



STRATEGY
2020-2024

China

#WorldInCommon



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China

EXECUTIVE SUMMARY

Development challenges in China and their impacts on the world

Home to almost one-fifth of the world's population, China is both an engine of global growth and a key player in major international negotiations. The country has had thirty years of continuous economic growth, which has indeed enabled it to significantly reduce poverty and hoist itself to the rank of the world's second largest economic power. Yet, this has also been at the cost of far-reaching damages to the environment and the climate that are now impacting the country and the rest of the planet.

In fact, China is facing a rapid degradation of its environment, as shown by the extreme levels of pollution, the deterioration of its ecosystems and a limited availability of arable land. This situation is all the more worrisome as China is one of the 17 countries harbouring the biodiversity hotspots that alone account for two-thirds of the planet's biodiversity. In addition, China is the world's top emitter of greenhouse gases, accounting for 28% of global emissions, with a per capita emissions level that now surpasses that of the European Union.

Given this situation, the Chinese government has gradually realigned its Five-Year Plans to promote a development path that safeguards the environment and limits its greenhouse gas emissions even though these are still far from the level required to comply with the Paris Agreement. At the same time, buoyed by its financial power and global expansion, China is proving highly active when it comes to financing economic cooperation and development in third countries, particularly in Africa, through initiatives such as the Belt and Road Initiative (BRI), which remains the most emblematic.

AFD's intervention framework in China and the Group's mandate

AFD has been operating in China since 2004 to promote green and inclusive growth. The Agency's action in the country in part operationalises the commitments made by France with respect to the bilateral relation. This was raised to the level of "global strategic partnership" in 2004, with annual meetings between the Heads of State and high-level dialogue on strategic, economic and financial issues, as well as on human exchanges. The fight against climate change and conservation of the environment are two key focus areas of this cooperation. The implementation of the Paris Agreement is a structuring element, as is the commitment of France and China to biodiversity. As regards cooperation with third countries, France is in favour of cooperation with China on projects of common interest that are exemplary in terms of environmental and social stan-

dards, the promotion of competitive tendering and financial sustainability. AFD will thus be strengthening its dialogue with Chinese players active in financing projects in third countries in order to jointly support globally important issues such as climate and biodiversity and thus further the achievement of the Sustainable Development Goals (SDGs) in compliance with international standards.

AFD's action in China is also aligned on the guidelines of the French Interministerial Committee on International Cooperation and Development (CICID) of 8 February 2018 and the AFD Group Strategy 2018–2022, which recognises the importance of dialoguing with emerging countries on the basis of experience-sharing in order to support the adoption of low-carbon and resilient development trajectories and respond to the social demand for an improved quality of life. These guidelines call on AFD to implement activities that are "100% Paris Agreement" compatible, by financing in priority mitigation projects with substantial climate co-benefits, and "100% social link" compatible, notably by focusing on its commitment to reducing gender inequality.

AFD Group's strategic priorities for cooperation with China

Over the period 2020–2024, the end goal of AFD Group's interventions in China and with the Chinese institutions working on cooperation in third countries will be to contribute to implementing the SDGs and the bilateral Franco-Chinese dialogue in line with three priorities:

- Contribute to implementing the international agenda on climate change and biodiversity,
- Support the ecological and energy transition in China, at the core of the bilateral dialogue,
- Cooperate with China in third countries to promote international standards.

France wishes to engage in closer dialogue with China in the framework of international negotiations on climate, biodiversity and the degradation of natural resources in order to promote the adoption of a global environment pact with significantly heightened ambitions. This is the point of the Beijing Call launched by the French and Chinese Presidents during the President of the French Republic's state visit to Beijing in November 2019. AFD will contribute to implementing the international agenda on these themes in support of the French authorities.

Moreover, the Group's strategy in China will hinge on financing projects that support the Chinese transitions in two key fields, the energy transition and the territorial

and ecological transition. On these two themes, AFD will position itself on sectors deemed relevant to both parties (biodiversity, resilient and low-carbon cities, green finance, in particular), by targeting substantial climate co-benefits, without mobilising French budgetary spending and by drawing on French expertise.

Lastly, to foster the convergence of Chinese actors with respect to financing the SDGs in third countries, AFD will work to deepen its knowledge of these actors and build partnerships with them notably through the International Development Finance Club (IDFC) network or through co-financing projects in third countries, in compliance with international standards. This cooperation will build on the exemplary nature of operations funded in China.

Implementation modalities

Over the period 2020–2024, AFD Group's regional strategy in China will be implemented primarily through sovereign and non-sovereign loans for annual amounts of between 200 and 300 million euros at market rates. The strategy will also be grounded on building partnerships with Chinese development actors both within and outside China. In addition, French expertise will be promoted in fields where France has recognised skills and know-how. Finally, this implementation will also draw on the experience that AFD has gained in financing projects in China.

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Country indicators

CHINA	Value – ranking (2010)	Value – ranking (date)
Population (a)	1.338 billion	1.409 billion (2018)
Demographic growth (b)	0.5%	0.6% (2017)
Median age (a)	35.2 years	37 years (2018)
Human Development Index (a)	0.706	0.75 - 86th (2018)
Life expectancy at birth (b)	75 years	76 years (2017)
Poverty rate (based on national poverty line) (b)	17.2%	3.1% (2017)
Urban population (% of total) (a)	49.2%	60.3% (2019)
Unemployment rate (a)	4.5%	4.7% (2018)
Gini index (a)	43.7	42 (2018)
Income inequality, quintile ratio (a)	10.1 (2013)	9.2 (2018)
Gender inequality index (a)	0.189	0.15 (2018)
GDP (current USD) (b)	6.100 billion	12.238 billion (2017)
GNI per capita (Atlas method - current USD) (b)	4 340	8 690 (2016)
Country classification (b)	UMIC	UMIC
Economic growth (3-year average) (b)	10%	6.7 % (2017)
Net ODA received (current USD) (c)	671 890 000	- 1 045 million (2017)
Net ODA received (% of GNI) (c)	0.01%	0.0% (2017)
Doing Business ranking (d)	89th	73.64 - 46th (2019)
Corruption Perceptions Index (e)	35 - 78th	39 - 87th (2018)
Freedom of the press (Reporters sans Frontières) (f)	84.67 - 171st	78.92 - 177th (2019)
Global Climate Risk Index (over 20 years) (g)	28th most affected country	37th most affected country
ND Gain Vulnerability score (h)	0.4	0.39 - 66th (2017)
ND Gain Readiness score (h)	0.43	0.47 - 63rd (2017)
GHG emissions (CO ₂ e) (i)	9.8 Gt	12 Gt (2014)
CO ₂ e per capita (tonnes) (b)	6.561 t	7.45 t (2014)
Forest area (millions) (b)	2.006 km ²	2.098 km ² (2017)
INFORM Global Risk Index (j)	4.4 - average (2014)	4.4 - average (2019)
Mobile phone subscriptions (per 100 people) (b)	63.2	104 (2017)
Internet users (% of population) (b)	34.3%	54% (2017)

Sources: the sources for each line are indicated by the letters (a) (b) (c) (d) (e) (f) (g) (h) (i) (j) in the left-hand column. UNDP (a); World Bank (b); DAC/OECD (c); Doing Business – World Bank (d); Transparency International (e); Reporters sans Frontières (f); Germanwatch (g); Notre Dame Global Adaptation Initiative (h); Climatewatch (i); INFORM (j).

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1.

CONTEXT

AFD's Regional Office in China is a special case within the AFD Group organisation, not only because its geographical coverage is limited to China¹ and Mongolia, but also because it coordinates the Group's interventions with Chinese institutions in charge of supporting development financing policy in third countries.

This strategy will focus on the Group's interventions both in China and with Chinese actors working for sustainable development, including in third countries. As for Mongolia, Proparco has been operating there for some ten years and a prospecting mission is under discussion for AFD.

1.1. DEVELOPMENT CHALLENGES IN CHINA

The search for sustainable and inclusive growth

A demographic giant with 1.4 billion inhabitants, China has been an engine of global growth for several decades now and a key player in major international negotiations. The country has experienced thirty years of unprecedented export-driven economic growth, which has enabled 850 million people to be lifted out of extreme poverty² even though, in 2016, there were still 328 million people living under the international poverty line set for upper-middle-income countries.³ However, this growth has caused environmental damage, territorial imbalances and social divides.⁴ The aging of the population presents China with a major challenge,⁵ as it leads to a steady decline of the working age population and weighs heavily on the retirement and social protection system. Additionally, the rapid growth of debt and credit, along with the situation of the financial sector and some provinces, also constitutes challenges for the Chinese economy. In a context now marked by an economic slowdown, China is seeking to ground its future growth on domestic demand and a services economy. At the 19th National Congress of the Communist Party of China (CPC) in October 2017, President Xi Jinping emphasised the importance of quality growth enabling a reduction of inequalities, the fight against poverty and the protection of the environment.

Protection of the environment

China is facing a rapid degradation of its environment mainly evidenced by extreme levels of pollution (air, water and soil pollution), low energy-efficiency in sectors of its economy, the depletion of its ecosystems and biodiversity, the limited availability of arable land⁶ and advancing desertification. It is among the 17 mega-diversity countries that alone account for two-thirds of the planet's biodiversity. The country spans seven climatic zones and is home to one-eighth of all terrestrial wild plant and animal species. Today, the situation is critical as the rate of biodiversity loss exceeds the average global rate due to the knock-on effects of the conversion of natural spaces, pollution, overexploitation of farmland and the impacts of climate change.

Biodiversity and ecosystem management have become policy priorities for the country, which intends to adapt its growth model to the need to preserve its natural assets.

As a Party to the United Nations Convention to Combat Desertification (UNCCD), China hosted the Convention's 13th Conference of the Parties in 2017, demonstrating a political commitment to this issue. The country has implemented measures to combat desertification mainly by launching massive afforestation campaigns.

¹ The extension of the Agency's mandate to Mongolia has not yet been confirmed.

² According to the World Bank, the fraction of population living on less than US\$1.90 per day dropped from 88.3% in 1981 to 1.9% in 2013.

³ US\$5.5 per day, PPP (2011), source World Bank.

⁴ Gini Index of 0.46 in 2016, compared to 0.38 in the early 2000s.

⁵ According to the Ministry of Human Resources and Social Protection, the proportion of people aged over 60 is set to rise from 16.7% in 2016 the population to 34.7% in 2050 and the ratio of retirees to the working age population should increase from 1:2.8 in 2016 to 1:1.3 in 2050.

⁶ With less than 10% of the world's arable land, China feeds one-fifth of the world's population.

China also ratified the International Convention on Biological Diversity (CBD) in 1993, then developed a biodiversity conservation strategy and action plan leading to the creation of nature reserves and the identification of priority areas. Today, the country has 57 "Ramsar" sites.⁷ It will host the 15th Conference of the Parties to the Convention on Biological Diversity in 2021, which carries high expectations as it should set new ambitions for the Sustainable Development Programme and a new international governance regime for 2030.

Fight against climate change

Responsible for 28% of global emissions, China is the world's biggest greenhouse gas (GHG) emitter. Its level of emissions per capita exceeds that of the European Union. Since 2009, China has also been the leading consumer of energy and accounts for half of the world's coal production and consumption (65% of primary energy demand). Many regions (all of north and northwest China, the Tibetan plateau) are highly exposed to climate-related risks, notably desertification, which affect agricultural yields. The intensely urbanised coastal regions will face rising sea levels and an increasing number of extreme weather events.

Today, climate change is a major concern for the Chinese government. China played a key role in the Paris Agreement negotiations, in the inclusion of green finance on the agenda of the Hangzhou G20 in September 2016, and in the adoption of the Kigali Amendment to the Montreal Protocol (October 2016) in view of gradually phasing out hydrofluorocarbons; a protocol that China has not yet ratified. It has embarked on actions to decarbonise its economy by deploying renewable energies and significantly reducing its energy intensity (-36% between 2000 and 2016), but this level still remains above that of the OECD average. The country is pursuing objectives aimed at reducing its emissions,⁸ and the Chinese provinces and regions have been invited to encourage the emergence of pilot projects to fight climate change. China has also undertaken long-term strategic exercises (up to 2050) conducted – in cooperation with international actors – by think tanks linked to the National Development Reform Commission (NDRC),⁹ particularly the Energy Research Institute (ERI) and the National Center for Climate Change Strategy and International Cooperation (NCSC).

Reduction of territorial and social imbalances

With a land area 17 times larger than that of France, China is a continent-sized country of contrasts. To the east, a developed and urbanised coast with arable land and, to the west, mountain plateaus (two-thirds of the country) with desert-like climates and low agricultural yields. The coastal area, accounting for 14% of the country's land area, is integrated into the global economy and home to 45% of the population. This seaboard remains China's most developed region with an average economic growth of 8.54% and a GDP per capita five times higher than that of the inland regions (2017 data, Statistics Yearbook 2018, National Bureau of Statistics). While the standard of living in some large Chinese cities (Beijing, Shanghai, Canton, etc.) is comparable to that in some countries of Eastern or Southern Europe, many provinces, particularly in western China, still have high poverty rates.

Exacerbated by the disparities between rural and urban areas, the levels of social inequality exceed those observed in Europe.¹⁰ The rise in income of the poorest Chinese was two times lower than the average between 1978 and 2015. Chinese cities, where 59% of the population currently resides, are seeing an influx of several tens of millions of new arrivals each year. Due to this mass migration of rural populations to the cities, a social group of some 291 million precarious workers has emerged, with limited access to basic social services. Reforms have been introduced to modify the system of "hukou", which are a sort of residence permit that divides citizens into two categories, rural and urban, and produces highly unequal rights and access to public services. However, heralding a nascent rebalancing, the incomes of rural populations have been increasing faster than those of city dwellers over the past few years (+6.2% in rural areas and +5.6% in urban areas in 2016).¹¹ Lastly, although gender equality is still an issue, it is recognised by law and enshrined in the Constitution.¹²

⁷ Sites included in the list of wetlands designated as being of international importance.

⁸ The main 2030 objectives structuring China's nationally determined contribution (NDC) published in 2015 were almost fully achieved by 2019: an emissions peak by 2030, an 18% reduction in carbon intensity and a 60–65% decrease in energy intensity compared to 2005, an increase of up to 20% in the share of renewable energies in the total energy mix and reforestation of over 40 million hectares between 2015 and 2020.

However, according to Climate Action Tracker, China's NDC is not ambitious enough to limit the rise in global average temperatures to 2°C compared to pre-industrial levels, and the country will need to review its NDC objectives in 2020 within the framework of the Paris Agreement.

⁹ Since 2018, responsibility for the fight against climate change and the reduction of GHG emissions falls under the Ministry of Ecology and the Environment.

¹⁰ "De l'inégalité en Chine" (Inequality in China), Piketty Thomas, Le Monde, February 2017.

¹¹ Source: Nashidi Rouiai, "China: des inégalités sociales persistantes", Carto No.49, September, October 2018.

¹² China was one of the first countries to ratify the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1980.

1.2. CHINA OUTSIDE CHINA: CHINESE DEVELOPMENT FINANCING

China is deploying internationally with diplomatic, economic, cultural and military ambitions.

At diplomatic level, China has in recent years been encouraging the creation of international organisations, while at the same time extending its influence on a global scale (setting up “strategic partnerships” with countries seen as priority, as well as stepping up the number of bilateral agreements with developing countries). In 2014, it played a driving role in creating the new multilateral Asian Infrastructure Investment Bank (AIIB).

Over the last few years, China’s foreign policy has been marked by the implementation of “new silk roads” (also known as the Belt and Road Initiative, BRI). As a multi-sector initiative launched by President Xi in 2013, the BRI is presented as a Chinese response to the needs for infrastructure on the Eurasian continent, but it is now much broader in scope. The Initiative was incorporated into the Party’s Constitution at the 19th CPC National Congress. The profile and financing sources of the Initiative have been the subject of numerous studies, with announcements of more than US\$1,000 billion over an undefined period of time.¹³ However, the vast majority of commitments made by China under the BRI do not involve official development assistance (ODA) as defined by the DAC/OECD.

China is increasingly active in financing economic cooperation and development worldwide. Not being a member of the OECD and the DAC, China does not align with the definition of official development assistance laid down by

the OECD. Alongside the traditional Chinese actors such as the China Exim Bank or the China Development Bank, new investment funds have appeared such as the Silk Road Fund¹⁴ and the China Africa Development Fund,¹⁵ which are endowed with hefty financial resources and propose non-concessional financing. In this context, it is difficult to distinguish between foreign direct investment and development assistance.

According to the OECD’s Development Co-operation Report 2018, the concessional finance allocated by China to development totalled US\$3.6 billion in 2016 compared to US\$3.1 billion in 2015.¹⁶ This increase was mainly due to a US\$1.1 billion contribution to the Asian Infrastructure Investment Bank (AIIB). Aside from multilateral financing, China’s aid is mostly tied, that is to say contingent on Chinese enterprises being awarded contracts.¹⁷ Development financing (which is broader as it includes support to exports and bilateral economic cooperation) represents higher amounts which are difficult to quantify¹⁸ as China does not generally comply with the OECD practices governing ODA (particularly in the areas of co-financing, competitive tendering, public borrowing). The system was strengthened in 2017 with the setting-up of the Center for International Knowledge on Development (CIKD) tasked with implementing China’s “Sustainable Development Strategy” following President Xi’s announcements at the United Nations Summit in September 2015, then again in 2018, with the creation of the Chinese International Development Cooperation Agency (CIDCA), responsible for coordinating the aid granted by the various ministries.

¹³ Source: Trésor-Eco, “*Les nouvelles routes de la soie*”, No.229, October 2018.

¹⁴ A Chinese sovereign fund created on 29 December 2014 and designed to finance the New Silk Roads initiatives, mainly through equity participations in corporate capital.

¹⁵ The CAD-Fund is a Chinese capital investment fund and a subsidiary of the China Development Bank.

¹⁶ These figures are OECD estimates based on data from the Government of China (2016) and the websites of multilateral organisations.

¹⁷ This tied aid is also used by other countries that grant financing, notably Japan.

¹⁸ Different studies have attempted to quantify Chinese ODA by drawing on databases and reach diverging figures (JICA Research Institute, CARI, Aid Data).

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2.

AFD GROUP'S POLICY FRAMEWORK AND MANDATE

2.1. FRANCO-CHINESE RELATIONS

The Franco-Chinese relationship was raised to the level of "strategic global partnership" in 2004. In addition to the annual meetings between the Heads of State, the bilateral agenda is organised around a three-pronged high-level dialogue: strategic, (global challenges such as climate change, the environment and security questions including terrorism and regional crises), economic and financial (particularly in view of rebalancing trade), and human exchanges (academic, scientific and cultural exchanges, promotion of human rights, etc.). The fight against climate change and the protection of the environment are two strategic focus areas for Franco-Chinese cooperation. The implementation of the Paris Agreement is a structuring element of the bilateral dialogue, as is China's commitment in favour of biodiversity, in view of the COP15 on biological diversity to be held in China in 2021. French diplomacy is working to consolidate Franco-Chinese leadership on environmental¹⁹ and climate-related questions, notably by building on the Beijing Call of 6 November 2019 on biodiversity conservation and climate change. At the economic level, China is France's sixth largest trading partner, its eighth largest customer and its second largest supplier. China thus accounts for France's largest bilateral trade deficit (32.9 billion euros in 2019) ahead of Germany, and the rebalancing of this bilateral trade in a spirit of mutual and reciprocal benefit is a priority objective.

When it comes to financing development in third countries, France prioritises practical cooperation with China on projects that comply with exemplary governance standards. The European Union (EU) (in framework of the EU-China Connectivity Platform) and France have thus expressed support for developing projects of common interest and exemplary in terms of international and European standards (social, technical and environmental standards, competitive tendering and financial sustainability). In 2015, France entered a Franco-Chinese partnership on third markets, targeting the complementarity between the expertise of French and Chinese companies. Finally, AFD's strategy is also in line with the objectives of the EU's Connectivity Strategy. In September 2018, the EU published its strategy document, "Connecting Europe and Asia – Building blocks for an EU strategy",²⁰ aimed at supporting collaboration on sustainable connectivity between Europe and Asia. This European strategy is intentionally broad-based in terms of sectors and geography. France is encouraging the search for synergies between this European strategy and the BRI on the basis of strict compliance with international standards.

2.2. AFD GROUP'S MANDATE IN CHINA

Since 2003, AFD has been promoting green and inclusive growth in China. This involves seeking shared solutions to common challenges. Given China's share of global greenhouse gas (GHG) emissions, the fight against climate change is central to AFD's mandate. Moreover, the Agency's activity in this area does not mobilise the French government's budgetary resources (no concessional loans, use of grants restricted to technical assistance – with European grants also being requested).

Drawing on the strategic framework for relations between France and emerging countries, the AFD Group Strategy 2018–2022 emphasises the importance of dialogue with emerging countries based on experience-sharing, to support the adoption of low-carbon and resilient development pathways and to respond to the social demand for an improved quality of life. The Group will continue its approach to support French interests and will act more specifically in the fields where France has recognised skills and know-how.

¹⁹ In this context, the French minister for the Ecological and Inclusive Transition signed an Action Plan for the Environment with the Chinese minister of Ecology and Environment, and a cooperation agreement with the NDRC to work on the reform of China's protected areas. The France-China Environment Year, announced in the joint statement of Presidents Macron and Xi on 9 January 2018, was launched on 19 November 2018. Various high-level events and fora were held within this framework, and in association with AFD (a seminar on "sponge cities" and urban resilience was jointly organised in December 2018 by AFD, the Chinese Ministry of Finance (MoF), the National Development and Reform Commission (NDRC) and the French Embassy in Beijing; AFD's projects to support biodiversity protection in China were promoted over the course of that year).

²⁰ The themes and recommendations in this document are based on the interoperability and intermodality of transport networks, energy and digital networks. This "connectivity for prosperity" is part of the ten priorities established by the European Commission. Three areas of work are prioritised: i) contributing to efficient connections between Europe and Asia (transport, energy, digital, people exchanges, particularly students and researchers); ii) establishing partnerships to promote a connectivity that dovetails the European and Chinese visions; iii) investing more and more effectively in sustainable connectivity. The European approach to connectivity is based on: i) sustainable connectivity (limit externalities and increase productivity); ii) integrated connectivity (intermodality, digitalisation, energy mix); and iii) international governance (transparency and reciprocity).

It will thus reinforce the added value of its offer by mobilising French multidisciplinary expertise to meet the demands of its Chinese partners. In line with the French Interministerial Committee on International Cooperation and Development (CICID) of 8 February 2018 and the commitments of the AFD Group Strategy 2018–2022, the Group will work to ensure that its activity is "100% Paris Agreement" compliant, by systematically ensuring that its financing is consistent with low-carbon and resilient development. The Group will seek to identify projects that offer substantial climate co-benefits targeting in priority the mitigation of China's GHG emissions.

The Group's operations in China will also be in line with the ambition of "100% social link" and highlight its commitment to reducing gender inequality. Lastly, the Group will strengthen the dialogue with its partners with regard to financing projects in third countries, notably with Chinese development banks operating internationally, by aligning its actions with international standards to achieve the common climate objectives of the SDGs and also by working within the evolving framework of the EU Europe-Asia connectivity strategy being developed at EU level (cf. *supra*).

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3.

**AFD GROUP'S
PRIORITIES FOR
COOPERATION
WITH CHINA**

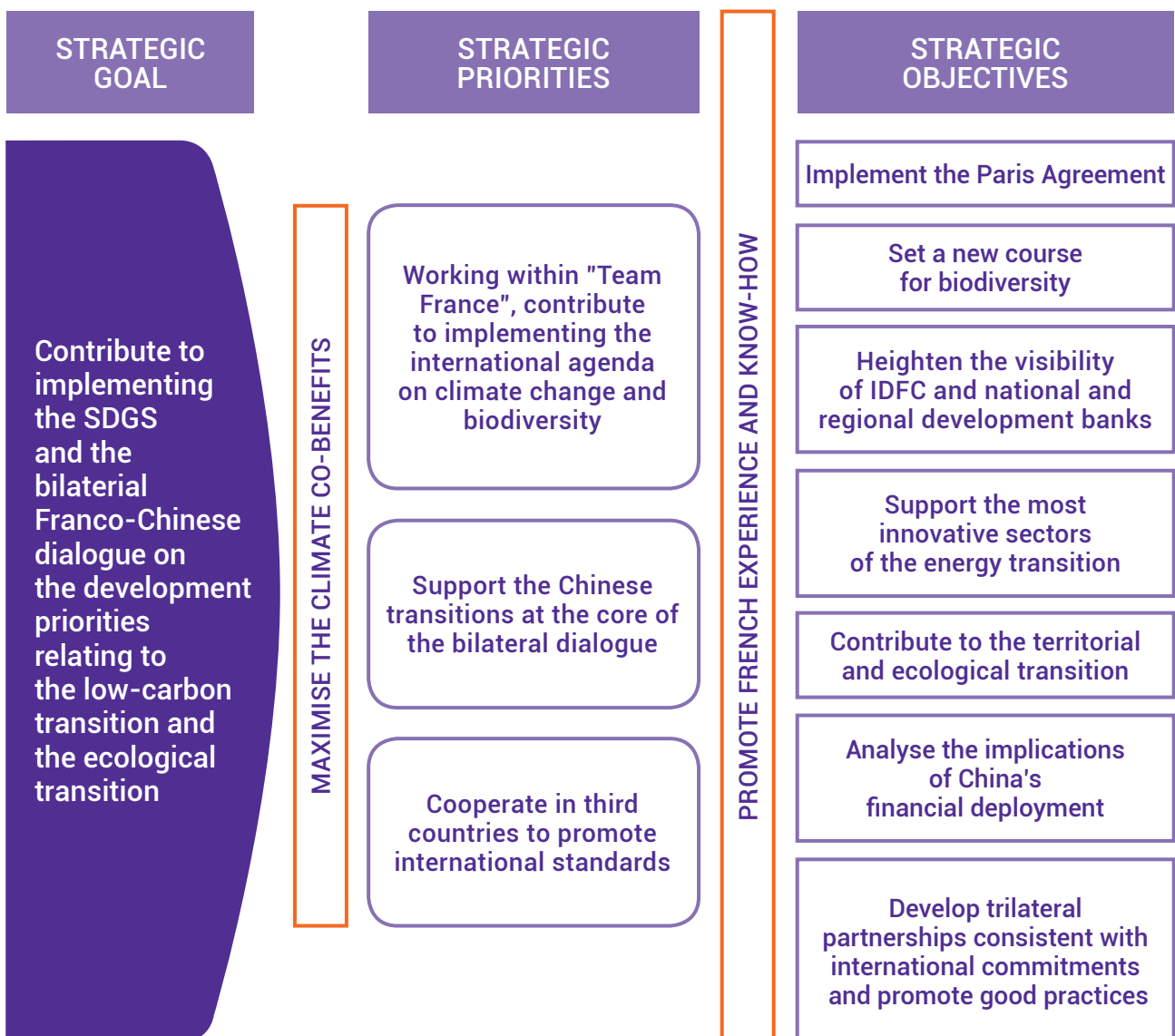
Achieving the SDGs implies reaching greater convergence with Chinese actors on subjects of global importance such as climate, biodiversity, green finance and the role of development banks. In this context, it seems particularly relevant to link up the operational challenges in China and partnership initiatives in third countries. The overarching goal of AFD Group's activities, both in China and with Chinese institutions operating in the development field, will thus be to contribute to implementing the SDGs and the bilateral Franco-Chinese dialogue on development priorities linked to the low-carbon transition and the ecological transition. By mobilising French and Chinese capacities for innovation in sustainable development, coupled with the quality of the bilateral relationship on issues of global concern, France and its Chinese partners should be able to jointly undertake

cooperation initiatives and concrete operations, particularly with the China Development Bank, which is a member of the International Development Finance Club (IDFC).

Over the period 2020–2024, AFD Group will intervene in China and with China in three priority areas:

- Within Team France,²¹ contribute to implementing the international agenda on climate change and biodiversity,
- Support the ecological and energy transition, at the heart of the bilateral dialogue,
- Cooperate in third countries to promote international standards.

Logical framework for AFD group interventions in China



²¹ In this document, the term "Team France" denotes all of the French public actors involved in multilateral or Franco-Chinese bilateral exchanges, notably the central departments and bodies supervised by the MTES and MEAE, the relevant departments of the French Embassy in China, etc.

3.1. STRATEGIC PRIORITY 1: WITHIN TEAM FRANCE, CONTRIBUTE TO IMPLEMENTING THE INTERNATIONAL AGENDA ON CLIMATE CHANGE AND BIODIVERSITY

The fight against climate change, the conservation of biodiversity and the environment, and sustainable development are key strategic priorities of Franco-Chinese cooperation. This was clearly restated during the President of the French Republic's state visit in November 2019, when the Beijing Call on biodiversity conservation and climate change was launched by the two Presidents. France wishes to engage in closer coordination with China at international negotiations on climate, biodiversity and the degradation of natural resources to promote the adoption of a global environment pact with heightened ambitions. AFD, within Team France, will contribute to implementing the international agenda in these fields.

3.1.1 Apply the Paris Agreement

Define a low-carbon trajectory for the 2050 horizon

China has committed to defining a long-term low-carbon development strategy (2050) to be communicated to the UNFCCC Secretariat (Article 4 of the Paris Agreement, reaffirmed in the joint declaration of the 26 March 2019 during President Xi's visit to France and in the Beijing Call on biodiversity conservation and climate change of 6 November 2019).

AFD can contribute to the dialogue with the Chinese authorities through partnerships and cooperation with prominent relevant bodies, including the International Energy Agency (IEA) particularly on the energy transition or the implementation of a national carbon emissions trading market.

The studies and workshops proposed will help to identify sectors where high reductions of GHG emissions can be obtained quickly, the objective being to facilitate the identification of bankable and high-impact projects. The challenge for AFD is to be able to target the issues and engineering methods for projects, often pilot projects, that are likely to achieve this objective and thus be of interest to the instructing ministries (MoF and NDRC).

The Group will maintain relationships with Chinese think tanks in the sector (China DAC Study Group, Energy Foundation China, etc.) so as to strengthen dialogue and cooperation on priority themes such as China's low-carbon trajectory and other development subjects. The links between French think tanks (IFRI, IDDRI, ECFR, Asia Centre, in particular) and international think tanks (Center for International Cooperation in Educational Development - CICODE, Center for Global Development - CGDev, Overseas Development Institute - ODI) will also be reinforced.

Dialogue on green finance and climate risk

In connection with its new Climate Strategy, AFD will pursue its dialogue with academia, think tanks, banks and the regulatory authorities on climate-related financial risks and will aim to support the transformation of financial actors' practices, with the conviction that better assessment and management of physical risks by economic actors (particularly governments and the financial community) can help further the transition towards a low-carbon and resilient economy.

On this count, the Agency maintains contacts with different Chinese institutions, such as the DRC (Development Research Center, attached to the State Council of the People's Republic of China), the CAITEC (Chinese Academy of International Trade and Economic Cooperation, attached to MOFCOM), the MoF, ERI (Energy Research Institute), the NCSC²² (National Center for Climate Change Strategy and International Cooperation, attached to the NDRC) and IIGF (International Institute of Green Finance). AFD wishes to contribute to developing common analytical tools and promote peer exchanges with IDFC and the financial community. A first step was made in 2017 with cooperation on climate finance reporting, as the China Development Bank (CDB) provided its figures on mitigation, which had previously not been accounted in IDFC's climate mapping.

²² Modelling work with MIT carried out in 2015.

Since 2018, stronger relations have been forged with the China Development Bank (CDB), both at a bilateral level and within IDFC. The CDB contributes in particular to preparing IDFC's annual reporting on green finance. As a reminder, the smoothed 5-year average of green finance investments for all IDFC members is around US\$250 billion per year. The CDB is also associated with several IDFC working groups.

The Chinese research teams have proven expertise in green finance and in certain areas China is a forerunner. One or more in-depth case studies can be carried out to inform decision-makers on optimal management of climate-related risks and opportunities, and thus help to develop tools. In this context, a tripartite partnership between a Chinese research team, AFD and a think tank such as the Climate Policy Initiative (CPI) could be considered with a special focus on transitional climate risks.

3.1.2 Set a new course to conserve biodiversity

Climate disruption also leads to rapid degradation of biodiversity, yet biodiversity plays a key role in mitigation and adaptation to climate change. The now wide acknowledgement that biodiversity is in a critical state in China justified setting the strong orientations listed in the Beijing Call for biodiversity conservation and climate change. AFD Group will contribute to defining and implementing these ambitions, mainly through the following actions:

Develop and promote activities to finance projects in China's ecological transition sector

This line of action can be implemented by financing and promoting projects to support the ecological and territorial transition in China, particularly in the following areas:

- Protection and restoration of ecosystems (forests, wetlands, grasslands, deserts, coastal areas, marine areas...) in rural and urban areas,
- Conservation and management of protected areas (national parks, nature reserves, forest parks, wetland parks, maritime parks, geological parks, etc.),
- Promotion of nature-based solutions and green infrastructure (green and blue corridors, creation of protected areas²³),
- Development of eco-tourism and sustainable tourism,
- Remediation of polluted sites,
- Protection and enhancement of natural heritage,
- Support for the green territorial transition,
- Fight against illegal wildlife trade.

Support and participate in the bilateral dialogue and in Franco-Chinese institutional exchanges on biodiversity

In the framework of the bilateral dialogue, AFD Group will support the public policy dialogues led by French diplomacy with the Chinese actors, as well as building up an institutional network on biodiversity and the environment, notably through the following actions:

- Implement regular public policy dialogues and exchanges around the subject of biodiversity and the environment with the main Chinese technical ministries (Ministry of Ecology and Environment, Ministry of Natural Resources, National Forestry and Grassland Administration),
- Contribute to building up leading stakeholder networks on biodiversity in China: think tanks, experts, consultants, international and Chinese NGOs, private foundations,
- Participate in the bilateral Franco-Chinese dialogue on biodiversity.

Contribute to French preparation for the CBD COP15 (Kunming)

France is contributing to the preparation of the 15th Conference of the Parties (COP15) of the Rio Convention on Biological Diversity (CBD) to be held in Kunming in 2021, particularly by sharing its experience as host to the COP21 climate summit. In this context, several proposals for AFD's input were made to the relevant Chinese interlocutors in March 2019. More specifically, the following proposals have been made regarding AFD contributions to the CBD COP15, and could be promoted vis-à-vis the Chinese authorities:

- 1. Produce an up-to-date overview of biodiversity finance:** global and national amounts, origin of funds, existing financial instruments; estimated financing needs; proposed strategy to bridge the financing gap; listing of IDFC members' biodiversity finance via the task force set up; participation in updating the reference document, the "Little Biodiversity Finance Book", in partnership with the UNDP, SCBD, OECD, WWF, GCP.
- 2. Promote and communicate on France/AFD practices and projects relating to biodiversity conservation** and ecosystems integrating economic, social, cultural and territorial aspects, as a solution to the second objective of the Convention on Biological Diversity (sustainable use of biodiversity), along with a presentation of French tools for the territorial conservation of biodiversity.

²³ Since 2017, under the Chinese ecological red lines policy, the Provinces have to define geographic areas that conserve biodiversity.

3. Produce a methodological guide for reducing the impact of the main economic sectors on biodiversity at both national and local scale: strengthening of Corporate Social Responsibility, development of national legal and regulatory frameworks, mechanisms for measuring biodiversity performance, reporting and accountability, environmental governance for sites of economic activity, mobilisation of expertise, etc.); and **tools to mainstream biodiversity into public policy and economic sectors.**

4. Provide input on the contents, targets and architecture of the Post-2021 agreement, for French delegations to the COP15 committees: greater mobilisation of French and European experts, IDDRI and global South experts; use of feedback on experiences from operations financed by AFD's Biodiversity Facility through EU delegated funds; and support for exchanges with Chinese think tanks.

5. Contribute to the dialogue with the other CBD Parties, by mobilising AFD's Biodiversity Facility and EU support, by contributing to the pre-negotiation workshops and to exchanges with China's COP15 team, and by inviting China to contribute to the financing and dialogue initiatives within this framework.

The programming of these contributions to the preparatory work for COP15 will be defined in collaboration with AFD's supervisory ministries and the interministerial biodiversity task force. The portfolio of biodiversity projects in China can be promoted, particularly in the context of COP15 preparations, following on from the actions implemented during the France-China Environment Year (2018–2019).

Lastly, contributions to the fight against poaching and illegal wildlife trade, and more broadly to environmental criminality, can also be envisaged. The next Conference of the Parties of the Washington Convention on International Trade in Endangered Species (CITES) will be held in 2022 in Costa Rica, very likely during the French presidency of the European Council planned for the first semester.

3.1.3 Heighten the visibility of IDFC and national and regional development banks

This involves reinforcing the visibility and actions of the IDFC network by supporting the China Development Bank in increasing its contribution to the network's activities. Cooperation with the CDB, with whom a memorandum of understanding was signed in January 2018 during the French President's state visit to China, is based on three focus areas: (i) the search for tripartite cooperation initiatives (co-financing) to support the fight against climate change in third countries where the CDB has already provided financing, (ii) climate finance with joint activities carried out under the IDFC, and (iii) promotion of the role of national and regional development banks in the dialogue with the multilaterals.

Today, the CDB is encouraged to contribute to the biodiversity working group created within IDFC with the participation of nine of its members. The working group's objective is to make recommendations on standards and norms in order to homogenise the way in which the Club's members monitor and report their biodiversity investments. A first publication is planned for 2020 in connection with the Biodiversity COP15.

Heightening the visibility of the IDFC network also relies on work on the role of development banks in partnership with think tanks and recognised Chinese and international universities (CGDev, Boston University, Peking University, etc.).

3.2. STRATEGIC PRIORITY 2: SUPPORT THE ECOLOGICAL AND ENERGY TRANSITIONS AT THE CORE OF THE BILATERAL DIALOGUE

AFD Group's strategy is based on supporting transitions in two major fields: the energy transition and the territorial and ecological transition. For these themes, AFD will position itself on those sectors that both parties deem relevant (biodiversity, resilient and low-carbon cities, green finance, in particular).

Given the level of financing needed to achieve the objectives set by Chinese government in the 13th Five-Year Plan 2016–2020 to combat climate change (estimated by the People's Bank of China at nearly 300 billion euros a year, of which only 15% can be provided by the government), it is crucially important to mobilise the financial sector and private financing.

3.2.1 Support the most innovative sectors of the energy transition

The level of emissions released by China, the world's largest emitter, can be explained mainly by structural factors, including the share of coal in its primary energy consumption, the share of the industrial sector in the economy and energy consumption, and the growing importance of urban transport.

Although China's energy mix is still dominated by coal, it is nonetheless shifting to include more renewables. As for power generation, China has by far the world's largest installed capacity (1,780 GW in 2017), 60% of which is in coal-fired plants. However, the share of coal is decreasing (80% in 2000, 70% in 2010, with the target of 58% by 2020). Also, since 2013, over half of additional installed capacities is powered by renewables (or, to a lesser extent, by nuclear energy). Hydropower accounts for the bulk of installed renewable power capacity, while wind power and photovoltaics have seen spectacular growth in the space of ten years. China dominates world production of photovoltaic cells and panels (60% of the global market) and has played a key role in bringing down the costs of these technologies. As a source of city air pollution, urban heating has been

constrained by various Five-Year Plans to move towards decarbonised sources (biomass, geo-thermal power) or sources producing lower emissions (gas). Energy efficiency (networks) and heat recovery systems have been developed, resulting in emissions reductions thanks to more efficient use of existing capacities. However, energy consumption per capita increased by 7% between 2012 and 2017, and CO₂ emissions from the energy sector rose by 8% over the same period. China remains the largest global driver of the increase in oil demand. It is therefore urgent to accelerate the energy transition in China.

AFD has supported several projects in China that aim to further the energy transition,²⁴ an area in which French actors have considerable expertise. Several French companies have positioned themselves on tenders launched for these projects. Today, the Group plans to intervene in new areas that will enable it to be present in innovative sectors. The objective will be to promote low-carbon growth by financing renewable-energy and energy-efficiency projects in line with AFD Group's Energy-Climate strategy and which help to accelerate China's energy transition via funding for pilot projects that can be replicated on several scales.

AFD can prioritise innovative sectoral aspects of solutions, such as the injection of intermittent renewables into power grids,²⁵ smart grids, efficient distribution networks, renewable energies (bioenergy, offshore wind farms, etc.), and energy storage. As for transport-related challenges, the electromobility sector will also be considered. Lastly, the urban heating sector, responsible for a large share of emissions, will remain a priority focus. Projects will be examined and selected on the basis of their impact on the country's low-carbon trajectory and their geographical location.

Where these two transitions – energy-related and territorial and ecological – come to meet, reconversion of coal mines will receive support when this helps to accelerate the energy transition, and will draw on the experiences of the economic transformation of French industrial areas.

²⁴ AFD has supported six urban heating projects in China – two in Jinzhong and Taiyuan (Shanxi Province) completed in 2012 and 2014, and four in Shandong Province: renovation of heat networks in Jinan completed in 2017, a trigeneration plant (heating, cooling and power) in Qingdao, recovery of industrial waste heat in Zibo, construction of a decentralised urban heating system to recover thermal energy from urban wastewater discharges treated in Jinan. In addition, there is a biomass cogeneration plant in Heilongjiang and an energy-efficiency project for buildings in Wuhan (Hubei Province).

²⁵ Optimising the electricity system should make it possible to reduce the share of renewable energy not fed into the power grid because of the congestion or mismatch between power production and consumption.

3.2.2 Participate in the ecological transition

Affirming the priority given to the environment, China has developed a “red lines” policy as a tool for implementing the “ecological civilisation” spearheaded by President Xi. The implementation of this policy involves defining geographical areas that exclude any kind of industrial development. Consistent with the direction set by the 19th CPC National Congress for environmental protection, and given the territorial scale of development challenges in this continent-sized country and AFD’s experience in supporting local authorities, the Agency is placing the preservation of ecosystems and ecosystem services at the heart of its strategy for intervention in China, based on a territorial approach. The aim is to enable territories to improve their resilience to climate change and safeguard their ecosystems. The territorial approach is one of AFD’s comparative advantages, particularly for projects targeting the protection and enhancement of natural heritage. The Agency draws on French experience grounded on an integrated approach that aims to “bring to life” this heritage as an integral part of human activity in both cities and rural areas. This niche is not only one where Chinese demand is high and the French offer of world class quality, but also a priority field for Franco-Chinese cooperation since 2016.

These interventions are designed using a systemic approach that grasps the urban and rural territory as a single whole. This not only means that several themes or sectors can be jointly addressed, but also that work can be carried out with a variety of interlocutors (local authorities, banks, state-owned enterprises, public and private public services operators). In addition to their climate and biodiversity

goals, the projects supported can also contribute to a territorial rebalancing on several scales: between urban and rural areas, between coastal and inland areas, between large metropolitan areas and small towns, and between natural and artificial spaces. To complement projects aimed at mitigating climate change, AFD will also be able to act, albeit to a lesser extent, on the effects of climatic change through projects that contribute to adaptation: management and conservation of water resources, soil and ecosystem services, resilience of agricultural systems, resilience of cities, neighbourhoods and sites that are vulnerable to climate change... This involves, for example, financing ecosystem conservation and protected area management in order to increase their capacity to act as a buffer against climate change and ensure the sustainability of ecosystem services useful for climate resilience; nature-based solutions to reduce climate risks (water infiltration, erosion, flooding, drought, etc.); eco-tourism and sustainable tourism; development of eco-cities or eco-neighbourhoods better adapted to climate change; renewal of an urban heritage that is better adapted to climate change; the development of green and blue corridors; and the reconversion and enhancement of industrial heritage when these bolster climate change adaptation and mitigation.

Continuing the ecological engineering actions already undertaken in recent years, AFD’s interventions will aim to conserve biodiversity, be it by maintaining a territory’s economic attractiveness or promoting its participatory management. These interventions will, as far as possible, seek to promote French experience in these fields.

²⁶ The notion of “ecological civilisation” was first mentioned in 2007 by the Chinese leaders during the CPC’s 17th National Congress, highlighting the central government’s will to change its development model, which had been based solely on economic growth since the reform launched by Deng Xiaoping in the late 1970s. The concept has been deepened since President Xi Jinping came to power, to the point of being enshrined in the CPC’s Constitution in 2012, then in the Chinese Constitution in 2018. The “master plan for the ecological civilisation” promulgated by the CPC’s Central Committee and the State Council in 2015 is the framework document for this policy. Information and education campaigns on the concept have been carried out within the CPC and for different levels of government, but also for the general public. The term has now replaced the notions of “sustainable development” and “protection of the environment”.

3.3. STRATEGIC PRIORITY 3: COOPERATE IN THIRD COUNTRIES TO PROMOTE INTERNATIONAL STANDARDS

China is positioned as a leading international donor and thus set to play an increasing role in financing development worldwide. The amount and level of concessionality of its finance will be decisive for the global achievement of the SDGs. At its own scale, AFD Group has also considerably stepped up its activity in order to contribute to France's objective of allocating 0.55% of its GNI to official development assistance by 2022.²⁷ In this context, there will be a deepening of relations with the Chinese actors of economic cooperation and development policy in the AFD Group's different intervention countries where these Chinese actors have already granted financing. As a result, the need to coordinate interventions will become even greater.

3.3.1 Analyse the implications of China's financial deployment on an international scale

Analysis of the implications of China's financial deployment on an international scale will be one of the focus areas for knowledge production in the coming years. AFD has acquired tools to analyse, decipher and better understand how China is emerging as a development actor, as a partner of AFD and as a vector for change in development finance. AFD will continue exchanges with its technical and financial partners, as their knowledge of China and their capacity for action could be complementary and help to leverage partnerships with Chinese operators.

3.3.2 Develop trilateral partnerships consistent with international commitments and promote good practices

Establishing partnerships with Chinese actors in third countries is aimed at promoting international norms and standards on governance and procurement, on principles governing support to project owners and financial sustainability, and on the criteria of sustainable development and accountability in jointly run projects. This objective is consistent with the political line set by the French President during Xi Jinping's state visit to France in 2019: "We have decided to give our full support to joint projects... in full respect of the sovereignty and choices of the countries concerned, and consistent with our international commitments, particularly those on climate".

AFD will take part in the dialogue begun by the Government on the initiative of the China's new bilateral development agency (CIDCA). This agency is not mandated as an operator, but is tasked with coordinating and supervising public development resources (grants, zero-interest loans, subsidised loans) implemented by other ministries (health, education, MOFCOM) or the China Exim Bank. AFD will study the possibilities of cooperating with the Exim Bank, based on AFD's added value in technical assistance expertise. AFD also sets itself the objective of strengthening links with the CDB, particularly within the IDFC framework, and financing a first joint project in Africa, according to the modalities agreed on in the signed Memorandum of Cooperation (first identification of ongoing projects in Senegal in the sectors of agriculture, renewable energy, water and sanitation. Collaboration between the China Africa Development Fund (CAD-Fund) and Proparco on financing for Africa's private sector could also be envisaged.

²⁷ The President of the French Republic announced in July 2017 that France would devote 0.55% of its GNI to ODA by 2022. This target was confirmed by the CICID of 8 February 2018.

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4.

**FINANCIAL
PERSPECTIVES,
INTERVENTION
MODALITIES AND
MONITORING**

4.1. FINANCIAL PERSPECTIVES AND INTERVENTION MODALITIES

Over the next few years, the Group's activity will mainly focus on sovereign financing. To further the Group's growth objectives, activity with sovereign actors in China is set to increase to reach a targeted level of some €200–300 million annually over the period 2020–2024. This implies an **increase in the average amount of funding for projects** (the rise is already significant for the most recent projects and must be consolidated and systematically targeted).

Achieving this objective will also mean **greater recourse to co-financing**, particularly with multilateral donors (World Bank, Asian Development Bank) that intervene on larger-scale programmes, in complement to the bilateral projects that the Chinese authorities propose for AFD financing. This wish has already been brought to the notice of the MoF within the framework of the annual talks (co-financing projects being dealt with in a list separated by donor). Apart from providing considerable leverage, these co-financing operations may also be an opportunity for AFD to position itself on non-traditional sectors that are useful within the strategic relation with its Chinese partners and in which French expertise can be promoted. In all cases, the projects submitted for AFD financing will be analysed in light of their compatibility with the Group's objectives and its strategy in the country.

Activity with **non-sovereign actors** is still limited both for AFD and Proparco, but the search for non-sovereign prospects will continue, notably in the banking sector (green credit lines) in the area of infrastructure linked to the environment and climate (water, sanitation, clean energy, etc.). The Group will remain attentive to how risks evolve in this sector.

Aside from the amounts of financing, the partnership approach, as set out in the AFD Group Strategy 2018–2022, is a structuring factor for the Agency's Regional Office in China. It anchors AFD in a positioning that involves increasing its impact not only through project financing but also by setting up long-term strategic and partner-based collaborations that are interlinked and consistent with its action as a whole. The partnerships to be developed involve diverse entities and modalities:

- **French stakeholders, in addition to "Team France"** (of which AFD is a full member), to promote French know-how by mobilising sector experts for studies, support for project owners, technical and decentralised cooperation actions to complement funded projects. Efforts will be made to mobilise French public authorities and entities (regional parks, research centres, etc.). These different areas of expertise will be mobilised mainly by Expertise France.
- **Local institutional partners**, research institutes and think tanks, providing analytical services to strengthen the dialogue, notably on low-carbon growth trajectories. As China is gradually becoming a key international actor in the world of research, these partnerships will also allow AFD to broaden its own analyses.
- **Co-financing** initiatives to be developed with bilateral donors (KfW) and multilaterals (ADB, World Bank, AIIB) or the European Union, particularly in new intervention sectors and loan-grant blending, (Green Climate Fund, Asian Investment Facility), as well as the promotion of new financial instruments when possible and relevant (such as the Program-for-Results, risk-sharing mechanism).
- **Joint leadership of networks** of development banks dealing with the subject of climate finance, to affirm their role in implementing the Paris Agreement, particularly within the IDFC with a strengthening of the strategic partnership with the CDB.

4.2. MONITORING METHODS AND ACCOUNTABILITY

The strategy is backed by indicators and an annual monitoring note will be published to serve as a tool for dialogue between AFD and its partners, both at AFD headquarters and locally. This monitoring will allow for any necessary adjustments to the focus areas of the Group's strategy in China.

AFD's activity will be monitored using the following indicators:

- The share, in amounts, of the portfolio of projects with climate co-benefits,
- The surface area benefitting from a conservation programme, sustainable management or restoration of biodiversity,
- Avoided CO₂ emissions,
- Number of people having improved their climate resilience,
- Number of partnered actions carried out in third countries,
- The share, in amounts, of DAC 2 projects (OECD gender equality marker).

The above indicators will be monitored so as to place our action in perspective compared to the trajectory, the objectives and public policies implemented :

- Share of renewables in the energy mix.

The strategy will be reviewed mid-term, after three years of implementation, to check the relevance and appropriateness of the objectives relative to what has been achieved. Once completed, AFD-funded projects are subject to an evaluation carried out either internally or externally: over the coming years, the projects implemented in the energy sector (6 funded projects) or in the sectors of biodiversity and urban and rural heritage could give rise to a sectoral evaluation.

ACRONYMS AND ABBREVIATIONS

ADB: Asian Development Bank

AFD: Agence française de développement (French development agency)

AIIB: Asian Infrastructure Investment Bank

BRI: Belt and Road Initiative

CAD-Fund: China Africa Development Fund

CAITEC: Chinese Academy of International Trade and Economic Cooperation

CARI: China Africa Research Initiative

CBD: International Convention on Biological Diversity

CDB: China Development Bank

CGDEV: Center for Global Development

CICED: Center for International Cooperation in Education Development

CICID: Interministerial Committee on International Cooperation and Development

CIDCA: China International Development Cooperation Agency

CIKD: Center for International Knowledge on Development

CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora, also called the Washington Convention

CPC: Communist Party of China

CPI: Climate Policy Initiative

CSR: Corporate social responsibility

DAC: Development Assistance Committee (OECD)

DRC: Development Research Center

ECFR: European Council on Foreign Relations

ERI: Energy Research Institute

EU: European Union

GCP: Global Conservation Programme

GHG: Greenhouse gas

IDDDRI: Institut du Développement Durable et des Relations Internationales (Institute for Sustainable Development and International Relations)

IDFC: International Development Finance Club

IEA: International Energy Agency

IFRI: Institut français des relations internationales (French Institute of International Relations)

IIGF: International Institute of Green Finance

INSE: Institute of New Structural Economics

JICA: Japan International Cooperation Agency

KfW: German state-owned development bank

MEAE: Ministère de l'Europe et des Affaires étrangères (French Ministry for Europe and Foreign Affairs)

MoF: Ministry of Finance

MOFCOM: Ministry of Commerce

MTEC: Ministry for the Ecological and Inclusive Transition (France)

NCSC: National Center for Climate Change Strategy and International Cooperation

NDRC: National Development Reform Commission

ODI: Overseas Development Institute

OECD: Organisation for Economic Co-operation and Development

PBOC: People's Bank of China

PPP: Purchasing power parity

SCBD: Secretariat to the Convention on Biological Diversity

SDG: Sustainable Development Goal

UMIC: Upper-middle-income country

UNCCD: United Nations Convention to Combat Desertification

UNDP: United Nations Development Programme

UNFCCC: United Nations Framework Convention on Climate Change

WTO: World Trade Organization

WWF: World Wildlife Fund

What is AFD?

Agence Française de Développement (AFD) Group is a public financial institution that finances, supports and accelerates transitions towards a more just and sustainable world. As a French overseas aid platform for sustainable development and investment, we and our partners create shared solutions, with and for the people of the global South.

Our teams are active in more than 4,000 projects in the field - in the French overseas departments and some 115 countries. They strive to promote health, education and gender equality, and are working to protect our common resources – peace, biodiversity and a stable climate. It's our way of contributing to the commitment France and the French people have made to achieve the Sustainable Development Goals. Towards a world in common.

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