT	Financing for electric grid connections between Bolgatanga (Ghana) and Ouagadougou (Burkina Faso), including via an EU-delegated loan	Public Sector Entreprise	21.2
CAMBODIA	EDUCATION	Financing professional training	Nonprofit Organization	2.5
	BUSINESS, INDUSTRY & TRADE	Support for rice production and processing	Central Government	3.5
CAMEROON	AGRICULTURE & FOOD SECURITY	Support for agricultural technical and professional training programs	Central Government	35
		Funding to continue a national program for participative development	Central Government	57.8
		Program to support the competitiveness of smallholder family farms and ranches	Central Government	85
	URBAN DEVELOPMENT	Financing Douala land development and transportation upgrades	Central Government	80.7
		Funding for a second bridge over the Wouri River	Central Government	133
	WATER & SANITATION	Support for a stormwater management and sanitation program in Douala	Central Government	130
	EDUCATION	Financing for non-agricultural professional training in rural areas	Central Government	10
	OTHER	Managing a Debt Reduction-Development Contract	Central Government	5
	BUSINESS, INDUSTRY & TRADE	Extending microfinance services to rural areas	Microfinance Institution	1.5
CAPE VERDE	WATER & SANITATION	Drinking-water production via desalination on the islands of Sal and Sao Vicente	Central Government	22.2
CENTRAL AFRICAN REPUBLIC	EDUCATION	Support for financing a national education strategy	Central Government	5
CHAD	AGRICULTURE & FOOD SECURITY	Financing for hydraulic facilities in Bahr Lina	Central Government	5
CHINA	URBAN DEVELOPMENT	Developing urban heating in Jinan and Tianjin	Central Government	80
	ENVIRONMENT	Building upgrading in Wuhan	Central Government	20
		Small hydropower program in Xiangfan	Central Government	21
COLOMBIA	URBAN DEVELOPMENT	Funding for the energy investment program of Empresas Publicas de Medellin	Public Sector Entreprise	275
	WATER & SANITATION	Water resource management in Colombia	Central Government	76.8
COMOROS	WATER & SANITATION	Construction of a potable water conveyance system on the Djaniro Plateau for 7 villages	Central Government	4.2
CONGO (REPUBLIC OF THE)	URBAN DEVELOPMENT	Priority investment programme for the Port of Pointe Noire	Public Institution	8.6
	WATER & SANITATION	Drainage and sanitation projects in Brazzaville	Central Government	24
	EDUCATION	Reorganization of healthcare, social welfare and teacher training system	Central Government	4
	HEALTHCARE	Financing for paramedical continuing education programs via delegated EU funding	Central Government	4.3
CONGO (DEMOCRATIC REPUBLIC OF THE)	EDUCATION	Capacity building and training curriculum development for the National Institute of Professional Preparation	Public Institution	6
	HEALTHCARE	Improvements to a maternal and infant healthcare program in Kinshasa	Central Government	8
CÔTE D'IVOIRE	OTHER	General budget support loan	Central Government	350
DOMINICA	URBAN DEVELOPMENT	Extra financing for a road	Central Government	10
DOMINICAN REPUBLIC	URBAN DEVELOPMENT	Financing to build a second metro line in Santo Domingo	Central Government	159.7
ETHIOPIA	URBAN DEVELOPMENT	Waste management in Addis Abeba	Central Government	20.5
		Financing for a high-voltage electricity transmission network	Central Government	50
	ENVIRONMENT	Support for implementation of the government's climate policy	Central Government	4

COUNTRY	SECTOR	PROJECT	BENEFICIARY	TOTAL COMMITMENT (€ MILLION)
GABON	ENVIRONMENT	Setting up of a Wood Industry Office to help forestry firms with their industrial strategy	Central Government	1.5
GHANA	URBAN DEVELOPMENT	Financing for rebuilding and upgrading electricity lines between northern and southeastern Ghana	Public Sector Entreprise	145.8
		Financial and institutional support for Ghanaian districts via multi-donor funding	Central Government	21
	BUSINESS, INDUSTRY & TRADE	Renovation of the Kpong Dam	Central Government	50
GUINEA	AGRICULTURE & FOOD SECURITY	Rice and fish-farming in Guinea's forest regions and support for rice production in mangroves	Central Government	8
HAITI	AGRICULTURE & FOOD SECURITY	Projects in southern Haiti	Central Government	4.5
	URBAN DEVELOPMENT	Housing construction and facilities installations in Port-au-Prince neighborhoods	Central Government	24.3
	EDUCATION	Contribution to the Haiti Reconstruction Fund for education-related projects	International Fund	2.8
	OTHER	Contribution to the Haiti Reconstruction Fund	International Fund	17
	HEALTHCARE	Financing to rebuild Haiti's University Hospital in Port-au-Prince	Central Government	7.4
INDIA	ENVIRONMENT	Credit line for the IDBI Bank	Bank	150
INDONESIA	ENVIRONMENT	Financing for oceanographic surveillance infrastructure	Central Government	21.7
		Financing for electricity transmission lines in West Kalimantan	Central Government	37.1
		Participation in the Low Carbon and Resilient Development Program	Central Government	73.5
KENYA	URBAN DEVELOPMENT	Cofunding for Kenya's national municipalities and slum upgrading support program	Central Government	64
		Support for the Kenya Electricity Expansion Project Fund	Central Government	56
		Financing for the Suswa power sub-station and Suswa-Inisga transmission lines	Central Government	78.5
	ENVIRONMENT	Support for nature reserves in northern Kenya	Central Government	8
LAOS	URBAN DEVELOPMENT	Support for urban renewal projects in Luang Prabang	Central Government	2
LEBANON	WATER & SANITATION	Financing for a sanitation project in Kesrouan	Central Government	70
MADAGASCAR	URBAN DEVELOPMENT	Mobility and urban renewal for low-income neighborhoods in the Antananarivo metropolitan area	Central Government	9
	EDUCATION	Support for professional and technical construction and public works training	Central Government	5
	BUSINESS, INDUSTRY & TRADE	Financing to support exports	Public Sector Entreprise	2.5
		Support to expand microfinance services in the Anosy region	Microfinance Institution	1.5
MALI	WATER & SANITATION	Financing for urban hydraulic systems in Bamako/Kabala	Public Sector Entreprise	39
	EDUCATION	Support to increase business competitiveness via professional training	Central Government	9
	BUSINESS, INDUSTRY & TRADE	Support for a biodiesel production project using jatropha curcas seeds	Private Sector Entreprise	1.3
MAURITANIA	URBAN DEVELOPMENT	General budget support for public sector reforms	Central Government	45
	HEALTHCARE	Financing for the second phase of an obstetrical health insurance project	Central Government	2.5
MAURITIUS	WATER & SANITATION	Financing for the Rivière des Anguilles Dam	Central Government	62.5
MEXICO	URBAN DEVELOPMENT	Credit line for the Federal Mortgage Company's green social housing program	Public Sector Entreprise	100
		Support for the Federal Electricity Commission's clean energy investment program	Public Sector Entreprise	250
	ENVIRONMENT	Support for sustainable rural development	Central Government	35
		Support for Mexico's programme to fight global warming	Organisme Public	2
MOROCCO	AGRICULTURE & FOOD SECURITY	Support for Morocco's Green Plan	Central Government	50.3
	URBAN DEVELOPMENT	Financing for a 2010-2013 investment program	Private Sector Entreprise	150.5
		Cofunding for a solar thermal power plant in Ouarzazate	Central Government	100
	WATER & SANITATION	Financing for the Moroccan Phosphate Office water strategy	Public Sector Entreprise	180
MOZAMBIQUE	URBAN DEVELOPMENT	Financing for a pre-construction study for a Maputo airport project	Public Sector Entreprise	1.6
	WATER & SANITATION	Improving water supply to neighborhoods on the outskirts of Maputo	Central Government	40
NIGER	EDUCATION	Support to create a professional and vocational industrial training program	Central Government	11.4
	OTHER	General budget support	Central Government	10
	HEALTHCARE	Financing a healthcare program	Central Government	14
PALESTINIAN TERRITORIES	URBAN DEVELOPMENT	Support for municipal development	Central Government	6
	WATER & SANITATION	Support to improve drinking water availability in the northern West Bank	Central Government	10.5
	BUSINESS, INDUSTRY & TRADE	Support for the private sector	Central Government	5

PROJECTS APPROVED BY AFD IN 2011

COUNTRY	SECTOR	PROJECT	BENEFICIARY	TOTAL COMMITMENT (€ MILLION)
SENEGAL	URBAN DEVELOPMENT	Financing for a program to reorganize the electricity sector	Central Government	60.6
	EDUCATION	Partial financing of an education and professional training program	Central Government	8
	BUSINESS, INDUSTRY & TRADE	Support to develop tourist facilities and tourism in the Saint Louis region	Central Government	24.5
SOUTH AFRICA	URBAN DEVELOPMENT	Funding for part of Cape Town's municipal investment budget	Local Government	200
		Support to improve housing in Johannesburg	Private Sector Enterprise	13.9
TANZANIA	WATER & SANITATION	Financing for drinking-water access in Bukoba and Musoma, cities bordering Lake Victoria	Central Government	40
	EDUCATION	Contribution to financing the education sector as part of a third debt-relief contract	Central Government	4.1
THAILAND	ENVIRONMENT	Credit line dedicated to energy-efficiency retrofits for buildings	Bank	20
TOGO	EDUCATION	Financing to set up professional training systems	Central Government	6
	OTHER	General budget support	Central Government	2
TUNISIA	URBAN DEVELOPMENT	Support for a national urban land reclamation program	Central Government	7.75
	BUSINESS, INDUSTRY & TRADE	Financing for a program to stimulate job creation, professional training and the financial sector	Central Government	185
TURKEY	ENVIRONMENT	Support for a national "forest + climate" programme	Central Government	15
UGANDA	WATER & SANITATION	Support for Kampala's potable water master plan	Central Government	14
		Financing for an agricultural hydraulic infrastructure program in Phuoc Hoa	Central Government	159.7
VIETNAM	AGRICULTURE & FOOD SECURITY	Financement du programme d'infrastructure hydroagricole à Phuoc Hoa	Central Government	20.5
	EDUCATION	Expanding higher-education professional training schools in Dung Quat and Nghi Son	Central Government	24.5
	ENVIRONMENT	Financing for the national climate program	Central Government	20
MULTI-COUNTRY		Contribution to support public sector reforms	Central Government	35
	URBAN DEVELOPMENT	Financing studies on sustainable transport and transportation in Latin America	Bank	3
		Contribution to the European Neighbourhood Investment Facility	Investment Fund	5
		Support for renewable energy projects in Africa	Regional Organization	2
	EDUCATION	International expansion of the Francophone Initiative for Long-distance Teacher Training (or IFADEM)	Nonprofit Organization	4
		Participation in the Schools and National Languages program in Francophone Africa	International Organization	4.5
		Development program for the International Institute of Islamic Thought and Civilization (ISTAC). Loan to the ICAM engineering school in Central Africa	University	4
	ENVIRONMENT	Providing data from satellite surveillance of forests in Central Africa	Public Institution	7
	OTHER	General budget support for the West Africa Economic and Monetary Union (WAEMU)	Regional Organization	20
		General budget support for the Central Africa Economic and Monetary Community (CAEMC)	Regional Organization	20
HEALTHCARE	Maternal-infant healthcare in West Africa	Nonprofit Organization	7	
BUSINESS, INDUSTRY & TRADE	Financing a rural microfinance technical assistance program via the Rural Impulse Fund II	Microfinance Institution	1.8	

Refer to the AFD French Overseas Provinces annual report and the Proparco annual report for their respective project lists.

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