



DEVELOPMENT CO-OPERATION TIPS TOOLS INSIGHTS PRACTICES

In practice

A MECHANISM TO PROMOTE TRADE-OFFS AND SYNERGIES: AFD'S SUSTAINABLE DEVELOPMENT MECHANISM

Key messages

The [sustainable development analysis and opinion mechanism](#) is central to AFD's approach to ensure the impact on sustainable development across its projects at an early stage. This tool makes it possible to rate, *ex ante* and independently, projects on several dimensions, encouraging dialogue between teams and the reinforcement of a culture of sustainable development within AFD.

Keywords

[Environment and climate](#) | [Evaluation systems](#) | [Policy coherence](#)

Key partner

[France](#)

Challenge

To implement the Agenda 2030 and achieve the Sustainable Development Goals (SDGs), development co-operation must maximise synergies between the SDGs and resolve any tensions that may exist between them. At present, there are over 200 methodologies to guide the financing of sustainable development and efforts are underway to align this finance with the Paris Agreement, while ensuring that it is compatible with a socially just future. AFD's [Sustainable Development Analysis and Opinion Mechanism](#), introduced in 2014, is an *ex ante* project analysis tool aimed at guiding projects towards greater sustainability. It is a good example of how to ensure that financing for development is aligned with the SDGs.

Approach

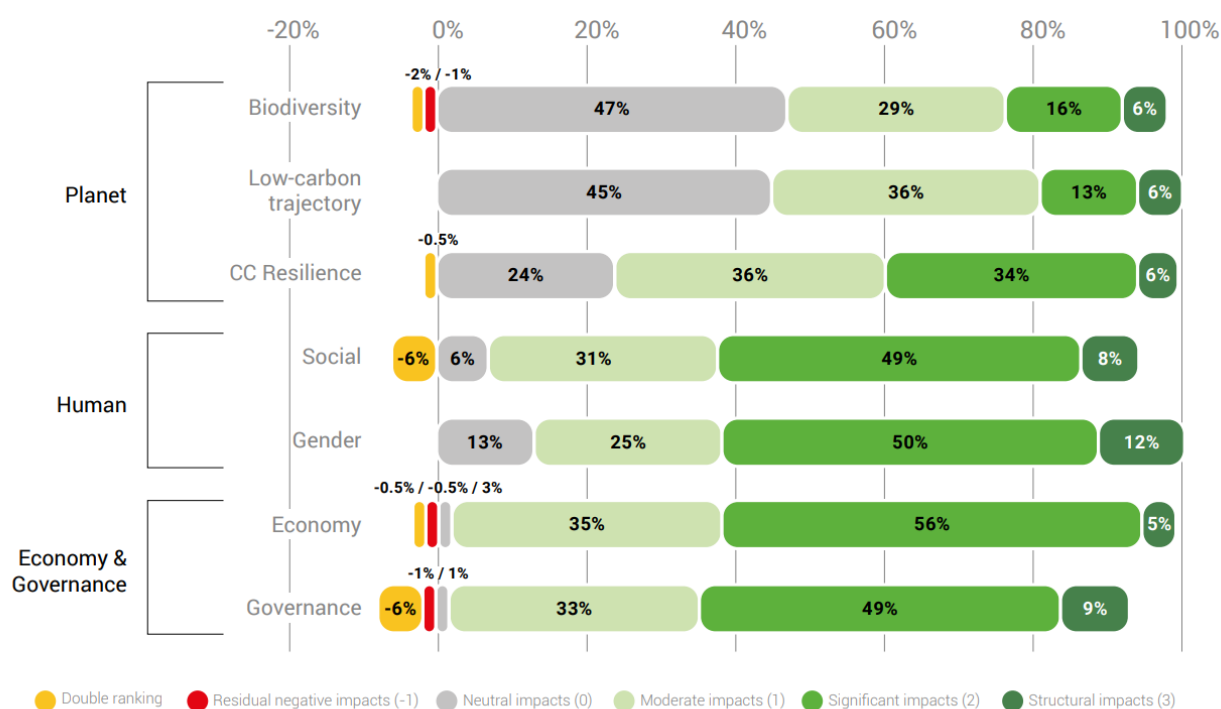
The sustainable development mechanism is a tool for dialogue in AFD's financing appraisal – internally and with partners – and an impact analysis process. Its aim is to ensure that impacts of projects on sustainable development are considered as early as possible. The mechanism is designed to evolve over time and the sustainable development grids are gradually revised and strengthened. Since its creation, the mechanism

has undergone two methodological reviews, to align with the AFD Group's new ambitions and strategic orientations.

The mechanism includes:

- o A [systematic analysis](#) of the expected impacts of projects on each of the six dimensions of sustainable development: biodiversity, climate, social ties, gender, governance and economy. The climate dimension is divided into two parts, "contribution to the low carbon trajectory" and "resilience to climate change", to take into account both the mitigation and adaptation challenges of a project, in line with the Paris Agreement.
- o The production of a "[sustainable development opinion](#)" issued by an independent body, with a view to informing the decisions of AFD's governing bodies. Projects are rated based on a scale ranging from -2 (significant negative impacts) to +3 (structuring positive impacts) on all six dimensions. If a programme at risk of harming any of the dimensions, it is given a negative rating which may lead to a "reserved" or "negative" opinion for review by the Board of Directors. The idea behind this procedure is to push for additional actions during the appraisal process to avoid negative impacts and promote positive impacts.

ALLOCATION OF SUSTAINABLE DEVELOPMENT RATINGS PER ASPECT (SHARE OF PROJECTS)



Source : Corporate social responsibility and activity report 2023 – 2022 data.

Results

- o **This mechanism has made it possible to steer projects towards greater sustainability from the design phase.** In 2022, 216 opinions were issued, representing a volume of EUR 8.2 billion: 67% of opinions were favourable compared to 60% in 2021; while only 4% reserved. The analysis of opinions

issued between 2018 and 2022 shows strong progress on the issues of biodiversity, climate and the reduction of gender inequalities.

- **These analyses and opinions inform internal capitalisation.** These capitalisation efforts have enabled AFD to take stock of the main sustainable development issues at the level of a sector or a region, and to reflect on solutions to better meet local sustainable development challenges.
- **The dual approach enabled AFD staff to take ownership of the organisation's priorities and approach to sustainable development.** The evaluation of gender mainstreaming in AFD projects confirms that this tool is useful for integrating strategic orientations into the organisation's culture.
- **The ratings are used for reporting and accountability purposes,** which provides a strong incentive to make the best use of analysis grids. For the dimensions of biodiversity, gender and governance, the rating scale corresponds to the markers defined by the OECD's Development Assistance Committee (DAC).

AFD is planning to review this instrument in 2024. The results and lessons learnt will be updated once this review is completed.

Lessons learnt

- **The independence of AFD's Sustainable Development Advisory Unit has been key to support this change, as has training, capitalisation of knowledge, and the dissemination of good practices and lessons learnt.** All these elements have helped AFD staff to better take into account sustainable development in their projects, allowing them to develop a culture of sustainable development within the organisation.
- **Such a system fosters internal knowledge and learning and makes it possible to identify controversies on which AFD needs to position itself.** For example, following a reserved opinion on a project using biomass as a source of energy production, AFD has clarified its intervention doctrine to define the conditions under which biomass can or cannot be considered as a source of sustainable energy production.
- **Expand this system and use it as a steering tool to improve sustainability.** The sustainable analysis framework has been expanded to the entire AFD Group, including its subsidiaries Proparco and Expertise France. Further improvements to strengthen the mechanism and develop a sustainable development culture within AFD will deepen and promote its use as a steering tool to strengthen synergies between the SDGs, maximise AFD's positive contributions and avoid negative impacts. Since 2023, the mechanism is also required on completion of projects, which will help close the loop between *ex ante* analysis and field achievements.

Further information

AFD (2023), The Sustainable Development Analysis and Opinion Mechanism, <https://www.afd.fr/en/sustainable-development-analysis-opinion-mechanism>.

AFD (2022), The Sustainable Development Analysis Grids, <https://www.afd.fr/en/ressources/sustainable-development-analysis-grids>.

OECD resources

OECD (2024), *OECD Development Co-operation Peer Reviews: France 2024*, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris, [forthcoming].

To learn more about France's development co-operation, see:

OECD, "France", in *Development Co-operation Profiles*, <https://doi.org/10.1787/29927d90-en>.

See more *In Practice* examples from France here: <https://www.oecd.org/development-cooperation-learning/?tag-key+partner=france#search>.

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