



Financial Systems

ACTIVITY REPORT

2024



In 2024, amid an international environment marked by conflict, rising geopolitical tensions, persistent inflation and tighter financing conditions, as well as the unprecedented consequences of climate change and biodiversity loss, financial systems once again demonstrated their crucial role in ensuring the stability and resilience of economies. AFD Group continued to work alongside its partners to strengthen financial system architecture, improve regulation, support the transition of financial actors and promote financial inclusion.

Through credit lines to banks, targeted budget support and technical assistance programs, AFD's operations in the financial systems sector contribute to aligning AFD Group's activity with the Sustainable Development Goals for climate finance, the reduction of inequality, and effective governance. This annual report reviews the main initiatives, the various partnerships, and the key results achieved this year in supporting the sustainable transformation of our partners' financial systems.

In 2024, the loans signed between AFD Group and its clients in the sector of public and private financial systems totaled €2.8 billion, and the loans allocated stood at almost €3 billion.

AFD Group's “Financial Systems” strategy

A sectoral Group roadmap, updated in 2024...

In 2024, AFD Group redefined its “Financial Systems” roadmap to better address sustainability challenges and the vulnerabilities of financial systems in developing countries. Its action is now structured around three priorities: strengthening resilience, supporting sustainable transitions and making finance more inclusive and responsible. New levers have been added to this strategy to better meet partners’ needs, such as insurance, guarantees, financial inclusion for displaced populations, digital finance and capital markets.

...based on three priority lines of action to address today's challenges...



Strengthen resilience

Strengthen financial systems and develop appropriate risk management practices.



Actor in the sustainable and just transition

Align the strategy and activity of financial players and their clients with the objectives for economic, environmental and social sustainability.



Responsible financial inclusion

Increase access to appropriate, inclusive and responsible financial services for clients, ranging from SMEs to the most vulnerable population groups.

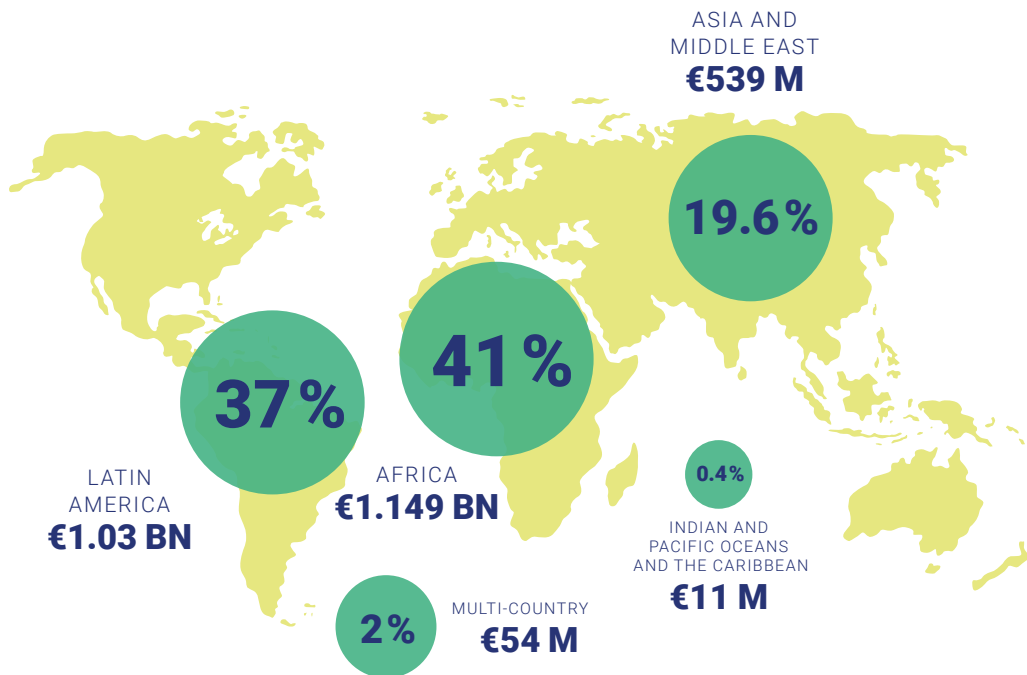
...and a systemic approach designed to maximize impact.

AFD Group takes a comprehensive and integrated approach to maximize the effectiveness of its projects. This involves combining targeted support for regulators and supervisors through policy-based loans, technical and financial assistance to financial institutions to promote green, social and inclusive finance, and partnership-building with key players in the financial system. Through framework agreements and joint programs, the Group scales up its impact by mobilizing international organizations and the public and private sectors.

AFD Group's activity in the financial systems sector in 2024

Breakdown by region

of projects in foreign countries signed by AFD and Proparco in 2024



€2.783 BN

signed by AFD Group
targeting the sector in 2024

(55% AFD and 45% Proparco)

€3 BN

committed by AFD Group
targeting the sector in 2024

(59% AFD and 41% Proparco)

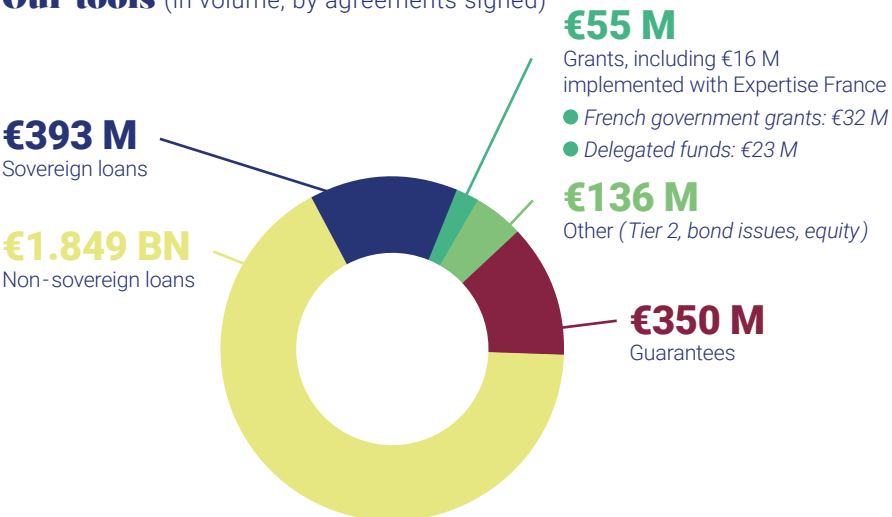
A wide range of beneficiaries and tools mobilized

Our beneficiaries (in volume, by agreements signed)



*Including insurers, reinsurers and trust funds with other donors.

Our tools (in volume, by agreements signed)



Our contribution to the achievement of the SDGs and our impact

The projects signed in 2024 will make a significant contribution to the SDGs:



84% of the total amount of projects signed by AFD will have a climate co-benefit (189,000 tCO₂/year will be avoided through the projects signed).
13% of the total amount of projects signed by Proparco will have a climate co-benefit.



44% of the total amount of projects signed by AFD Group will have a positive impact on gender equality.



47% of the total amount of projects signed by AFD will have a positive impact on reducing inequality.



1,055,600 direct and indirect jobs will be created or supported by the projects signed by AFD Group.
190 financial institutions received AFD Group financing.

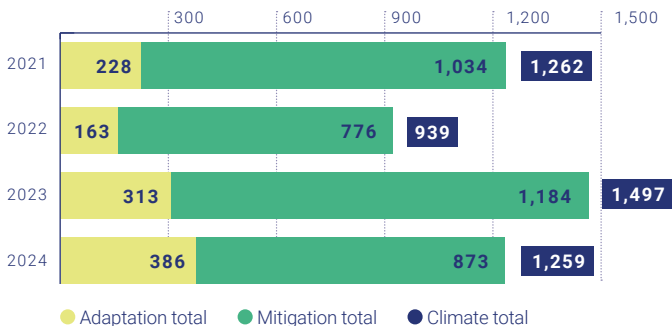


65% of the total amount of projects signed by AFD will have a positive impact on the governance of financial institutions.



85% of the total amount of projects signed by AFD will have a positive impact on mobilizing finance. They will generate €2 billion in investment.

The activity of financial systems contributes significantly to AFD Group's climate finance



Examples of projects signed in 2024



Transformation of a partner

COLOMBIA Credit line to support Bancóldex's sustainability strategy

This project reflects AFD's commitment to support the sustainable transformation objectives of its partners. It aims to strengthen the governance and sustainability strategy of Bancóldex, thereby helping it to provide a more effective response to the issues of climate change, biodiversity conservation and restoration, and gender equality. A \$100 million loan is combined with a three-year technical assistance program covering these issues.

Rural and agricultural finance

MOROCCO Support for climate action and food security

This project is assisting Crédit Agricole du Maroc, which has a specific mandate to finance agriculture, in financing investments that contribute to climate action and food security in Morocco. The project is composed of loans totaling €70 million and grants totaling €2.1 million, partially mobilized through funds from the Transforming Financial Systems for Climate (TFSC) program, co-financed by the Green Climate Fund and AFD. It is the fifth project developed with the CAM Group since 2014.

Support for MSMEs

CÔTE D'IVOIRE Support for entrepreneurs

This project aims to support the Single Window for SME Development (GUDE-PME), which was created in 2022. It will centralize the financial and support services through a total financial package of €80 million (€36 million for the financing, €16 million for the endowment of a guarantee fund and €28 million for non-financial support and technical assistance). The initiative, which has come about through a partnership between France and Côte d'Ivoire, is part of the Choose Africa 2 strategy led by AFD and Bpifrance. The aim is to establish a permanent structure for the GUDE-PME and increase access to financial and non-financial services for entrepreneurs. The project is fully in line with Côte d'Ivoire's policies to support the private sector.

Impact bond issuances

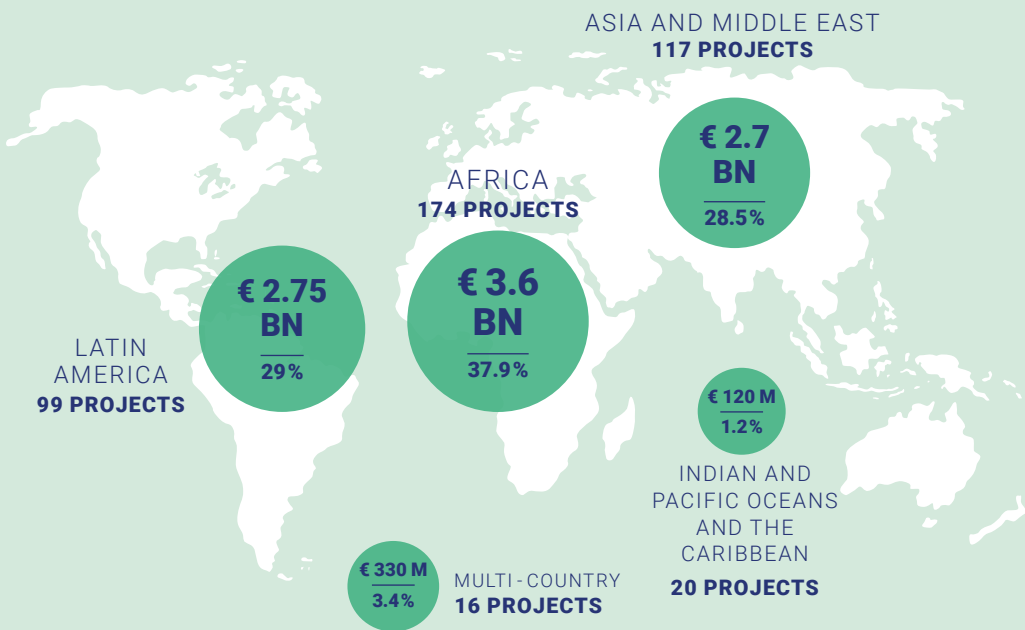
MULTI-COUNTRY

In 2024, Proparco subscribed to five impact bond issuances for a total amount in excess of €181 million. These bonds were issued by Banco Agrícola Comercial (Guatemala), Société Générale Madagascar, Khan Bank (Mongolia), VPBank (Vietnam) and BRAC (for several African subsidiaries). They are supporting projects that contribute to climate action and the reduction of inequality. Proparco's action is bolstering the global impact bond market, on which AFD is also a Tier 1 issuer.

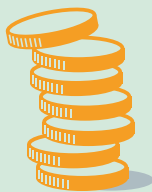
Project portfolio being implemented

AFD's financial systems activities also involve managing a portfolio of projects currently being implemented, representing 17% of AFD Group's total outstanding loans. AFD Group's teams are active in implementing projects and capacity building activities for financial players, as well as in public policy dialogue with the entire financial ecosystem.

Breakdown by region



426
projects under
implementation
(excluding study funds)
as of 31 December 2024



Financing portfolio
€9.5 BN
with €1.6 BN disbursed in 2024

Flagship projects being implemented, combining ambition and innovation



Supporting financial innovation

in the Comoros with the Ministry of Finance, Budget and Banking Sector (MFBSB) of the Comoros

This project is assisting with the creation of the Société de Garantie des Comores, the first financial guarantee institution in the Union of the Comoros. Its purpose is to contribute to the development and formalization of the entrepreneurial fabric of the Comorian economy, and thereby create and maintain jobs in the private sector. Société de Garantie des Comores will manage the guarantee funds under trusteeship and benefit from technical assistance activities.

Non-sovereign loan: €3.4 M

Grant: €600,000



Supporting green reconstruction

in regions affected by the earthquake in Türkiye in 2023

This project aims to support reconstruction following the earthquake that hit Türkiye on 6 February 2023. Through the bank TSKB, it is financing private investment in sustainable, earthquake-resistant and job-creating housing in the affected regions. This project is co-financed by AFD and Cassa Depositi e Prestiti (Italy) under the European JEFIC initiative. It is financed by two credit lines, each for € 50 million. AFD's credit line, which has 70 % climate co-benefits, targets the construction of energy infrastructure (construction of solar power plants), industrial buildings in the paper and textile sectors, and investments consistent with the principles of the circular economy.

Non-sovereign loan: €50 M

Knowledge production and capitalization

Publication of the policy paper “Financial and Regulatory Policies in the Face of Climate Challenges”

This policy paper highlights the role that financial regulators and central banks play in the management of financial climate risks and the application of Article 2.1(c) of the Paris Agreement. It calls for the development of integrated national frameworks and the mobilization of micro- and macroprudential tools tailored to local contexts: economic and financial structure, level of exposure to climate risks and pre-existing vulnerabilities. The policy paper also highlights three priorities: financial inclusion, climate resilience, and the interoperability of international standards for climate finance.



Download
the policy paper



Towards better financial inclusion for refugees and forcibly displaced persons

In 2024, the teams were mobilized around the issue of financial inclusion for refugees and forcibly displaced persons. AFD was a member of the jury of the European Microfinance Award 2024. The award actively contributes to the cross-functional capitalization work supported by FISONG-2021 and led by IRAM. The objective is to learn lessons from two important AFD-funded projects for



the financial inclusion of refugees and temporary intra-continental migrants in Colombia and Uganda.

Partnerships for greater impact on the ground

Alliance for Financial Inclusion



The Alliance for Financial Inclusion (AFI), an international platform for sharing and scaling sectoral good practices, supports central banks in least developed countries (LDCs) and Small Island Developing States (SIDS). Its work focuses on strengthening institutional capacities, developing inclusive green finance policies (with projects in Mauritania, Pakistan, Sri Lanka, and Vanuatu), and highlighting impact at the global level. AFD is supporting the AFI with € 2 million of financing over a two-year period (2024-2025). The aim is to help member developing countries adapt their financial systems to climate change, and promote financial inclusion. In addition to its financial support, AFD is a member of AFI's Finance and Budget Committee.

Africa Resilience Investment Accelerator



In 2024, Proparco joined the Africa Resilience Investment Accelerator (ARIA), a platform developed by the BII (UK) and FMO (Netherlands) to boost DFI investment in Africa. By joining ARIA, Proparco has reinforced its approach to fragile contexts, enabling it to identify investment opportunities, provide technical assistance to companies prior to an investment, and remove the barriers to investment through systemic initiatives. As a member of this platform, Proparco will be able to strengthen its presence and scale up its investments in ARIA countries (Benin, DRC, Ethiopia, Guinea, Liberia, Sierra Leone and Togo).

Insurance Development Forum



The AFD – IDF alliance, reinforced by a partnership agreement signed in 2024, aims to enhance the integration of insurance solutions in the projects financed by Public Development Banks, and thereby improve the management of climate risks. It is based on two objectives: (1) to strengthen advocacy between insurers and public financial institutions, and (2) to develop practical operational action through the IDRIMA facility. This public-private partnership provides expertise and risk transfer tools for exposed public counterparties (public enterprises, local authorities, banks), by combining loans, technical assistance and customized insurance solutions. Several pilot projects are underway, including in Costa Rica and Mozambique, with others expected to be launched soon with the DBSA (South Africa). AFD sits on IDF's Board of Directors.

Toward a world in common

AFD Group finances and drives the transition to a fairer, safer and more resilient world, working with its partners to support communities all over the world. Drawing on the complementary strengths of its entities – Agence Française de Développement for public financing, Proparco for responsible private investment, and Expertise France for technical expertise – the Group is ideally positioned to meet all sustainable development challenges.

Working in over 160 countries, including France's Overseas Territories and Departments, the Group adapts its operations to the realities on the ground, actively supporting local initiatives. With over 4,000 projects, whose objectives are aligned with the Sustainable Development Goals (SDGs), AFD Group works on behalf of the French people, together with all stakeholders committed to economic development and the preservation of common goods: climate, biodiversity, peace, gender equality and global health. Working by your side, toward a world in common.



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