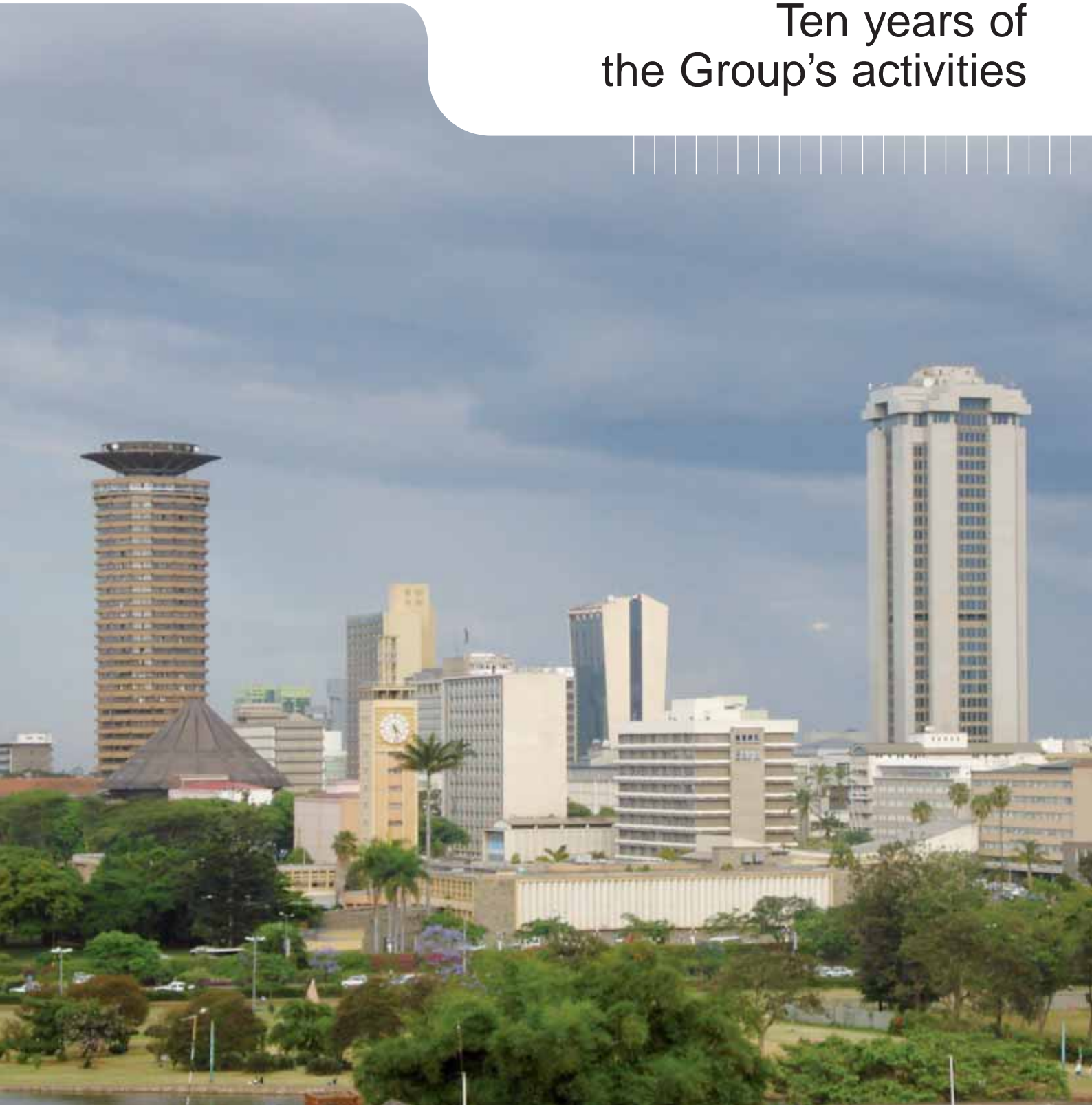


# AFD IN EAST AFRICA

Ten years of  
the Group's activities

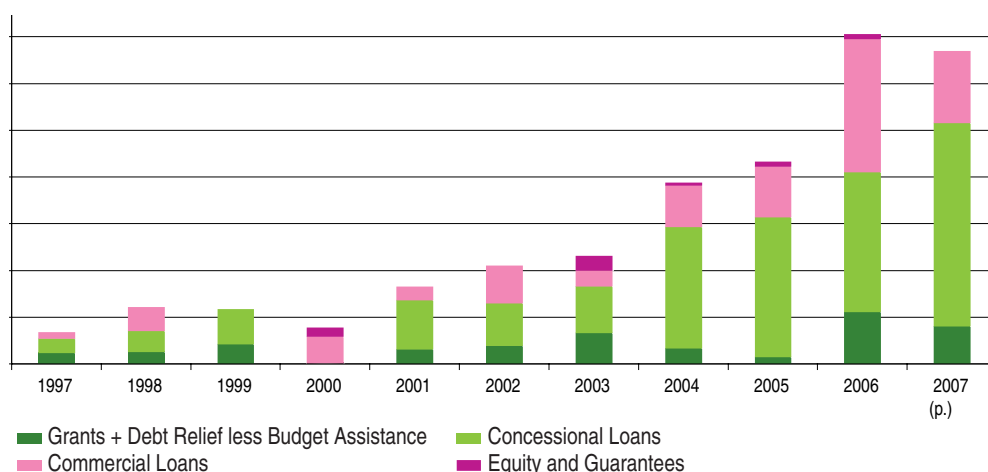


# 10 YEARS OF THE GROUP'S ACTIVITIES IN EAST AFRICA

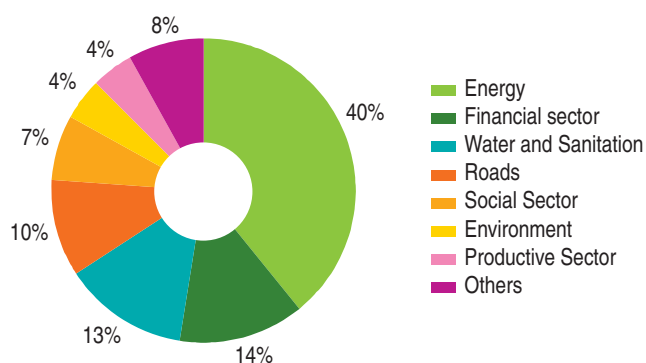
The activities of the AFD Group in East Africa commenced in 1995 with the establishment of its private sector subsidiary PROPARCO in Nairobi. AFD then established itself in 1997, having a regional mandate with responsibility for five countries which today form the East African Community (Burundi, Kenya, Rwanda, Tanzania and Uganda).

The regional office covers a zone with diverse characteristics, ranging between countries emerging from conflict, to least developed countries and pre-emerging economies. As a result, the intervention modalities are varied. They are based in the first instance on a sector focus negotiated in each country between the French Government and the partner Government. Similarly, a range of financial instruments is available (grants, concessional loans, direct commercial loans or through an intermediary, equity participation and guarantees) in order to better respond to the context and requirements of the different partners. The beneficiaries of the AFD Group financing are mainly States, parastatals, and sometimes NGOs, but also as is the case for PROPARCO, credit institutions, private companies, and investment funds.

## Annual Commitments of the AFD Group



## Sectoral Commitments in the East African Region by the AFD Group



## The impact of AFD completed and ongoing projects in Kenya

- 1 million people benefiting from improved water supply
- 700,000 people benefiting from improved health services
- 400 000 people connected to electricity
- 80,000 clients of microfinance institutions
- 1,500 km of rural roads rehabilitated
- 4,000 km<sup>2</sup> of protected areas and 300 km<sup>2</sup> of forest
- 45 companies benefiting from PROPARCO



# KENYA

## At the crossroads between the Millennium Development Goals and Global Public Goods

In Kenya, the total amount of AFD commitments since 1997 amount to 278M€. The priority sectors of intervention are water and sanitation, infrastructure (energy, roads) and environmental conservation.

The towns of Kandara, Kahuti, Litein, Siaya in the West of the country thus benefited from investments financed by AFD for improving water and sanitation services. Today AFD is working with the Water Service Boards of Kisumu, Nairobi and soon Mombasa. With a portfolio of ongoing and completed projects amounting to 72M€ (105M€ in 2008), AFD is one of the key development partners in the water sector and therefore plays a central role in the coordination of development partners in Kenya, supporting the establishment of a sector wide approach (SWAp). Furthermore, AFD is also financing a programme for the management of solid waste in the towns of Nakuru and Mombasa (17M€).



Rural electrification works

AFD is supporting the Kenyan Government in all segments of the energy sector, providing financing to the Government and private companies (through PROPARCO). The Group is committed, through all its financing instruments (concessional or commercial loans), in the financing of major electricity generation infrastructure (Kipevu, Olkaria), in distribution (rehabilitation of the networks in Nairobi and Mombasa) and transport (inter-connection between Mombasa and Nairobi). In rural areas, two electrification projects are underway, covering 6 Provinces. Given the Group's commitments of 130M€ in 2006 and 210M€ expected at the end of 2007, AFD is the lead development partner in the sector and is responsible for coordinating development partner activities with the Government priorities.

AFD is supporting the roads sector with a portfolio amounting to 57M€: rehabilitation of roads following El Nino; rehabilitation of the Maai Mahiu – Narok road, rehabilitation of rural roads in Central Province. AFD is also involved in the microfinance sector and is providing support to the implementation of funds from the Global Fund for HIV, Tuberculosis and Malaria in Kenya.

AFD is active in the protection of ecosystems and biodiversity in Kenya, through a number of key projects:

- Rehabilitation in partnership with the Kenya Wildlife Service of the Meru National Park, previously a jewel of biodiversity. Notably, AFD has financed the translocation of more than 4,000 animals.
- The reforestation of the Aberdare Ranges with the Green Belt Movement, the NGO founded by the Nobel Peace Prize winner Professor Wangari Maathai, which will facilitate the reforestation of more than 2,000 hectares by women's groups.
- Protection of the Tana River basin in partnership with the electricity generating company KenGen.



Tree nursery managed by Green Belt Movement

eted or  
a:

proved electricity service  
proved water and sanitation services  
ity in rural areas  
tions  
impacting on more than 1.5 million people  
,000 people benefiting from these projects  
ARCO interventions

Since 1995, PROPARCO has commitments totalling 143M\$ in support of small and medium enterprises: direct loans to companies, or credit lines to commercial banks. Barclays Kenya and local private banks (NIC Bank, I&M Bank), have benefited from long term lines of credit, subordinated debt or equity participation. PROPARCO is also financing the agro industry (tea, confectionaries), handling at the port of Mombasa and is currently preparing a project for financing an electricity co-generation plant.

# BURUNDI

## Focus on Education

Following 10 years of conflict in Burundi, AFD resumed its activities in the country in 2002 in form of budget support on behalf of the French Government. Between 2002 and 2007, five grants have been approved amounting to 12.5M€. The political stability allowed AFD to restart its direct financing activities in 2006 and reopen an office at the beginning of 2007.



Equipment at the National Education Printers

The French and Burundian authorities selected education as a focus sector for AFD support, in line with the objective of achieving universal primary education by 2015.

A first grant of 1.5M€ was approved in 2006 within the framework of the Government's emergency programme. It facilitated a significant increase in the capacity of the National Education Printers to produce text books, thus contributing to achieving the objective of one text book per subject and per student for primary education. The project targets one and a half million primary school students per year.

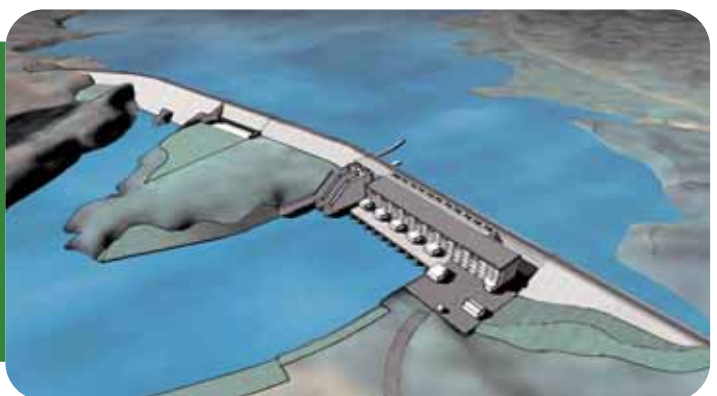
AFD is also supporting the implementation of the national sector Development Plan for Education and Training. In this respect, AFD co-financed with the British development cooperation, a feasibility study for a pooled fund for education and then approved in 2007, a 10M€ grant for this Fund, which will become a catalyst for attracting external resources in support of the national educational strategy.

# UGANDA

## Responding to basic needs through a combination of financial tools

The first interventions of AFD in Uganda financed water and sanitation projects in Kampala and 10 secondary towns through grants. The Group now seeks to combine its financial instruments (AFD through concessional loans and grants, PROPARCO) to increase the level of its interventions in the provision of basic services (energy, water and sanitation).

The Bujagali dam which will enhance Uganda's capacity to generate electricity by 50%, is an example of this strategy. The AFD Group will provide 73M\$ (10% of cost of the project), comprising a concessional loan of 13M\$ for financing measures to mitigate the social and environmental impacts of the dam. This project is managed by the *Aga Khan Fund for Economic Development*.



Bujagali Hydro-electric Project

AFD is preparing a project combining a concessional loan and a grant (12M€) for a public water utility which supplies the towns of Kampala and Jinja. Finally, AFD manages on behalf of the French Government a Debt and Relief Development Agreement amounting to 12.3M€, allocated to the health sector in form of sector budget support.

Other than the Bujagali project, PROPARCO is also involved in the mobile telephone sector, through a syndicated financing and the hotel sector through its financing of Serena Kampala of the *Aga Khan Fund for Economic Development*. PROPARCO has also extended lines of credit to private credit institutions such as Barclays Uganda and DFCU Ltd. Total commitments of PROPARCO in Uganda amount to 109M\$.

## RWANDA

Consultations were held in 2006 between the French and Rwandese authorities on the resumption of AFD financing in Rwanda. At the opportune moment, the financing could be focused on the health sector.

## TANZANIA

### Participating in poverty reduction objectives ("Mkukuta")

The Agence Française de Développement commenced its activities in Tanzania in 1993 with its subsidiary PROPARCO. From 1997, AFD developed a portfolio of diverse activities in the country (energy, rural markets, water and sanitation...) which have today reached 37M€ in commitments in form of grants.

In conformity with the strategy of the Tanzanian Government, AFD has progressively aligned its interventions with sector wide approaches. In February 2007 AFD signed together with the national authorities and development partners, a Memorandum of Understanding (MoU) on harmonisation in the water and sanitation sector.



Rural market of Kibaigwa

The focus areas of AFD in Tanzania are water and sanitation, to which can be added the support to the education sector through the Debt Relief and Development Agreement and tourism, with the construction of the National College of Tourism. The latter project will facilitate the training of 188 students per year (2 year curriculum).

The total volume of PROPARCO commitments since inception have reached 40M\$, to which should be added a participation in the mining investment fund African Lion Ltd. The financing has benefited SMEs in the tea industry as well as the banking sector (Barclays Tanzania, Exim Bank), the financial intermediaries for SMEs. In addition, AFD is considering providing support to the private sector and public utilities through direct loans, as well as its loan guarantee scheme known as ARIZ.

The Group's publications are available on the web site [www.afd.fr](http://www.afd.fr).  
For example:

#### ■ Key players' views



E.g. : Sustainable Development of Biodiversity

#### ■ Geographical and sectoral brochures



E.g. : AFD and Urban Development

#### ■ Annual report





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The Agence Française de Développement is a public institution pursuing one objective: financing development. A specialised financial institution, the Agence finances on five continents -with priority given to Africa, which represents two thirds of its commitments- social and economic projects executed by public authorities, parastatals or the private sector and civil society organisations.

These projects are in the area of urban development, infrastructure, rural development, industry, financial systems, protection of the environment as well as education and health.

The Agence's interventions are within the framework of the Millennium Development Goals and are at the crossroads with objectives of economic growth, poverty reduction and environment. Sustainable development is the basis of AFD's strategy. AFD develops financial and intellectual partnerships with other development partners and contributes in collaboration with the French Government to the development of public policies and promoting bilateral relations.

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FRANÇAISE DE  
DÉVELOPPEMENT



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