

FINANCING APPROVALS

For 2014-2016, AFD's decision-making bodies approved an annual average of EUR 933m of financing for the water and sanitation sector:

EUR 878m in foreign countries (for an annual target of EUR 700m), including EUR 440m for Sub-Saharan Africa, EUR 257m for the Asia and Latin America regions and EUR 180m for the Mediterranean region.

EUR 55m in the French overseas territories (for an annual target of EUR 50m).

The sector benefited from EUR 1.2bn in 2016

2016 saw a marked increase of over 30% in the volume of financing approvals compared to 2015 : **EUR 1.192bn in foreign countries** and **EUR 52m in the French overseas territories**.

While most geographical areas benefited from this growth in 2016, approvals in the Sub-Saharan Africa region largely exceeded the annual target of EUR 350m, at EUR 858m.

Expected project outcomes

On annual average, the financing approved by AFD in foreign countries between 2014 and 2016 will:



Provide sustainable access to drinking water for **2.5 million people**



Provide sustainable access to sanitation for **50, 000 people**



Improve the quality of the drinking water supply system for **10 million people**



Improve the quality of the sanitation system for **2.2 million people**

In 2016, projects in Tunisia, Ecuador, Jordan and Senegal are the main contributors to improving the quality of drinking water supply systems. Projects in Morocco, Madagascar and Egypt will contribute to improving the quality of the sanitation system.

Portfolio mainly made up of loans

Annual average of EUR 840m of loans

There has been a sharp increase in loan amounts, which account for 90% of approvals. In foreign countries, sovereign loans (64% of which are concessional) continue to predominate (94%) compared to non-sovereign loans (6%).

Annual average of EUR 95m of grants

The increase in grants over the period is related to the rise in French Government grants and fund delegations from the European Union (average of EUR 20m and EUR 45m, respectively). This offsets the decline in financing from France's Debt-Reduction Development Contract – C2D (average of EUR 30m). French Government grants mainly benefit Sub-Saharan Africa (the Priority Poor Countries* received 58% of French Government grants for the sector).

Jordan : Improving access to water and sanitation for host and refugee communities in the North

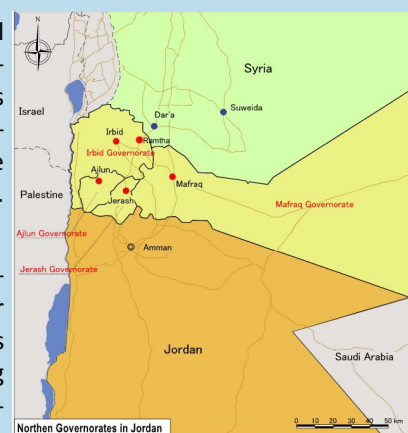
The water sector is of strategic importance in **Jordan**, where water resources are extremely scarce faced with sharply growing demand compounded by the massive influx of Syrian refugees.

This EUR 144m project financed by AFD (EUR 32m loan and EUR 40m EU delegation) and KfW will improve, *via* an integrated approach, drinking water distribution and wastewater collection for 1.2 million residents in the cities of Irbid and Ramtha in the North of the country.

The project combines infrastructure, institutional support to the operator, and a major social component, entrusted to the consortium of the NGO Action Against Hunger (ACF) and Norwegian Refugee Council (NRC).

This component will target the most vulnerable households among Jordanian communities and refugee populations, *i.e.* 70,000 people.

It plans to handle access to drinking water and conduct actions for awareness-raising and access to employment.



* Benin, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Djibouti, DRC, Ghana, Guinea Conakry, Ethiopia, Madagascar, Mali, Mauritania, Niger, Senegal, Togo.

BREAKDOWN OF APPROVALS BY STRATEGIC AREA

Support for the definition of clear, effective and inclusive sectoral frameworks 5 % of financing and 41 % of projects

This mainly involves institutional support, which is therefore less costly than infrastructure. Only the support provided at national or sectoral level is counted in this strategic area. Consequently, actions to strengthen the capacities of contracting authorities or operators are not taken into account when they are confined to the scope of the project. 75% of projects approved in 2016 provide for capacity building actions.

Provide access to efficient and sustainable services for all 80 % of financing

The implementation of a high-quality service for all is the social pillar of the strategy and the main area of AFD's operations in the water and sanitation sector.

Preserve water resources in a context of increased climate change 9 % of financing

Wastewater treatment accounted for 83% of financing in this area in 2016, the main contribution being the Egyptian project in East Alexandria.

Manage flood risk in a context of increased climate variability 6 % of financing

Two flood control projects in Madagascar and Togo will secure living conditions for 760,000 people living in precarious neighborhoods.

CLIMATE CHANGE - Financing an integrated sanitation program in Greater Antananarivo in Madagascar



Greater Antananarivo is located in the alluvial plain of the Ikopa River. Flooding systematically occurs during the rainy season, which affects about a third of the city's surface area (700,000 people are currently living in a flood-prone area). Population and economic pressure lead to an increase in the development of makeshift housing and rising squalor. Consequently, the city faces intense hydraulic constraints for stormwater and wastewater management, with a risk of river flooding.

The integrated sanitation program in Antananarivo will improve health and living conditions for the populations concerned, by assisting local authorities in preventing risks of flooding, exacerbated by climate change, and improving the sanitation network.

AFD is financing the program with a EUR 22m loan and EUR 6m grant (French Government grant and fund delegation from the European Union).

In 2016, 10 projects in the sector, amounting to EUR 393m, contributed to adaptation to the impacts of climate change.



NUTRITION - Developing a simplified drinking water supply network in the Eastern region of Burkina Faso



Waterborne diseases make a significant contribution to worsening the nutritional status of populations, which calls for an approach taking into account access to high-quality food, but also to water and health services.

In the Eastern region of Burkina Faso, which is hard hit by chronic malnutrition, AFD is financing a program to support food security, launched in 2014, and a drinking water supply project, launched in 2016.

The latter project, which is being financed by a EUR 13m grant, aims to sustainably improve access to drinking

water for 254,000 people via the construction/rehabilitation of 30 mini-networks equipped with standpipes and 80 boreholes in the most remote areas, and support the structuring of service operators.



2016 REVIEW AND MID-TERM AVERAGE OF THE MONITORING INDICATORS FOR THE STRATEGY

In its sectoral strategy, AFD has set several quantified average annual targets for 2014-2018. Those which are not achieved will be subject to special efforts by AFD in the coming years.

Indicators		2014-2018 Target	2016 Value		2014-2016 Average	
Resources implemented Geographical breakdown	Financing approvals in foreign countries	EUR 700m a year	EUR 1,192m	✓	EUR 878m	✓
	<i>including Sub-Saharan Africa</i>	EUR 350m	EUR 858m	✓	EUR 441m	✓
	<i>including the Mediterranean region</i>	EUR 100m	EUR 226m	✓	EUR 179m	✓
	<i>including Asia and Latin America</i>	EUR 250m	EUR 105m	✗	EUR 257m	✓
	Financing approvals in overseas France	EUR 50m a year	EUR 52m	✓	EUR 55m	✓
Resources implemented Project content	Amount of projects with climate co-benefits	EUR 250m a year	EUR 393m	✓	EUR 352m	✓
	Share of projects with capacity building component	80 %	75 %	✗	85 %	✓
	Share of projects with hygiene awareness-raising	50 %	25 %	✗	32 %	✗
	Share of projects with a positive gender impact*	50 %	45 %	✗	55 %	✓
	Share of cofinanced projects (by amount)	50 %	50 %	✓	52 %	✓
Expected outcomes	Number of people gaining sustainable access to a drinking water service	1,5 million a year	3 million	✓	2.5 million	✓
	Number of people gaining sustainable access to sanitation	1 million a year	0.1 million	✗	0.5 million	✗
	Number of people with an improved drinking water system	4 million a year	14 million	✓	10 million	✓
	Number of people with an improved sanitation system	1,5 million a year	3.5 million	✓	2.2 million	✓

SIF MID-TERM OUTLOOK

Strong growth in commitments with an increase in the contribution to adaptation

There was a marked increase in AFD's financing approvals in the sector in 2014-2016. This trend will continue in 2017-2018, in line with the growth path set out by the Government of + EUR 4bn of AFD commitments across all sectors by 2020. The amount of financing for the sector which will contribute to climate change adaptation will also increase, in line with AFD's overall objective of achieving EUR 1bn of financing for this issue by 2020.

Alignment of indicators with the SDGs

Starting in 2017, the indicators for the expected outcomes will be aligned with the Sustainable Development Goals (SDGs): for access to water and sanitation services, they will be based on the notion of safe management.

Confirmation of sanitation targets

The target of 30% of projects financed in the sanitation sector and 50% of projects comprising a hygiene awareness-raising component was hard to achieve in 2014-2016. The financing of sanitation remains a challenge: there is relatively little demand from countries, the institutional framework is generally weak, responsibilities are fragmented, and investment amounts are extremely high. This ambitious target will be maintained for 2017-2018 and will be subject to special efforts, by seeking grant resources.

* Proportion of projects appraised by the Water and Sanitation Division and classified 1 or 2 under the OECD/DAC "Gender Equality" marker.

MONITORING OF PROJECT IMPLEMENTATION

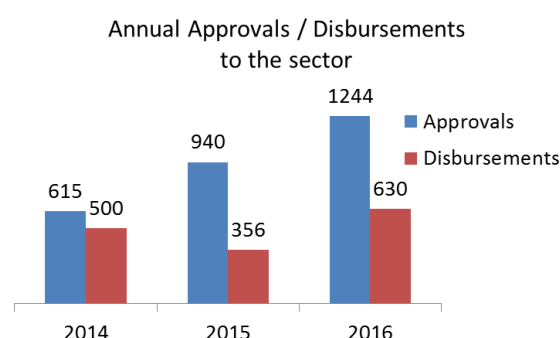
Financing agreements signed

For **2014-2016**, AFD realized an average of **EUR 850m** of financing approvals a year, through the signing of **55 agreements** for the water and sanitation sector.

In 2016, 58 agreements were signed for EUR 826m.

Disbursements for water and sanitation

Annual average disbursements for the sector stood at **EUR 500m between 2014-2016**. In 2016, AFD disbursed EUR 630m of financing for the water and sanitation sector.



Portfolio of projects under implementation in the sector

At 31 December 2016, some **245 projects were under implementation**, for a **total amount of AFD financing of EUR 5bn**, including an outstanding amount of EUR 3.6bn.

Actual project outcomes

Between 2014 and 2016, the projects under implementation financed by AFD have on average every year:



Provided sustainable access to drinking water for **1 million people**



Improved the quality of the drinking water supply system for **2.9 million people**



Provided sustainable access to sanitation for **190,000 people**



Improved the quality of the sanitation system for **110 000 people**

In 2016, projects for access to drinking water were mainly implemented in Cambodia, Cameroon and Nigeria. There were significant impacts in terms of improving the drinking water supply service in Uganda, Togo and Cameroon.

The projects financed by AFD also raised awareness of hygiene for 200,000 people in 2016, mainly in Cameroon and Togo.

Comparison of expected project outcomes and actual outcomes: the example of Indonesia

For a given year, it is not relevant to compare the expected outcomes of the projects approved during the year with the actual outcomes of the projects under implementation: indeed, they are not the same projects. However, for a given project, it is highly worthwhile comparing the expected outcomes prior to the project start-up with the actual impacts of the project at its completion.

For example, in December 2007, AFD approved EUR 37m of financing for a project to rebuild and rehabilitate drainage infrastructure in Banda Aceh, in Indonesia. The population of this provincial capital of Northern Sumatra was hard hit by the tsunami of December 2004 (out of the 264,000 inhabitants, 70,000 people died and 20,000 decided to emigrate). The project was closed in 2015.

In the case of a stormwater drainage project, it is not easy to measure the actual impacts as the frequency and intensity of flooding vary from year to year. However, AFD seeks to capitalize on projects and ensure that the information it disseminates is reliable. Consequently, it mandates specialized consultants to analyze the actual impacts. In the case of the present project, an *ex post* evaluation was conducted by an independent consultant in late 2016. This study showed the following actual outcomes:

Project indicators	Expected value (2007 estimate)	Final result (2016 observation)
N° of people with improved quality of sanitation system	23,000	34,000

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