

AFD, climate change and CCS

**CSLF Meeting
December 2-3, 2008**

J. Adam, Y Bensaid

Outline of presentation

- **AFD at a glance**
- AFD and climate change: strategy, results
- AFD's participation in COACH
- Future participation in financing CCS

AFD at a glance

- AFD – Agence Française de Développement : **main French instrument for international development aid**
- Present in **60+ countries**, including 44 out of 49 Least Developed Countries
- **€3.5 billion** committed in 2007
- **€4 billion** new commitments in 2008
- Wide range of **financing tools**
 - Non-sovereign loans (concessional or market conditions)
 - Sovereign loans (from very concessional to market conditions)
 - Guarantees on loans in foreign or local currency
 - Equity investment & quasi equity instruments
 - Grants (projects, study, French GEF)

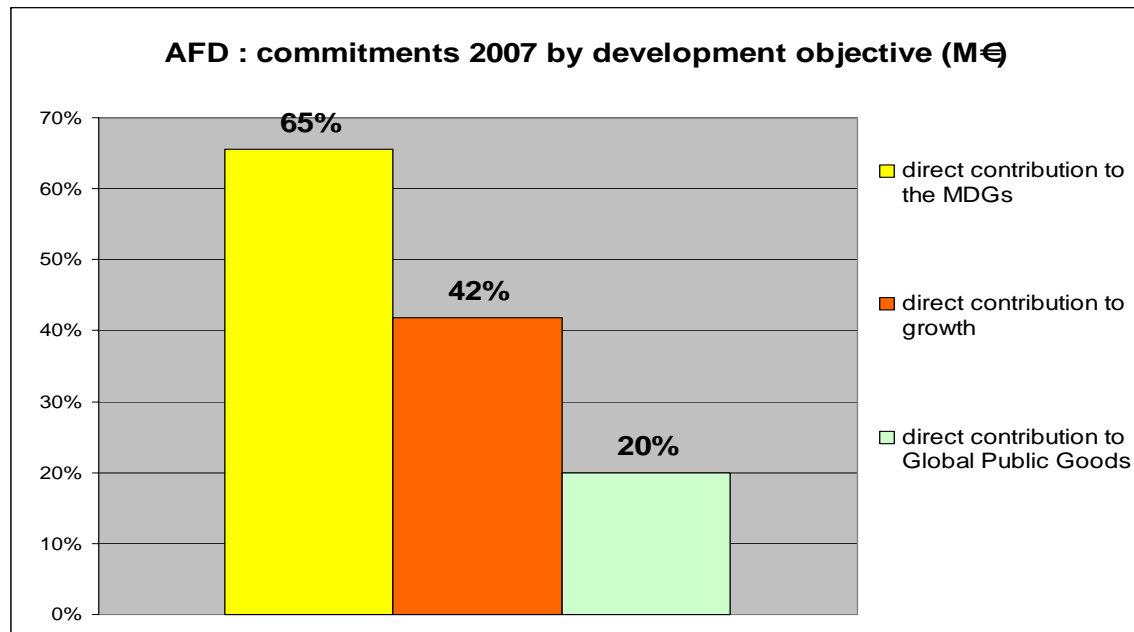
Locations



ZONES D'INTERVENTION DE L'AFD
■ Pays étrangers
■ Collectivités d'Outre-mer

AFD's mandates

- i. **Reducing poverty** (water, health, education, rural and productive sector)
 - ii. **Supporting economic growth** (developing private and financial sectors, infrastructure)
 - iii. **Sharing global challenges** (clean energy, environmental protection, global warming, biodiversity)
- Objective of commitments with a direct contribution to global public goods in 2011: 40%



Outline of presentation

- AFD at a glance
- **AFD and climate change: strategy, results**
- AFD's participation in COACH
- Future participation in financing CCS

AFD and climate change: strategy

- Strategic Plan (2007-2011), adopted in 2007. Protection of GPG is one of AFD's three goals.
- Strategic framework on climate change, passed in October 2005:
 - i. Promote a low carbon development
 - ii. Relate local and global issues
 - iii. Support vulnerable people
- Climate change is gradually taken into account within sectoral strategies:
 - Strategic framework on Energy (2007)
 - Strategic framework on Urban Development and Local Authorities (2008)
 - Strategic framework on Transportation (2008)

AFD and climate change: results

➤ Volumes

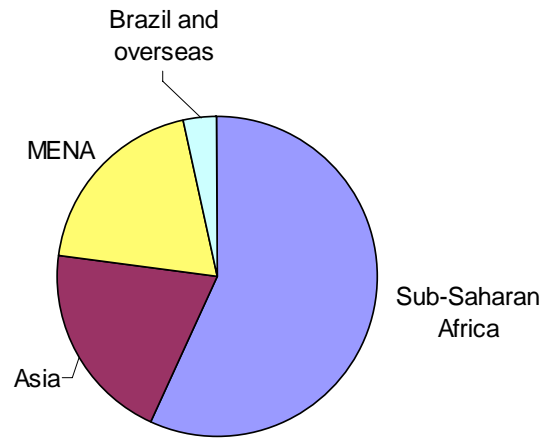
- €455M committed on mitigation in 2007
- €100M committed on adaptation in 2007
- Forecast for mitigation €1.5bn in the coming three years

➤ Results

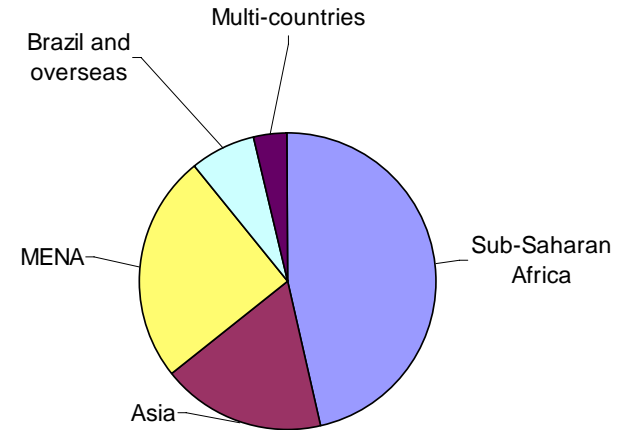
- 2.7 million tons of CO₂ avoided annually with climate projects committed in 2007
 - offsetting emissions of 1 million new cars
- About 3 million tons of CO₂ forecasted for 2008

AFD and climate change: results

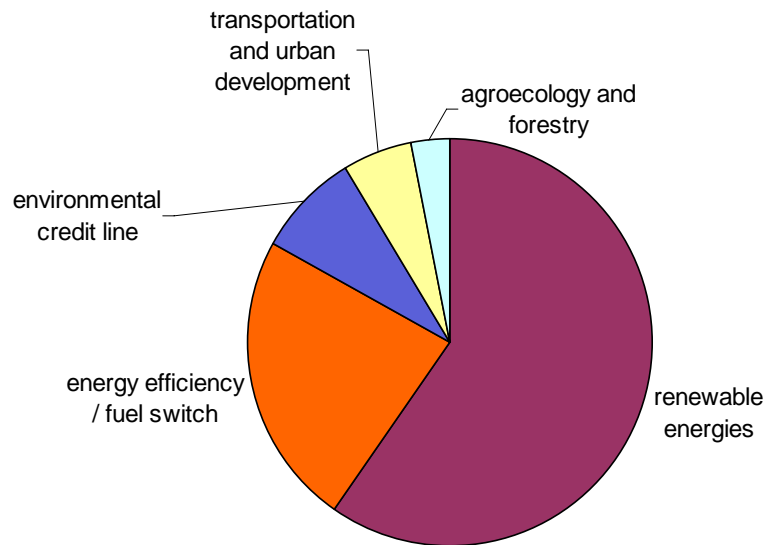
Geographical distribution of projects committed in 2007
(weighted commitments)



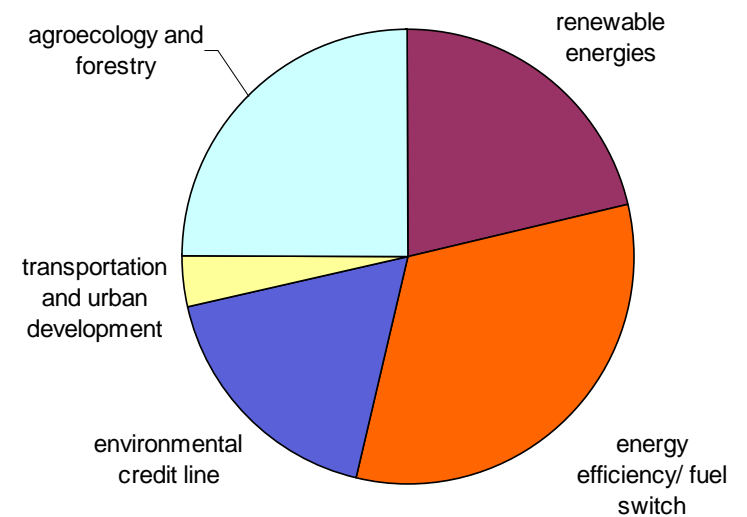
Geographical distribution of projects committed in 2007
(number of projects)



Commitments in 2007 by sector



Number of projects committed in 2007 by sector



Outline of presentation

- AFD at a glance
- AFD and climate change: strategy, results
- **AFD's participation in COACH**
- Future participation in financing CCS

AFD's participation in COACH



- Rationale behind participating in COACH initiative
 - AFD committed to conduct exemplary actions in the field of climate change
 - CCS is a part of the solution to mitigate climate change
 - Today: too early to finance pilot projects, but need to get technical expertise in CCS
- COACH (Cooperation Action Within CCS China-EU)
 - Research program (2007-2009), to prepare the ground for implementation of large scale CCS in China
 - AFD granted 200,000€ for additional actions (summer course, PhD training...)
 - AFD gets all the outputs of the different work packages

Outline of presentation

- AFD at a glance
- AFD and climate change: strategy, results
- AFD's participation in COACH
- **Future participation in financing CCS**

Future participation in financing CCS

- Phase 1 of COACH completed by 2009
- Phase 2 (2010 onwards)
 - Design of demonstration power plant
 - Financing the extra cost (construction and operation): need for concessionality
 - Depending on the nature of the project, AFD could consider :
 - Some grant as in Phase 1 of COACH (study, training...)
 - long term (15 to 20 years) soft loans (interest Euribor flat) for pilote project if adapted.

Thank you for your attention

For further information

J. Adam - adamj@groupe-afd.fr

B. Loiseau – loiseaub@afd.fr

O. Grandvoinet – grandvoineto@afd.fr