

## The AFD Group's action in the Indo-Pacific

Since 2019, the AFD Group has been contributing to the implementation of France's strategy in the Indo-Pacific under the overall mandate of promoting global public goods. The Agence Française de Développement (AFD) established a road map in 2013 in line with the priorities of the French strategy. This road map combines a partnership approach (via technical and financial partnerships on the one hand and partnerships of influence and advocacy on the other) and thematic priorities (climate, biodiversity and oceans). Likewise, it promotes regional cooperation and the integration of overseas territories.

To address sustainable development issues in the Indo-Pacific, the AFD provides public finance in the form of sustainable and solidarity investments for projects and programmes impacting the climate (mitigation and adaptation) and biodiversity (conservation of land and sea ecosystems and ocean management). The AFD is working in 33 Indo-Pacific countries and in 6 overseas territories in the Indian and Pacific Oceans. Within the AFD Group, PROPARCO supports innovative projects conducted by the private sector and Expertise France and projects supported by the European Union and France.

### The AFD's contribution to implementing the Indo-Pacific strategy

The AFD Group's action addresses all the key areas of the French strategy for the Indo-Pacific:

**The development of sovereignty partnerships** The AFD Group's action in the Indo-Pacific accounts for a third of its annual commitments. On climate and biodiversity agendas that shape sustainable development policies of Indo-Pacific States and territories, the AFD estimates the co-benefits for the climate of the financed projects to be €7.9 billion, including €4.4 billion for mitigation and €3.5 billion for adaptation, of the total commitments of €13.8 billion over the 2019-2023 period, or 57%. The biodiversity co-benefits, steadily on the rise, are estimated to be €0.5 billion.

**Support for regional multilateralism** The AFD contributes to the initiatives conducted by regional organizations, including the Indian Ocean Rim Association (IORA) and the Indian Ocean Commission (IOC) for the Indian Ocean Basin, the Association of Southeast Asian Nations (ASEAN) for South-East Asia, the South Pacific Community (SPC) and the South Pacific Regional Environment Programme (SPREP) for the Pacific Basin. These initiatives concern biodiversity (KIWA in the Pacific, VARUNA in the Indian Ocean), the energy transition (energy interconnectivity), air quality and anti-pollution efforts, and health monitoring. Expertise France is implementing 151 regional projects in the Indo-Pacific amounting to €142 million from European resources (49%), the AFD (48%), and the Ministry for Europe and Foreign Affairs (2%). Expertise France is working on maritime and port safety and security, disaster risk reduction, climate change mitigation, biodiversity preservation and sustainable ocean management and lastly, sustainable finance development and digital transition support.

**Promotion of overseas communities** The AFD Group supports regional inclusion of overseas communities by sharing expertise and best practices in sustainable development in neighbouring countries that the overseas communities of the Indian Ocean and the Pacific have been implementing. The AFD Group also aims to build bridges between overseas territories, island countries and the major continental groupings of the Indo-Pacific region. It is one of the only government agencies that is working in the overseas communities and in various Indo-Pacific States. This singular positioning means it can provide comprehensive

responses to cross-border problems, which can only be solved regionally, such as strengthening the resilience of territories, to the effects of climate change in particular, and the protection of ecosystems.

**The contribution to the deployment of the European strategy** The AFD Group provides co-finance and technical assistance to the European Union's Global Gateway strategy and implements the Team Europe approach to coordination with the European Union and development banks of Member States. This is reflected in the co-financing of operations on flagship projects and the mobilization and implementation of delegated European funds.

### Flagship projects in the areas of climate and biodiversity

Strengthening the resilience of territories and populations in the Indo-Pacific region is at the core of the AFD's engagement. Through its global network, the AFD Group supports numerous projects and initiatives that contribute to the fight against climate change and the preservation of biodiversity.

For example, it has actively contributed to implementing the KIWA initiative led by France. With €75 million and supported by Australia, Canada, New Zealand and the EU, it aims to shore up biodiversity protection by using nature-based solutions to adapt to climate change. The AFD Group has also financed a conservation project in Assam, India, amounting to €56 million. This project includes technical cooperation with ONF International, a subsidiary of the French National Forestry Office, to support sustainable management of protected areas, through a sharing of expertise among directors of parks in India, France, South Africa and Zimbabwe.

Two projects to protect coastlines are also being conducted by the AFD Group in the Indo-Pacific. In Vietnam, €35 million, with an additional €2 million under the WARM initiative, are being mobilized to reinforce the coastline of the city of Hoi An. In India, €100 million has been earmarked to support the state of Kerala in flood risk management and optimal disaster preparedness.

In addition, France supports, within the G7 and through the AFD, the four just energy transition programmes (JETPs). Three of them are located in the Indo-Pacific: South Africa (€700 million), Indonesia and Vietnam (amounting to €500 million respectively).

### Structuring partnerships at the service of sustainable development with financial institutions of the region

The AFD Group helps forge new operational partnerships and alliances through official development bank networks, at the summits of the Climate Investment Funds (CIF) or the International Development Finance Club (ISFC).

More specifically in the Indo-Pacific, the AFD Group held a first conference of official development banks in the Indo-Pacific entitled Sustainable Finance in the Indo-Pacific, in 2022 in Paris in partnership with the Exim Bank of India. The second Sustainable Finance in the Indo-Pacific conference, co-organized with the Asian Development Bank in 2024 in Bangkok, focused on territories' resilience to climate change.

The AFD Group also has bilateral and multilateral partnership agreements with financial institutions in the Indo-Pacific: Development Bank of South Africa (DBSA, since 1995), Asian

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Development Bank (BAsD, 2003), Japan International Cooperation Agency (JICA, 2019) and the Asian International Investment Bank (AIIB, 2024). The AFD Group is preparing to sign a Memorandum of Understanding with the South Korean institutions, KEXIM and KOICA. Over the 2019-2025 period, AFD-BAsD co-financing will have amounted to \$11.4 billion (provisional data) in total, with \$3.5 billion for the AFD and \$7.9 billion for the BAsD, with a knock-on effect of AFD financing that has more than doubled to the benefit of its clients. The Indo-Pacific presents considerable opportunities in the format of Groupe AFD-PROPARCO and Expertise France, in synergy with its partners.