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# Sustainable development goals

**BOND FRAMEWORK**

**IN BRIEF**

**#WorldInCommon**

The Group finances, supports and accelerates the necessary transitions for a fairer, more resilient world. It contributes to implementing France's policy on sustainable development and international solidarity.

AFD group comprises Agence Française de Développement (AFD), in charge of public sector and CSO financing, research and training; its subsidiary Proparco, dedicated to financing and supporting the private sector; and Expertise France, a technical cooperation agency.

The four key principles of the Sustainable Development Goals (SDGs) bond issuance framework, to which each AFD Group SDG bond issue is committed, are:



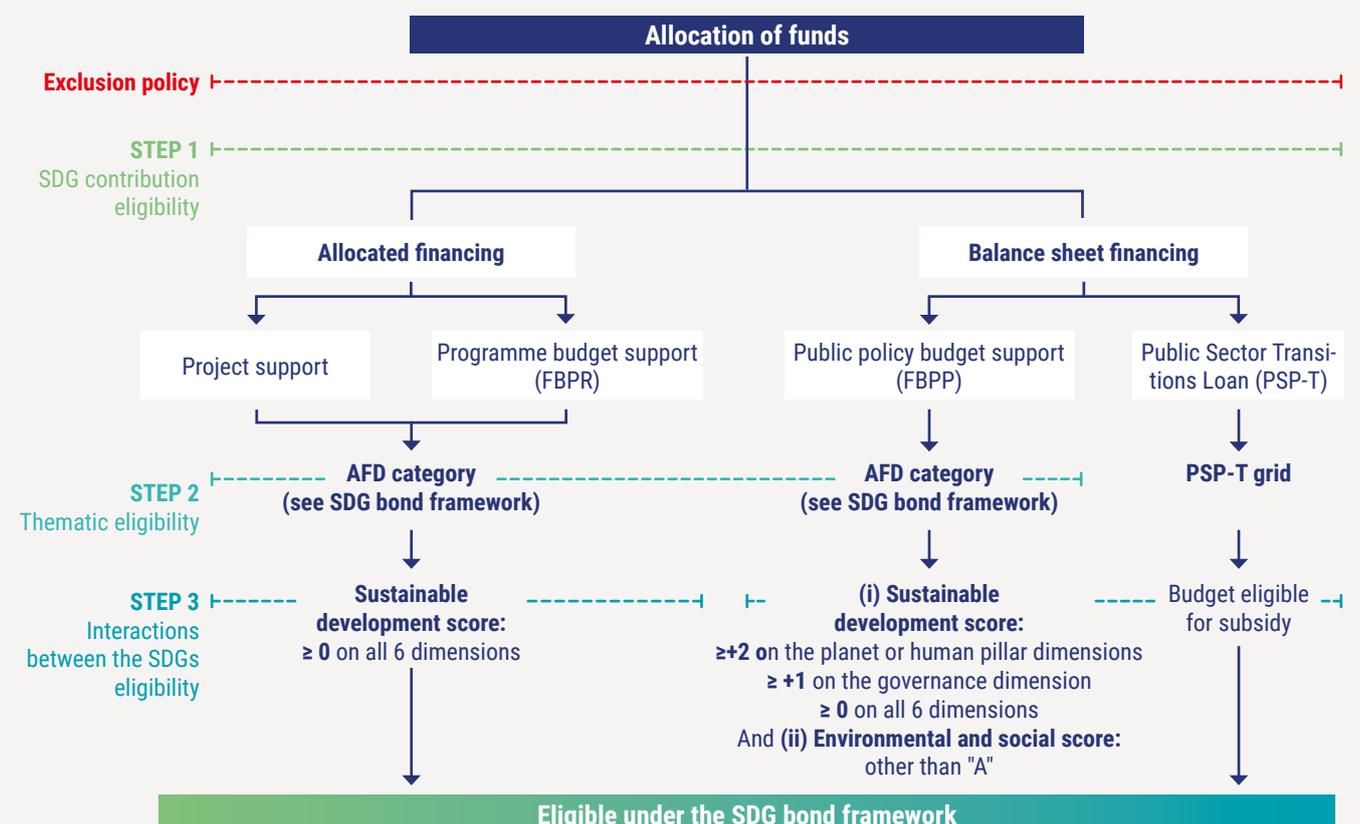
## 1 Use of proceeds

A loan is eligible if it meets the following conditions:

- 1. CONTRIBUTION TO SDGS:** the purpose of the funding is identified as contributing to at least one Sustainable Development Goal other than SDG 1 and SDG 17.
- 2. THEMATIC ELIGIBILITY:** the loan corresponds to the eligible categories presented in this framework.
- 3. TAKING INTO ACCOUNT THE INTERRELATIONSHIPS BETWEEN THE SDGS:** the loan must i/ comply with the general exclusions and AFD group's specific procedures by sector of activity, and ii/ receive at least neutral and/or positive ratings on all dimensions of the sustainable development analysis and opinion for AFD and Proparco operations ("do no significant harm" principle).

Please note: public policy budget support loans (FBPP) and public sector transition loans in the French overseas Territories (PSP-T) have adapted eligibility conditions (cf. the SDG bond framework).

### ■ Overview of eligibility criteria by type of operation



## ■ Categories of eligible expenditures

SDGs	ICMA SBP/GBP categories	AFD/PROPARCO categories
	GBP: Climate Change Adaptation	<b>Climate change adaptation</b>
	GBP: Renewable energy and energy efficiency	<b>Energy and climate change mitigation</b>
	SBP: Access to essential services	<b>Biodiversity</b>
		
	SBP: Access to basic (social) services	<b>Health</b>
	SBP: Access to basic (social) services	<b>Education</b>
	SBP: Access to basic (social) services	<b>Poverty reduction</b>
	SBP: Employment Generation	<b>Resilient Economy</b>
	SBP: Socioeconomic advancement and empowerment	<b>Gender equality</b>
	SBP: Socioeconomic advancement and empowerment	<b>Democratic Governance and Justice</b>
	SBP: Socioeconomic advancement and empowerment	<b>Reduction of social inequalities</b>
	SBP: Socioeconomic advancement and empowerment	<b>Sport and Culture</b>
	SBP: Affordable basic infrastructure	<b>Water and sanitation</b>
	SBP: Affordable basic infrastructure	<b>Mobility</b>
	SBP: Affordable basic infrastructure	<b>Digital infrastructure</b>
	SBP: Affordable basic infrastructure	<b>Urban development</b>
	SBP: Food security	<b>Food security</b>

## 2 Process for Project Evaluation and Selection

The process for identifying and selecting eligible loans is based on AFD and Proparco's internal governance, which deploys a series of ESG procedures throughout the "project cycle".

Each project is assessed according to the general exclusion grid specific to the activity in question.

AFD group has set up a Thematic Bond Oversight Committee (*Comité de Suivi des Obligations Thématiques COSOT*) responsible for the governance of the issuance framework. It will meet at least twice a year.

## 3 Management of Proceeds

The net proceeds of each SDG bond will constitute a portfolio of SDG bonds. An amount equivalent to the net proceeds of the SDG Bond portfolio will be backed by a portfolio of eligible loans. The Group will maintain a safety cushion to ensure that the net proceeds on SDG bonds never exceed those of the eligible loan portfolio. The Group will endeavour to allocate the net proceeds on bonds to eligible loans within one calendar year of the issue of each bond.

## 4 Reporting

AFD group undertakes to publish an annual report on its SDG bonds until their maturity. This report presents the allocation of the funds raised as well as environmental and social impact indicators. The allocation and impact report is reviewed and validated by the Thematic Bond Committee. This report is audited annually by an external auditor chosen by AFD group until the issues reach maturity. It is available to investors on the AFD group website.

AFD group has selected Moody's Investors Services to assess the transparency, governance and compliance of the SDG bond framework. The results of this evaluation are contained in a Second Party Opinion.

On the basis of this SDG bond issuance framework,  
AFD Group will be able to issue SDG bonds in several formats:



### CLIMATE BONDS

with 100% of the proceeds raised allocated to climate categories in line with AFD's previous climate bond framework



### SOCIAL BONDS

where 100% of the proceeds raised are allocated to social categories in accordance with the Social Bond Principles



### SUSTAINABLE BONDS

with 100% of the proceeds raised allocated to eligible categories defined in the Green Bond Principles and/or the Social Bond Principles



Find out more about the SDG bond framework and the characteristics of our issues in our investor page (<https://www.afd.fr/en/investors-page>).

<sup>1</sup> ESG: Environmental, social and governance



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## About AFD Group

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Agence Française de Développement (AFD) Group finances, supports and accelerates the transitions necessary for a more just and resilient world. It thus contributes to implementing France's policy on sustainable development and international solidarity. It is with and for communities that we build, with our partners, solutions in more than 160 countries, as well as in 11 French overseas departments and territories.

Our objective: To reconcile economic development with the preservation of common goods: the climate, biodiversity, peace, gender equality, education and health. Our teams are involved in more than 3,600 projects in the field, which are part of the commitment of France and the French people to fulfilling the Sustainable Development Goals. For a world in common.



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

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