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FRANÇAISE

*Liberté  
Égalité  
Fraternité*



# Energy Transition

ACTIVITY REPORT

2022

#WorldInCommon

## 7 AFFORDABLE AND CLEAN ENERGY



**I**n 2022, AFD Group maintained a level of activity in the energy sector on par with 2021, with a total of €2 billion of financing allocated, including €1.8 billion by AFD and €0.2 billion by Proparco.

With almost €1 billion invested, Africa once again became AFD's main area of operation in the energy sector in 2022. AFD Group is supporting a wide range of projects on the continent, covering public policy dialogue, support for renewable energy and grids, and access to sustainable electricity services.

In the energy efficiency sector, the Program for Energy Efficiency in Buildings (PEEB) continued to carry out preparation and assistance activities and maintained a solid level of commitment. A substantial delegation of funds from the Green Climate Fund, obtained at the end of the year, will enable PEEB to scale up its impact in the future. The objective is to roll out this approach on a larger scale in 11 countries.

2022 was also marked by the momentum initiated by the Just Energy Transition Partnership (JETP) initiative in late 2021. Driven by a coalition of G7 countries, this initiative helps governments in partner countries design and implement energy transition policies to manage the social effects of this transformation on the most vulnerable groups. France is a member of the coalition and is implementing its commitments in Indonesia, South Africa and Vietnam through AFD.

# AFD Group's energy strategy

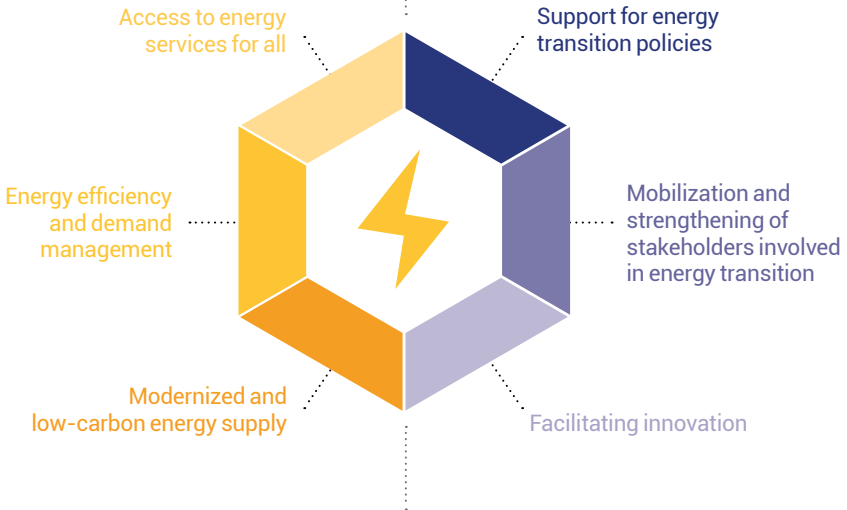
## Energy: a driver for development

The energy transition is now underway in both developing and developed countries. Supported by technological developments, it represents an economic, social and environmental opportunity for the achievement of the Sustainable Development Goals (SDGs). It is also necessary for the achievement of the objectives of the Paris Climate Agreement. It targets universal access to efficient, resilient and low-carbon energy services.

The widespread deployment of the energy transition requires profound technological and societal changes: beyond electricity, it concerns industry, construction, mobility, urban planning, agriculture and our lifestyles. It involves making major changes to energy consumption and production systems and, at the same time, providing over a billion people with access to reliable energy services. AFD's strategy is based on three areas of operation mobilizing three cross-cutting levers.

### 3 areas of operation

### 3 acceleration levers

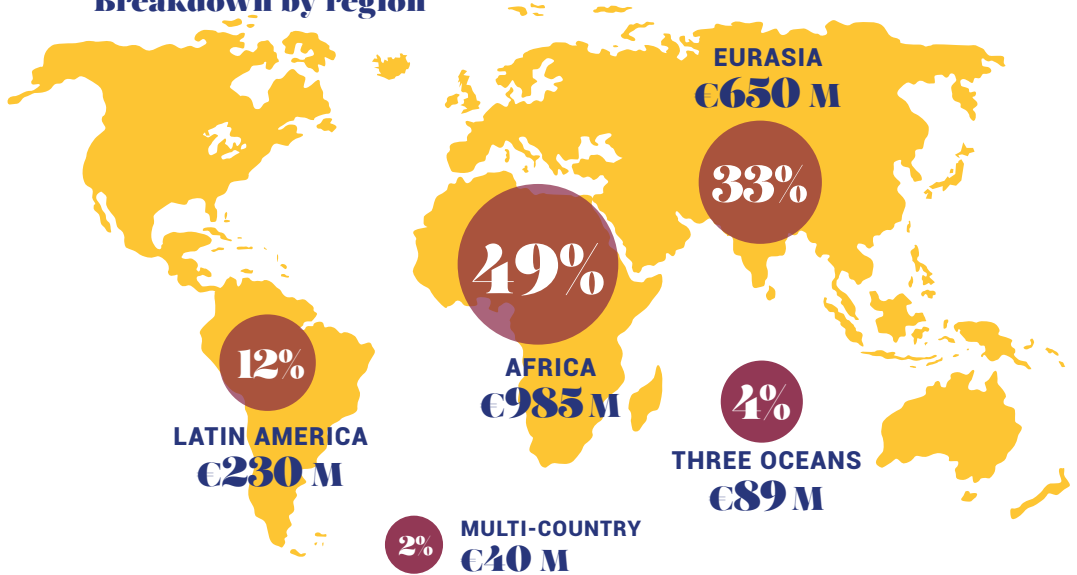


Convinced that the energy transition can be an opportunity for all, AFD Group calls on all its partners to join in the pursuit of this objective: **everyone must have access to efficient and low-carbon energy services.**

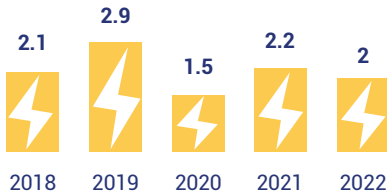
# AFD Group's energy commitments in 2022

**€2 BN** committed for 74 projects, representing 16% of AFD Group's total commitments

## Breakdown by region



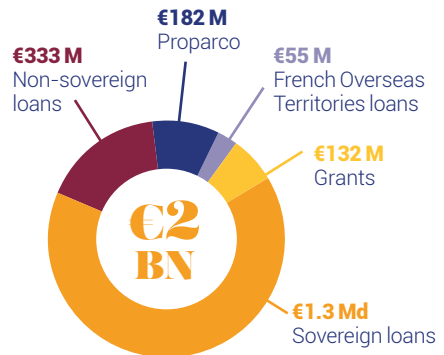
## Trend in commitments in € BN



**€11 M**

Total energy commitments since 2018

## Breakdown by financial tool



# Contribution to the Sustainable Development Goals (SDGs)



**1 million people**

will have access to sustainable electricity services.

**2,244 MW**

of renewable energy generation capacity will be installed.



**13 million people**

will benefit from an improvement in the quality of the electricity service.

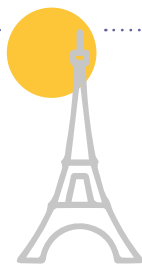


**10.5 million tons of CO<sub>2</sub>**

avoided to reduce greenhouse gas emissions.

**87%**

of commitments, i.e. €1.74 billion, with a climate benefit.



**69%, i.e. €1.4 billion**

of energy commitments will have a positive effect on gender equality (OECD's DAC 1 and 2 markers).



**200 GWh**

of energy consumption saved.

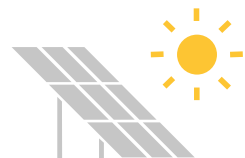


**€728 million**

of commitments to support public policies for the energy transition.

**€12 million**

for support and capacity building for local stakeholders.



# The three areas of operation

## 1 Committed to universal access to energy services



100%  
Africa

1 million  
people will have access to a  
sustainable electricity service



Senegal

### Universal Electrification Access Program in the two rural concessions of Matam and Ziguinchor

This electrification project involving the extension of distribution grids will provide **267,000 connections** supplying electricity to households, companies, administrations and community centers. The program also includes the preparation of a strategy to reduce the use of equipment containing SF6 gas, a greenhouse gas with high global warming potential.

€30 M sovereign loan in co-financing with the EU and EIB  
for a total of €72 M

## 2 Promoting energy efficiency



200  
GWh of energy  
consumption  
saved

Multi-country


### Program for Energy Efficiency in Buildings (PEEB Cool)

This program was adopted by the Green Climate Fund (GFC) in late 2022. It targets public and private projects for the construction or refurbishment of buildings in 11 countries: Albania, Argentina, Costa Rica, Djibouti, Indonesia, Mexico, Morocco, Nigeria, North Macedonia, Sri Lanka and Tunisia. The objective is to achieve high energy performance standards for the adaptation of buildings to the effects of climate change. Overall, the program will support about 15 investment operations for a total amount of **€1.3 billion**.


€176 M concessional loan and €44 M technical assistance grant

**3 Promoting** sustainable energies, reducing dependence on fossil fuels

**2,244 MW** of renewable energy generation capacity will be installed



**334 km** high-voltage lines installed



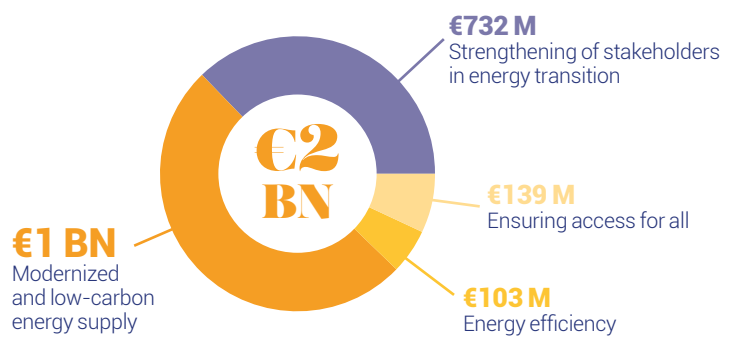

**Uzbekistan**

**Developing wind energy**

In Uzbekistan, power generation is largely provided by thermal and coal-fired power plants, making the electricity sector the second largest emitter of greenhouse gases in the country. After financing a solar photovoltaic power plant in 2021, **Proparco**, alongside several institutions and commercial lenders, is supporting the Bash and Dzhankeldy projects, two onshore wind farms developed by ACWA Power. Together, they provide **1 GW** of newly installed energy capacity, and will avoid greenhouse gas emissions estimated at **1.82 MtCO<sub>2</sub>eq per year**.

**US\$ 80 M of financing (US\$ 40 M per project)**

**Breakdown by theme and strategic tool**



# The three energy transition tools

## 1 Supporting public policies

In 2022, AFD signed new policy-based loans (PBL) in several counties. It also conducted a number of technical cooperation activities to accelerate the deployment of renewable energies and raise the ambition for energy efficiency.



South Africa

### Facilitating a just energy transition

South Africa's dependence on coal and deep social inequalities in the country prompted the signing of a Just Energy Transition Partnership (JETP) during COP26. **Launched by a coalition of G7 countries, this initiative supports the country's decarbonization efforts through an \$8.5 billion commitment, including €1 billion from France.** This manifested first in a €300 million policy-based loan to support the design of an energy transition policy. This loan is combined with a €1.5 million grant to produce data on the social impact of the transition, possible options for the conversion of coal-fired power plants, job creation potential, and opportunities to mobilize climate finance.



Albania

### Reforming the energy sector

With a view to its accession to the EU, Albania has committed to reforming its energy sector. AFD has launched a technical assistance program in cooperation with the Albanian Ministry of Infrastructure and Energy. Implemented by **Expertise France**, it aims to **design the measures needed and define the activities to be conducted for a sustainable energy transition**, working closely with Albanian public institutions and stakeholders.





## 2 Innovation and knowledge production for the energy transition

To promote innovation, AFD Group works to identify advances likely to emerge, with potential for replication on a larger scale. This leads to innovative projects, such as:



€7.2 M grant from the EU and €800 K from ADEME

Multi-country

### Digital Energy Challenge

Launched by AFD, the Digital Energy Challenge is one of the four pillars of the Digital Energy Facility, **a program co-financed by the EU, which aims to accelerate innovation and digitization in the energy sector.**

The ten winning projects in 2022 are from nine African countries. They each offer an innovative approach to increasing access to energy through mini-grids, improving the efficiency of grid management, or to deploying solutions for sustainable power systems.

## 3 Mobilizing and strengthening stakeholders to support the energy transition

A big part of AFD Group's energy transition strategy is devoted to mobilizing technical and financial partners, and strengthening stakeholders in the Global South. In 2022, this culminated in new co-financing operations for projects, a strengthening of collaborations and in new partnerships.



Indonesia and Vietnam

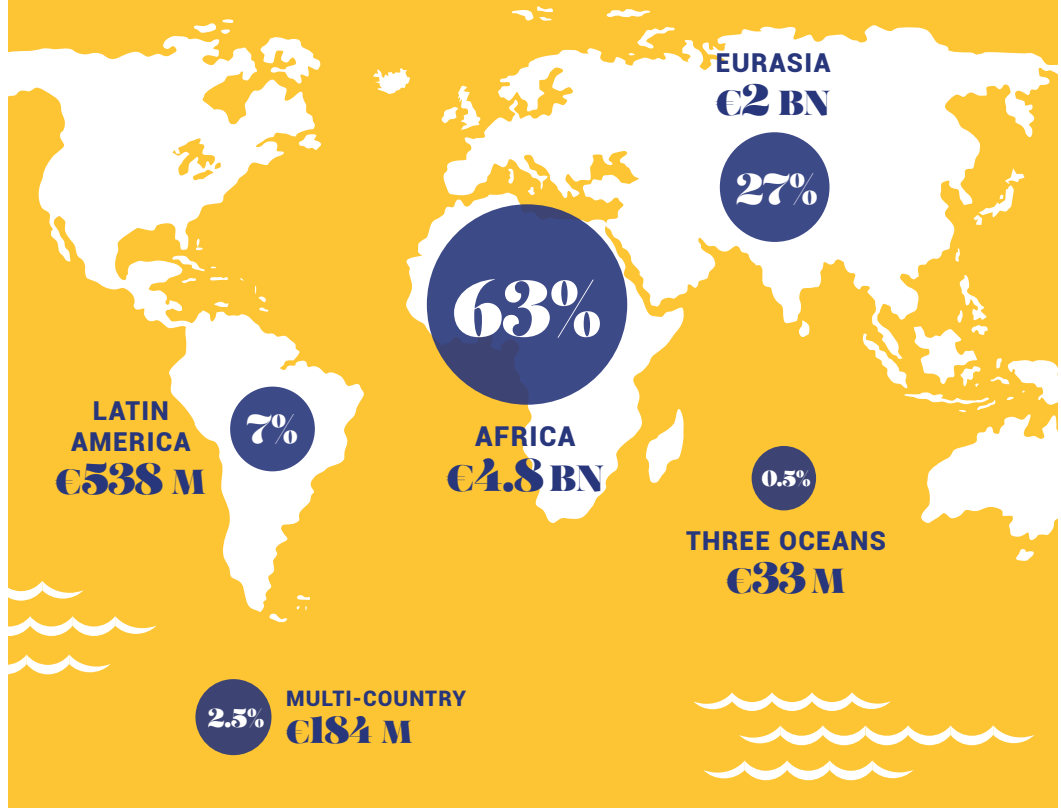
### Just Energy Transition Partnership (JETP)



At the initiative of the G7, discussions have been organized to consider **replicating the South African JETP initiative in different development contexts.** In late 2022, two new partnerships were signed with Indonesia and Vietnam. Under these partnerships, the two countries commit to accelerating their energy transition with a view to achieving ambitious carbon neutrality targets by 2050. This includes advancing the anticipated peak in greenhouse gas emissions in the electricity sector. The partnership is supporting them via commitments amounting to \$20 billion and \$15.5 billion, respectively. Through AFD, France is contributing for each country over the next five years.

# Portfolio of projects under implementation

Breakdown by region (% of total commitments in 2022)



**226**  
projects under implementation  
in the energy sector at 31.12.2022  
(AFD Energy Division exclusively).

For a total financing amount of



**€7.5 BN**  
including €5.2 BN  
undisbursed.

# Impact of projects completed in 2022



**3.1**  
million more people have access to sustainable electricity services



**3.7**  
million people benefit from improved access to electricity



**1.6 GW**  
of new renewable energy capacity installed



**380 GWh**  
per year of energy saved during the year

## Noteworthy achievements in 2022

### Benin



#### 25 MW solar power plant

Since 2016, AFD and the EU have been financing the installation of a 25 Mwc solar power plant on the Onigbolo site. This project led by Société Béninoise d'Énergie Électrique is providing power generation at a very competitive cost, while reducing the country's energy bill and its dependence on fossil fuels.

€50 M loan

and €10 M grant

### Guinea



#### Digital substation in Sanoyah

The Conakry Electricity Network Rehabilitation and Extension Project (PRERTDC), financed by AFD and the World Bank, includes the construction of the substation in Sanoyah, which contributes to the electricity supply in outlying districts. Commissioned in late 2022 after 24 months of works, this fully digital substation is the first of its kind in the country.

€10.5 M loan

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## Towards a world in common

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AFD Group contributes to the implementation of France's policies for sustainable development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector, NGOs, research and training; its subsidiary Proparco, which is dedicated to the private sector; and Expertise France, a technical cooperation agency. The Group finances, supports and accelerates the transitions needed for a fairer, more resilient world.

With our partners, we are building shared solutions with and for the people in more than 150 countries, as well as in 11 French Overseas Departments and Territories. As part of the commitment of France and the French people to achieving the Sustainable Development Goals (SDGs), our teams are at work on 4,200 projects in the field. Our objective is to reconcile economic development with the preservation of common goods, from peace, the climate and biodiversity to health, education and gender equality.



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