



March 18th, 2013

# French Agency for Development AFD and SPS

STDF WG, Geneva



*développeur d'avenirs durables*



1. What is AFD and how we work
2. What is our support to improve capacity in developing countries
3. What is our experience on SPS issues
4. How should AFD operate with STDF





# AFD in a nutshell

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[www.afd.fr](http://www.afd.fr)

[www.objectif-developpement.fr](http://www.objectif-developpement.fr)



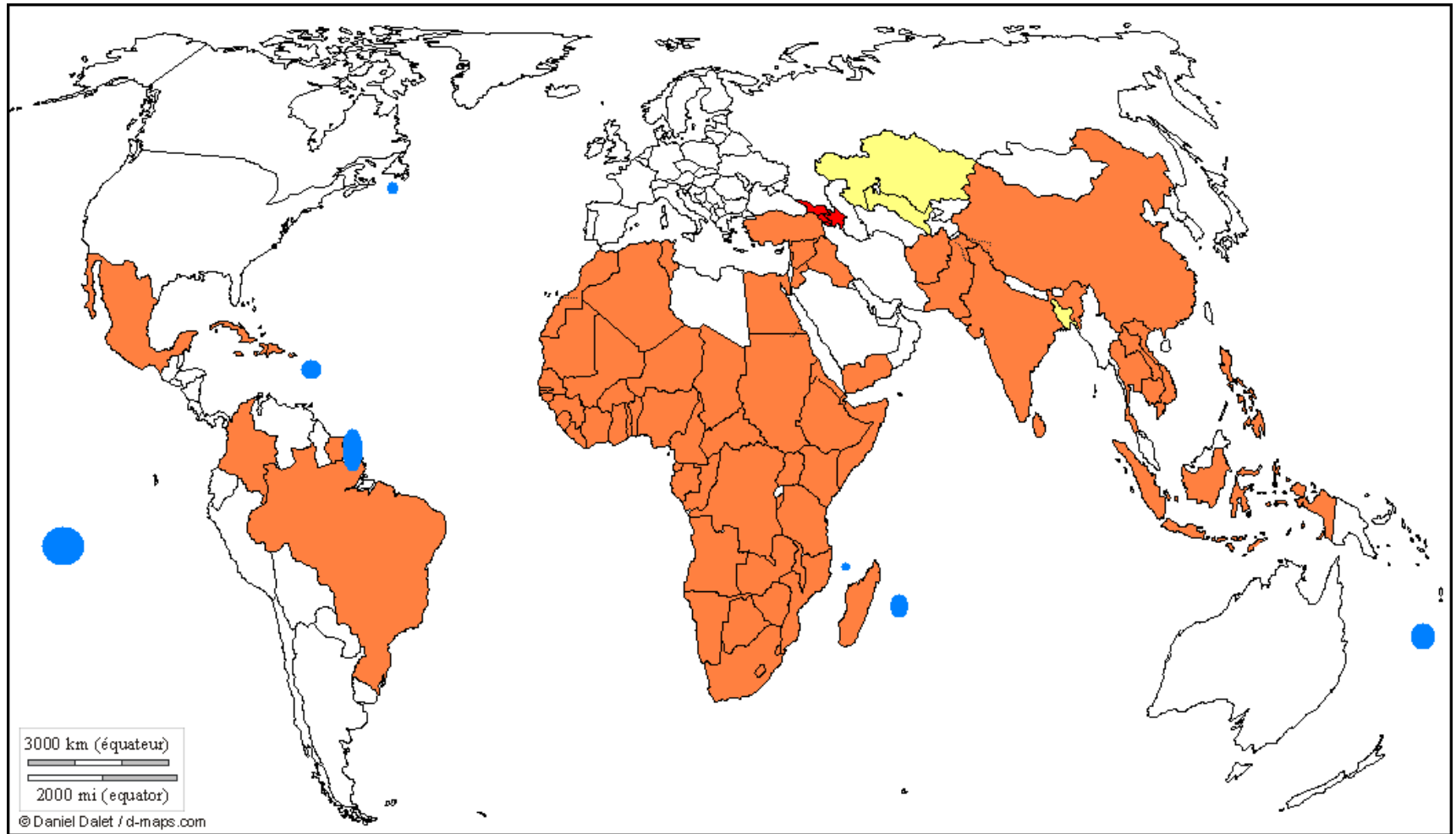
# 1

## AFD in a nutshell

- A **public institution** funded in 1941 under the auspices of several ministries:
  - Foreign Affairs
  - Finance
  - Home Office
  - Overseas Territories
- A **specialised financial institution** subject to French banking regulations, including a subsidiary dedicated to private-sector financing (PROPARCO) and an entity devoted to training (CEFEB)
- A **development agency** that implements French aid policies, drawing on:
  - Cooperation framework 2011-2020 approved by the French government in Nov. 2010
  - "Objectives and implementing means" contract signed with AFD's supervisory ministries
  - A strategic plan for 2012-2016
- A **EU certified** body to implement European funds along with its own procedures

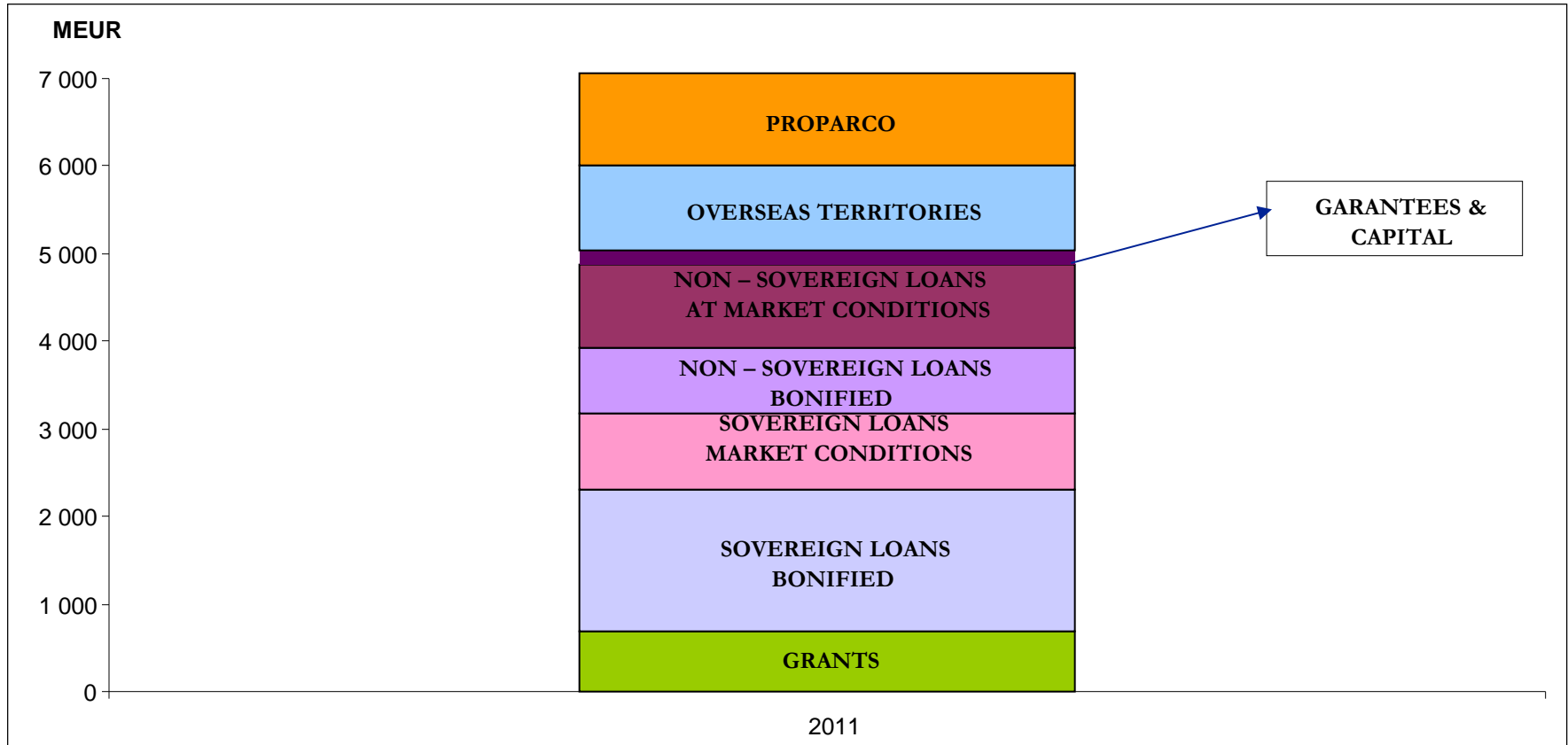
2

**A strong local presence, with a network of more than 60 offices worldwide.**



# 3

## Made possible by a diversification of our financing instruments



➤ **A wide range of financial instruments** : grants, but increasingly loans (sovereign / non-sovereign ; bonified / market conditions), guarantees, capital investment ...

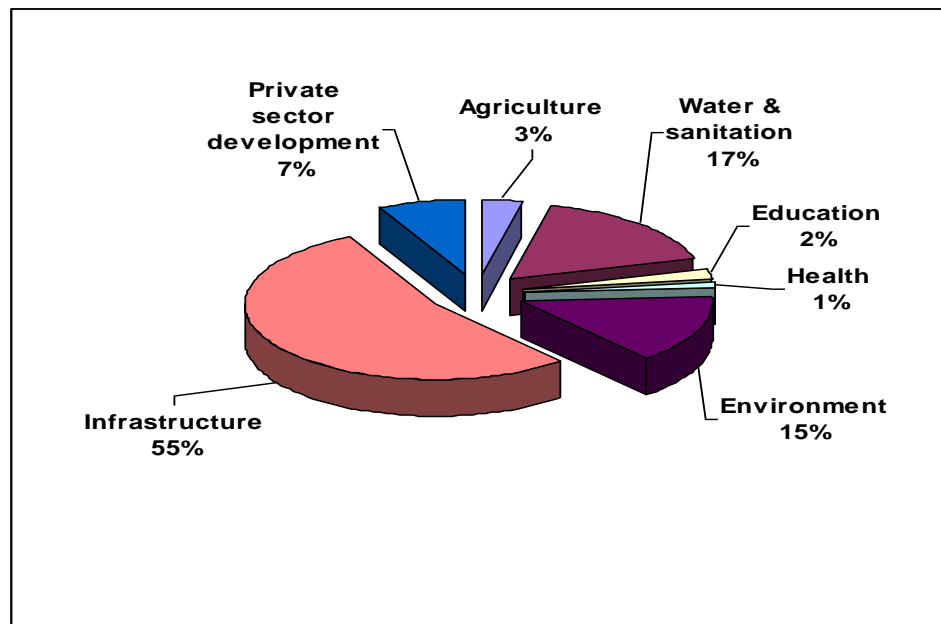
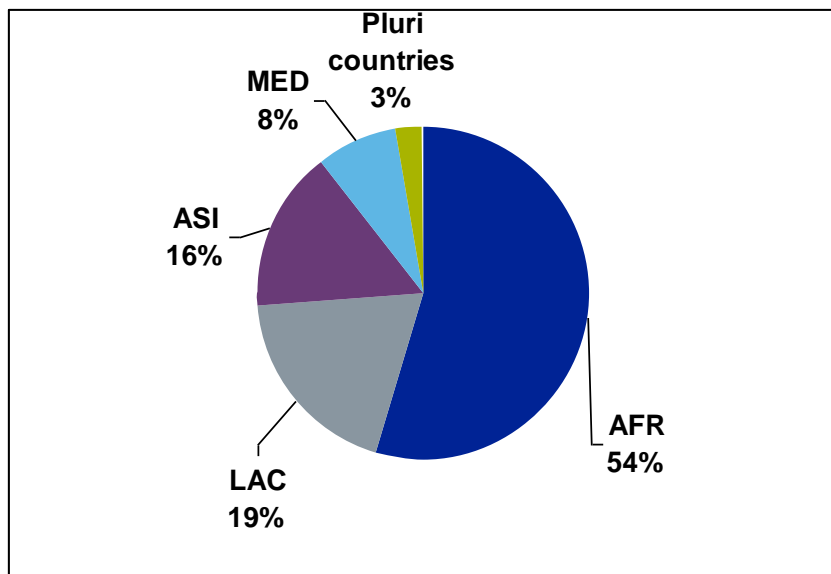
**Allowing us to accompany very diverse partners** : governments, local authorities, banks, private sector, NGOs ...

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# 4

## Overview of our project portfolio



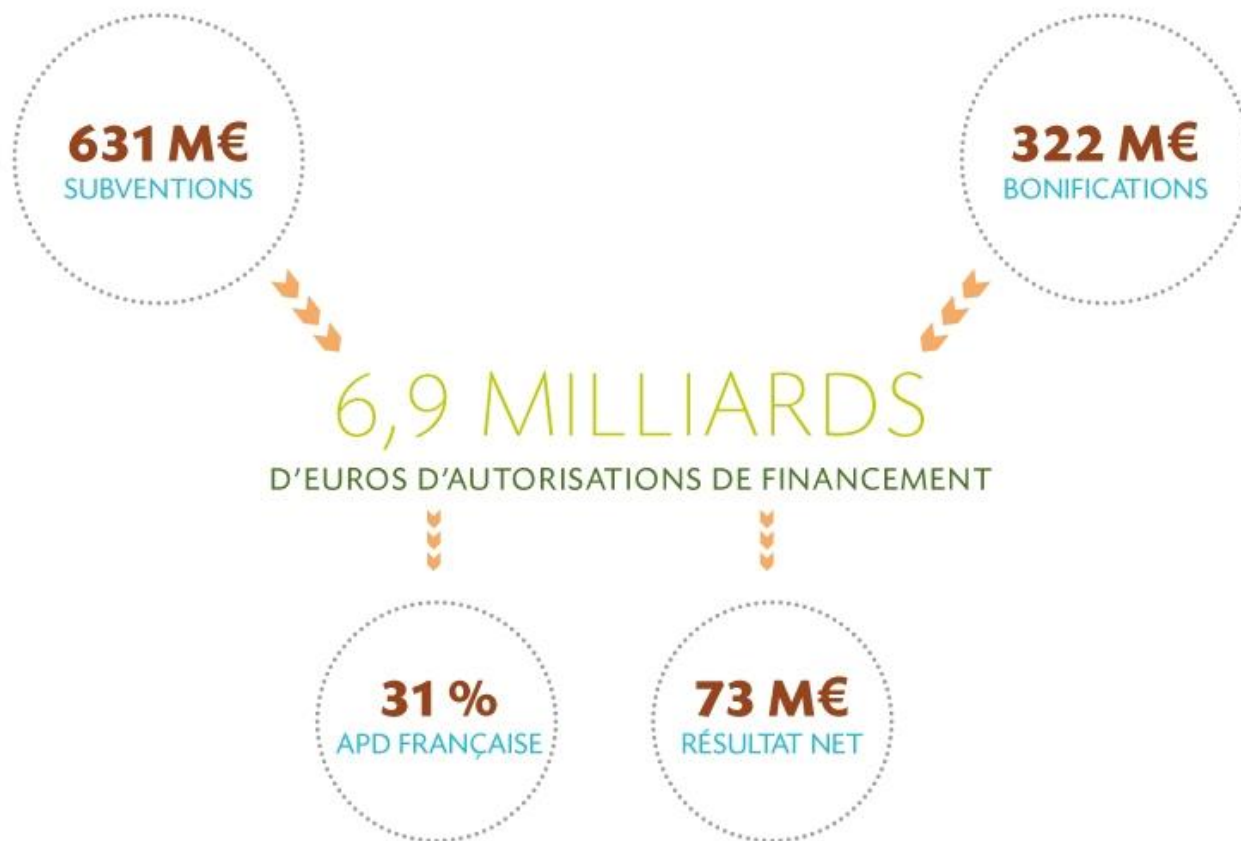
➤ **A focus maintained on Sub-Saharan Africa**

**A recent extension in “new” emerging regions (ex: Latin America, Central Asia)**

➤ **Our mandate: Contributing to a sustainable and inclusive economic growth and the achievements of MDG in our partner countries**

**A focus on productive investments, reflecting an operational bias towards certain financial tools (loans) and increasing constraints on grants**

## AFD optimizes public development-aid (2011)







## Our portfolio in ARD

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## 6.1

# Our priorities for 2012-2016

## ➤ Adopting differentiated strategies by regions

- Sub-Saharan Africa (target of minimum 60% of *public funds*)
  - Priority sectors:
    - Agriculture and agribusiness
    - Economic infrastructures (transport, energy, etc)
    - Concentrate grants on human development (education and healthcare)
  
- Middle East & North Africa (20% of *public funds*) – A recent overhaul of our regional strategy to match the region's new priorities
  - Growth and job creation
  - Social and territorial cohesion
  - Improvement of living conditions
  
- Emerging countries (maximum 10% of *public funds* + FEXTE June 2013)
  - Climate change
  - GPGs

## 6.2 Strategic framework for operation

### Three pillars

- Agri value chain productivity and efficiency
- Policy for conducive environment for investment
- Rural infrastructure

### Crosscutting issues

- Carbon sequestration
  - *from plot (soil fertility) to landscape (tree)*
- Watershed management
- Improving and promoting Quality

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## 6.3

# The three dimensions of our strategy

- 1. Go with national and regional agricultural policies through discussions**
  - A strategic view and a dialogue between actors
  - Implementation of regulations : price volatility, land issue, tariffs and standards...
- 2. Invest in agriculture, engine of inclusive and sustainable growth**
  - Competitive value chain (price, quality) in local and international markets
  - Share the added value through contractual relationship
  - Adapted financing
  - Ecological agriculture intensification
- 3. Integrate the rural areas to the national economy**
  - Rural areas connected to urban markets
  - Authorities and instruments for a sustainable management of natural resources



## 7 Finance for agriculture

- Equity (AAF)
- Guarantee: Long term (ARIZ) and short term (AGRA), Warehouse receipt scheme
- Credit lines
- Capacities of banks: training & contract farming
- Capacities of clients: “management service centers” for farmer organization and Agri SMEs.



AFD plans to jump from 8% (2008-2011) to 15% (by the end of 2015)  
its commitments for A&RD



# Capacity building

# Diagnostic on the issue of TA/CB from an AFD perspective

- **No direct contract** between AFD and experts (exc. for studies at HQ)
- 88% of projects include a *Technical Assistance* component for a total amount of **154Mion €**, (= 4,74% of the portfolio)
- TA is financed with **grants (64%) and loans (36%)**  
*Capacity refers to individual, organizational or institutional capacity*
- **30% of our grants are used to finance TA**  
*its main goal is to improve performance of beneficiaries*
- 22% of projects combine grants and loans for TA
- 60% of projects combine different forms of support
- **Long Term and Short Term TA** (for studies and advices) representing each **20%** of TA
- *Capacity Building* concerns also our **internal organization** (dedicated division + dedicated center CEFEB in Marseille)

## ■ Different forms

- LT TA
- ST TA
- Rotating/iterative TA
- Trainings
- Knowledge/experiences sharing: twinning, study trips, seminars...
- A mix of the points above

## ■ Different channels for financing

- Projects/programs ' component
- Sectoral and cross-cutting projects
- Dedicated AFD's budgets and/or facilities

## ■ Different documents to be shared

- Evaluation
- Strategy





# Past and current AFD experiences with SPS issues



## Existing programs/projects

- Cooperation with ISSOs / specialized institutions: capacity building
  - OIE: making the best use of Gap Analysis recommendations
  - FAO: labs/EMPRES
  - IBAR: Animal health, production and trade
  
- National Programs for strengthening value chains:
  - Fish: shrimps in Madagascar (auction, lab, gross retailers...), Senegal (portal equipment & services) and Morocco (ONP)
  - Milk: quality and processing Senegal, Niger, Madagascar
  - Meat : national/regional markets and slaughterhouses (Tunisia)
  
- Complying with international standards (environmental, social and sanitary)
  - dairy and fisheries in Egypt

## 10.1 Planned initiatives

- Cooperation with ISSOs and specialized institutions
  - OIE
  - FAO
  - IBAR
  
- Infrastructure
  - Slaughterhouses in Ethiopia and Togo
  - Traceability of milk in Kenya
  - Vaccines production (FMD/BVI)
  
- Complying with international standards (environmental, social and sanitary)
  - Credit line + TA: SMEs processing Animal source Food in Turkey
  - Libya ?

## 10.2 Planned initiatives

### ■ Regional programs owned by RECs

- Phytosanitary: Fruits flies
- CLCPRO/locust phase II
- Regional epidemio surveillance OH and COI
- Veterinary Governance/ECOWAS

### ■ Publication and Think Tanks: environmental footprint, Global Agenda for Livestock, Public Health/One Health...

- Improving quality
- Socio economic studies for decision
- Seminars (ex 2012, Dec + INRA)



# **Example 1: Fruits' flies control for food security and exports of mangoes in West Africa**

- Feasibility study (2006-2008) endorsed by regional decision makers (Bamako, 2009)
- Publication of the FF **Letter** (STDF contribution)
- AFD financed an additional study on the **institutional framework** (UE/ECOWAS CA; ARAA/FARA; subsidiarity principle; on going national/regional initiatives...) Aug.2012
- **Additional** contribution from AFD (1,5 M€) granted in Dec.2012
- Total budget of **23,5 M€** (17 EDF 10 RIP? + 1,5 AFD +5 national budget)
- **Regional** (training, surveillance/alert, analysis, information, research) and **national** (complete and integrated campaigns, ) activities
- **tbd** during EDF foreseen committee, with ECOWAS as the project owner

# Example 2: Complying with EU's standards in Turkey

- *Transposing European rules and regulations for Food Safety into national legislation (L. 5996, Oct 2011)*
- *Challenge and constraints for SMEs: their upgrading plan must be agreed by MFAL and implemented before Dec.2014*
- *EU Grants available (IPA) but:*
  - *50% max*
  - *Difficult to access for end users*
- *Twining/MOU between Ministries of Agriculture (FR and TR)*
- *Needs for credit and TA*
- *A response in 2 components*
  - *A bonified credit line to Ziraat Bank (Sovereign Loan)*
  - *A TA program*
- *TA focusing on CB for*
  - *Bank staff*
  - *MFAL*
  - *SMEs/consultants*
- *TA program financed*
  - *A small grant (public part)*
  - *Part of the bonification (private part)*



## Way of collaboration with STDF

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# How to benefit and to take stock from STDF for donors?

- STDF = Platform for information sharing
  - Partners, donors, observers and experts : experience, capitalization, needs assessment, gaps analysis
  - Secretariat in a position to monitor and survey on behalf of beneficiaries
- STDF = a Facility to generate information/data to finance CB projects
  - Grants to up scaling local initiatives/going further – getting along with programs (co-finance)
  - STDF “branding mechanism”
- STDF = a channel for communication and lobbying
  - Demand driven approach for donors: Partners’ countries to decide in investing for standards compliance
- STDF = a global partnership to be in
  - AFD can facilitate the connection between STDF and FR (Treasury decides French contribution to the *Enhanced Integrated Framework*)





# Any question?

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