



SUPPORTING
SUSTAINABLE DEVELOPMENT

AFD's offer to SOEs
(STATE-OWNED ENTERPRISES)





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€12.1 billion
committed in 2020



more than
65%
of our funding has
a **climate** co-benefit in Asia



3,000
employees



more than
800
finance commitments
each year: loans, grants,
guarantees...



Co-financing partnership

agreements with major actors, such as the European Union, the Asian Development Bank, the World Bank, the China Development Bank...

AFD's approach with State-Owned Enterprises (SOE)

Why does AFD have a specific focus on SOEs?

- SOEs play a key role in the access to public services and implementation of public policies especially in sectors related to infrastructure such as energy, water and transport.
- The weight of SOEs in the economy is important in terms of such things as employment, investment and revenues. And the impact on public finance can be significant and justify specific support and attention.
- SOEs have a catalytic role in mobilising and leveraging private sector.

Our global approach

SUPPORT STATES ON SUPERVISION AND DIALOGUE WITH SOEs

Strengthening the role of the State as a shareholder, a strategic partner and a regulator

SUPPORT ON IMPROVEMENT OF SOEs' GOVERNANCE

Strengthening internal efficiency and processes (control and decision-making) to improve the enterprises' autonomy and performance (financial, commercial, HR)

PROVIDING DIRECT FINANCING TO SOEs

Adapting the financing offer to economic maturity of SOEs and each country's constraints

A mandate to address climate change

A long-standing support



168 SOEs supported, for over
€14 bn in funding

OUR PRODUCTS FOR STATE OWNED-ENTERPRISES



SOVEREIGN FINANCING

- Public Policy Loans to support reform of SOEs or SOEs in a specific sector
- Loans to SOEs with State guarantees



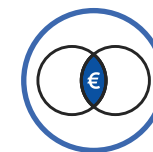
NON-SOVEREIGN FINANCING

- Direct loans to SOEs without the State guarantees
- Subscription of Green Bonds issued by SOEs (private placement)
- Loans to finance either a specific investment or an investment programme
- Helping SOEs to reinforce their financial autonomy and sustainability and limit States' indebtedness and supplement their financial efforts



SUBSIDIES AND GRANTS

- Technical assistance/subsidies to improve governance and financial autonomy
- Technical assistance to support State reforms or SOE governance
- Investment grant to enable project profitability

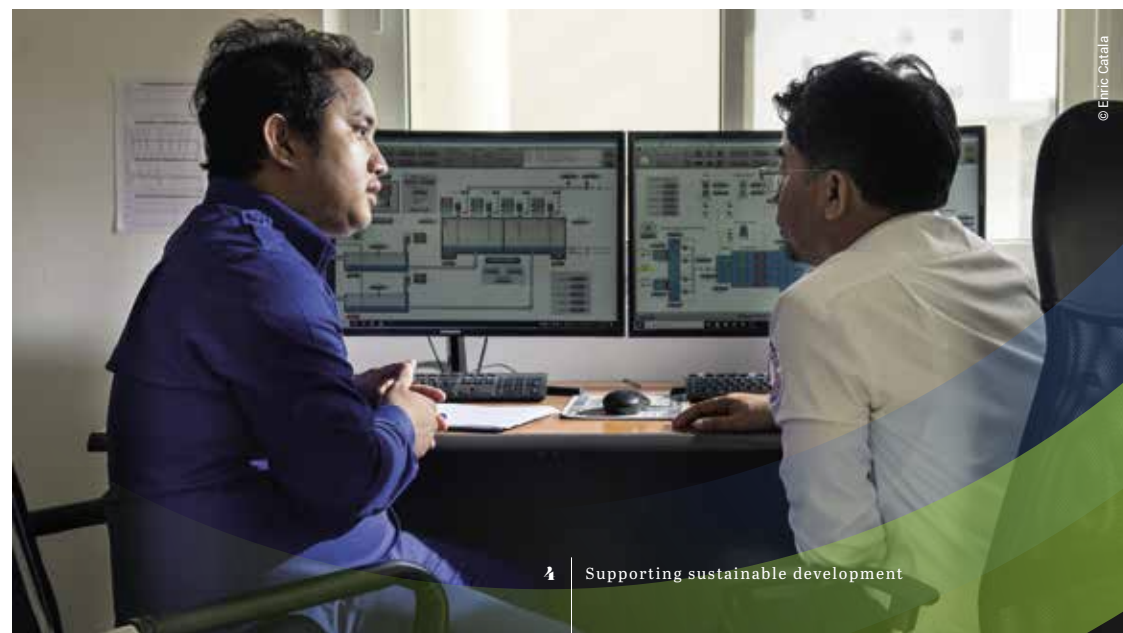


GUARANTEES

- Mobilisation of new resources for achieving sustainable development goals by catalysing private investments and private savings
- Public Payment Guarantee covering private investors against the risk of public entities' non-performance of their contractual obligations in a specific project, either in the form of a sovereign or non-sovereign guarantee

MAIN FINANCING TERMS

Loans amount	Currency	Maturity
10,000,000 to 200,000,000	€ / \$	up to 20 years, including a grace period of up to 5 years



INDONESIA



Improving the efficiency and reliability of the electricity system

AFD's support for PLN

Electricity consumption has increased steadily in Indonesia in recent decades and is expected to continue to grow under current energy and climate policies, while the government is facing the dilemma of providing affordable electricity and investing in renewable energy and phasing out of coal power. In this context, AFD has been supporting PLN (Perusahaan Listrik Negara–National Electricity Company), the national electricity operator in Indonesia for the last 10 years through long-term financing and technical assistance. Starting with a project in Java and Bali for improving the efficiency and reliability of power distribution networks in 2010 in cofinancing with ADB, AFD has pursued its support for PLN through different projects' financing, aiming at improving the efficiency and reliability of the electricity system in Java and Kalimantan. In addition to our project financing for PLN, AFD provided several grants dedicated to project appraisals, preparation, and knowledge sharing.



€100M non-sovereign loan
US\$120M sovereign loan



Financing of **5 projects** for the transportation and distribution networks



€2M of technical assistance



Cooperation for more than **10 years**

"Given our climate mandate in Indonesia, AFD supports PLN through loans and technical assistance to support Indonesia's transition to a greener energy mix while strengthening its financial sustainability. As one of the biggest power utilities in the world and the only electricity operator in the country, with a monopoly in the energy supply market, PLN is an important partner for AFD and a crucial player in reducing the country's carbon footprint."

AFD agency in Jakarta

VIETNAM



Promoting the development of renewable energies

AFD's support for EVN

AFD is a partner with the national electricity operator in Vietnam, EVN, in a long-standing relationship that started 20 years ago, and which has enabled and reinforced the deployment of renewable energy projects. Vietnam's economic development, combined with a sharp rise in population is causing a significant increase in demand for electricity per year. AFD is supporting the authorities in promoting the development of renewable energies in particular by responding to Vietnam's electricity need with hydropower and improving electricity interconnection, grid stability and efficiency in the country. AFD is also contributing to the building of EVN's capacity in HSE (Health, Safety and Environment) issues, and on specific technical points.



€200M non-sovereign loan
€134M sovereign loan



Financing of **8 projects** in renewable energy and electricity interconnection



€2.7M of technical assistance



Cooperation for more than **20 years**

"AFD's support is diverse: in addition to financing projects since the (early) 2000s, which have helped implement the Vietnamese government's energy transition strategy, AFD also supports our restructuring and growth. We have received technical assistance to improve our capacity to prepare and implement projects but also to better meet the requirements of international actors."

Dinh Quang Tri
Vice-President of Vietnam Electricity (EVN)

CAMBODIA

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Improving access to water

AFD's support for PPWSA

In the water supply sector, everybody knows the story of the Phnom Penh Water Supply Authority (PPWSA) and the dramatic turnaround that it made in the 1990s and 2000s, leading extensive institutional reforms and implementing an ambitious investment plan to become an international exemplar in terms of technical and commercial performance. Today, PPWSA provides to its 400,000 customers a remarkable water supply service in terms of continuity, water quality and accessibility. AFD is a significant part of this story, having provided over the years almost 47% of PPWSA's project financing. The current ongoing project, the Bakheng Water Supply Project, aims at building in Phnom Penh the biggest water treatment plant in Cambodia and expanding transmission and distribution network to reach 100% service coverage in Phnom Penh.



€57M non-sovereign loan
€207M sovereign loan



Financing of **7 projects** in distribution network and drinking water production



€4M of technical assistance



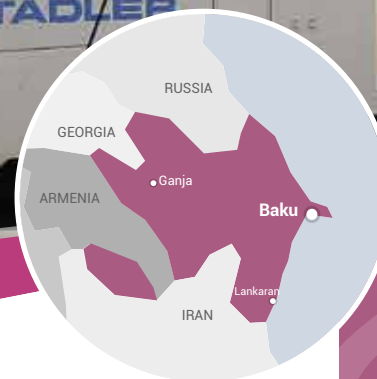
Cooperation for more than **15 years**

"We are very happy with AFD's support. It has been accompanying us for more than 15 years to meet the growing demand for water in Phnom Penh, increase drinking water production capacity, and expand the city's distribution network. It also provided us with technical assistance to enhance our operational performance, strengthen our financial management and develop our social policy."

Pheng Ty
Director of the production and distribution department at PPWSA

AZERBAÏDJAN

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Renovating the train networks

AFD's support for ADY

Azerbaijan is located at the crossroads of several international corridors, and is a natural bridge between Europe, Central Asia and the Middle East, with more than 2,000 km of rail lines. The railway infrastructure and rolling stock inherited from the Soviet era are 40 years old on average, which poses risks to safety, and hampers the sector's energy performance and competitiveness.



The authorities have decided to develop an ambitious program to modernise its rail infrastructure and started a long-term cooperation with AFD in order to support ADY, the national railway company. Three financing arrangements for a total amount of €273 M have been granted to ADY since 2016 to renew the infrastructure (maintenance workshops), upgrade 167 km of railway tracks and restructure commercial loans, in order to improve its average debt interest and financial ratios. On top of this financing, AFD has also supported ADY's institutional and operational reform through technical assistance programs to improve the operational management of the company and help ADY to become more viable financially and economically.



€273M sovereign loan
€7M technical assistance grant



Financing of **2 projects** for workshop maintenance and corridor upgrade



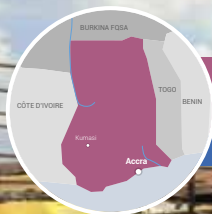
Restructuring of commercial debts



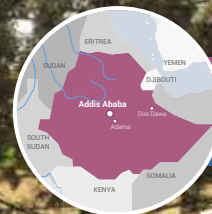
Cooperation since **2016**

"Modernisation of Azerbaijani's railway to make it part of a more competitive and sustainable sector is strategically important to open up the country, so it can fully play its role as a transit hub. AFD's long-term collaboration has helped make ADY an efficient and economically viable public company through technical assistance, capacity building and financial support."

AFD agency in Tbilisi



GHANA



ETHIOPIA

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€5M Grant



€85M Programmatic Budget Loan
€15M Grant

Reforming the public enterprises oversight system

AFD's support

Public enterprises play a substantial role in the Ghanaian economy but their deficiencies in terms of governance have affected their financial results, generating a budgetary burden for the State and public indebtedness. To address these challenges, authorities have launched a series of reforms of the public enterprises oversight system.

AFD has supported these reforms by enabling the effective implementation of the new mechanisms developed by the national government to consolidate oversight and to promote good corporate governance of SOEs, and other state entities. The project is composed of three “thematic” components and one “crosscutting” component: support policy/regulatory orientations, operationalization of SOE centralised oversight at macro and micro levels, project management and coordination of actions.

The project went beyond a strictly financial assessment of performance and progressively tackled challenges related to sustainable development (environmental, social, gender) in the evaluation framework and in the management of the performance of SOEs.

Supporting economic reforms and better governance

AFD's support

The Ethiopian economy has experienced a period of strong growth in recent decades but the slowdown observed in recent years confirms the need to accelerate the structural transformation of the economy and for better governance of public companies.

Through a programmatic budget loan of €85 M, AFD has supported the implementation of homegrown-economic reforms focused on maximising finance in the energy sector, the logistics sector, the telecommunications sector and through the support to the development of PPPs. The loan was complemented by a grant of €15 M which has supported the emergence of sustainable PPP projects, provided capacity development of SOE governance reforms and supported a broader economic reform agenda.

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