

# **AFD Sustainability and Climate Finance Standards (seed)**

## **Purpose**

Sustainability and climate finance reference for AFD proposal design. Not an official document.

## **Sustainability requirements**

**AFD requires projects to demonstrate sustainability across three dimensions:**

### **1. Institutional sustainability**

- The project's outputs should be embedded in national or local institutions.
- Government counterpart must demonstrate ownership and commitment.
- Regulatory or policy framework must support continuation.
- Capacity of local institutions to manage and maintain project results.

### **2. Financial sustainability**

- Recurrent costs of maintaining outputs must be covered post-project.
- Municipal projects must show path to own-source revenue coverage.
- Social tariff mechanisms for water and energy must be viable.
- Domestic financing (national budget, local government) should be progressively substituted.

### **3. Environmental sustainability**

- Projects must not create negative environmental externalities.
- Environmental and Social Impact Assessments (ESIA) required for infrastructure.
- Climate resilience of infrastructure (design standards adapted to future climate scenarios).
- No-net-deforestation commitment for land-use-affecting projects.

## **AFD climate finance standards**

AFD is a major climate finance institution (over €5 billion/year to climate).

**Projects must be classified using the Rio Markers system:**

- Mitigation marker: for projects reducing GHG emissions.
- Adaptation marker: for projects reducing vulnerability to climate impacts.

Projects can hold both markers simultaneously.

## **Climate finance eligibility criteria:**

- Mitigation: renewable energy, energy efficiency, sustainable transport, REDD+ forestry, low-carbon agriculture.
- Adaptation: climate-resilient infrastructure, early warning systems, climate-smart agriculture, coastal protection.

## **Indicator standards for climate outcomes**

- GHG tonnes avoided (mitigation projects): specify emission factor source.
- Number of people with improved climate resilience (adaptation projects): specify baseline exposure.
- Hectares under sustainable land management.
- Megawatts of renewable capacity installed.

All climate indicators must be disaggregated by sex where beneficiary-level data is collected.

## **Gender and climate nexus**

### **AFD requires analysis of gender-differentiated climate vulnerability:**

- Women typically have less access to climate information, finance, and inputs.
- Agricultural adaptation measures must address women's land rights and extension access.
- Urban adaptation must consider women's mobility constraints and safety.
- WASH improvements have disproportionate time-saving benefits for women and girls.