




Urban Development and Support for Local Authorities

ACTIVITY REPORT

2020



In 2030, 60% of the world's population will live in cities. The consequences of this rapid urbanization are social (growth of precarious settlements, increased risks of social fragmentation and poverty), economic (concentration of unemployed populations and difficulties in access to economic opportunities), and environmental (urban sprawl and increasing climate vulnerability).

The challenge is to enable cities to deal with this urban growth and its consequences.

Faced with these challenges, AFD provides support for the low-carbon transition in cities and their adaptation to climate change. It seeks to improve the quality of life for city dwellers and supports sustainable development of territories. It helps stakeholders in cities to take up the challenges of urban growth, social inequalities and territorial vulnerability.

For a comprehensive view of AFD's sustainable cities activities, this activity report, Urban Development and Support for Local Authorities, may be rounded out with activity reports from other entities in the AFD Group that work in urban sectors (water and sanitation in urban sector, urban transportation and mobility, Energy in the city activities, sustainable cities activities promoted by the private sector through Proparco, etc.).

AFD's Sustainable Cities Strategy

Support and financing for the development of sustainable cities

AFD provides cities with support for taking up the challenges of urban growth, social and territorial inequalities and territories' vulnerability. It promotes sustainable cities as a process of design, building and management, working with the authorities in charge of cities, civil society and city dwellers.

3 strategic objectives

Improving quality of life for city dwellers

Promoting sustainable urban development within territories

Strengthening the local actors in charge of the city



3 accelerators

Urban Innovation Laboratory

Digital technology

Partnerships



The Cities and Climate cross-cutting approach

Improving cities' climate resilience and low-carbon transition

AFD works towards mitigation and adaptation, providing support to governments and local authorities in implementing measures and activities on different leverage actions:

- adopting an incentive framework to encourage strategies and actions in response to the challenges of climate change
- searching for dense urban forms and improving energy efficiency in buildings

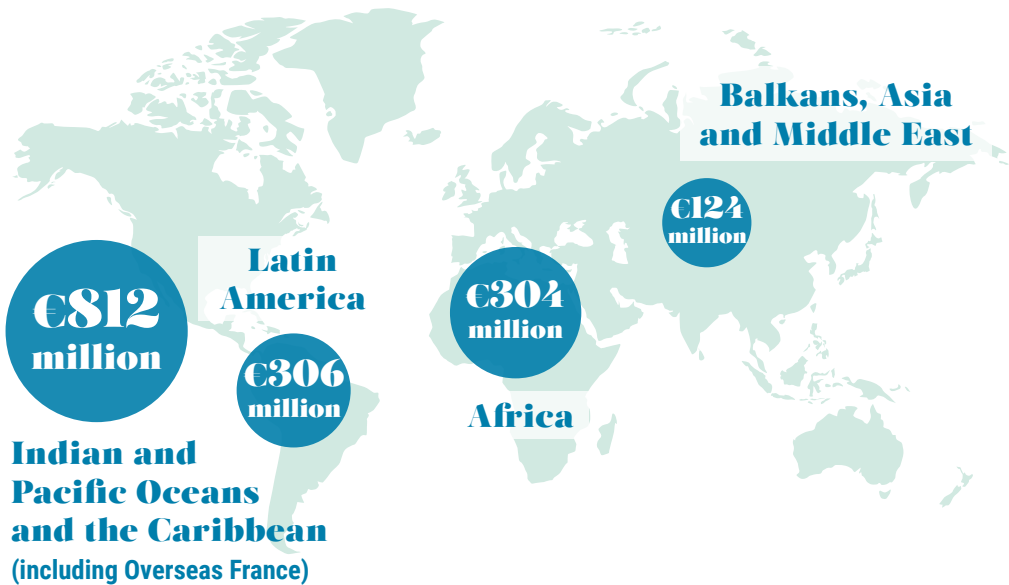
- encouraging resilient urban development (prevention/management of the risks of natural catastrophes, biodiversity in the city and nature-based solutions)
- promoting projects for the reduction of greenhouse gas emissions
- supporting local authorities as actors of the low-carbon transition
- mobilizing dedicated funds and tools to identify and design urban projects with climate co-benefits



FURTHER INFO: FOCUS Sustainable Cities

Our commitments to urban development and support for local authorities in 2020

Breakdown by region



**Nearly
€1,6 billion**

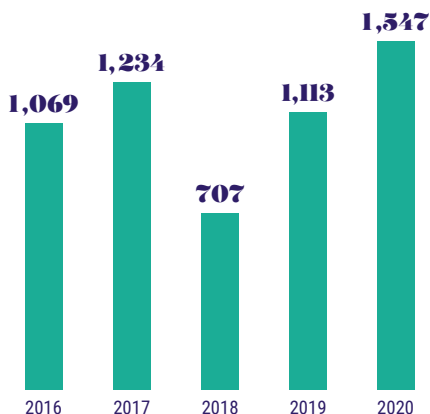
committed in 2020
to finance projects and
programmes to promote
**sustainable urban
development** and support
for **local authorities**.

**Over
40%**
in favor of Africa
and Latin America

**Nearly
50%**
of the
commitments
focused on
Overseas France



Evolution of commitments since 2016 (in CM)



In 2020,
36 financing agreements committed:



→ **17 projects**

in foreign countries

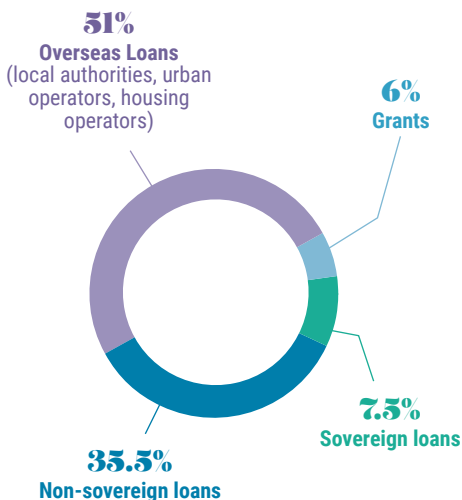
→ **13 projects**

in French Overseas Territories

→ **6 financing agreements committed**

for preparation, support and/or follow-up on projects in foreign countries

Breakdown by financial tool



In 2020, half of AFD financing for urban development and support for local authorities were **loans to municipalities and operators in French Overseas territories** and more than a **third** were non-sovereign loans.

France's financial effort in the sector of urban development and support for local authorities amounted to

€128 million

→ **€40 million**

in subsidized loans

→ **€88 million** in grants

Breakdown by strategic objective

Financing can be broken down into three strategic objectives:

20%

Strategic objective 1

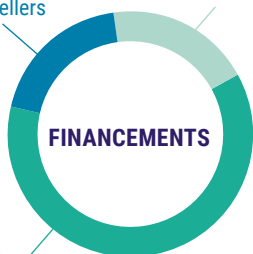
Improving quality of life for city dwellers

19%

Strategic objective 2
Promoting sustainable urban development in regions

61%

Strategic objective 3
Strengthening local stakeholders in charge of cities



In 2020, AFD's financing for strategic objective 3 accounted for a majority of the commitments. This distribution can be explained by the large share of financing to local authorities and operators in French Overseas Territories.



Climate objective

In order to reinforce climate resilience and low-carbon transition of cities, AFD works towards mitigation and adaptation. This "city and climate" approach is cross-cutting and can be found in every project financed by AFD.

In 2020, commitments in the sector were in line with the Paris Agreement. They contribute to the fight against climate change in terms of adaptation to its effects and mitigation of greenhouse gas emissions.

CLIMATE CONTRIBUTIONS OF PROJECTS IN FOREIGN COUNTRIES

Nearly

50% or €340 million

in climate co-benefits

including

€237 million

in favor of adaptation to climate change

Gender objective

Financing will ensure a better inclusion of gender considerations in urban development projects and support for local authorities.

58%



of 2020 commitments in favor of gender equality in foreign countries

Capacity building and mobilizing French expertise

67% of the projects have a component or activities related to capacity building.

58% of the projects in foreign countries mobilize French expertise during the preparation and/or execution phases
14 projects out of 24 have mobilized French expertise, including:

- 13 mobilized French private-sector companies
- 1 mobilized Expertise France
- 2 mobilized French local authorities and public establishments
- 1 mobilized the French research sector
- 1 mobilized network of French expertise
- 2 mobilized French NGOs

Expected results

In the coming years, AFD's commitments in the sector of urban development and support to local authorities in 2020 will enable:



12 million city dwellers and users
to benefit from improved quality of life in cities

Among them,



494,000 people
will benefit from improvements
to essential urban services
(water, sanitation, waste
management, electricity,
energy, etc.)



1 million people
will benefit from an improvement
to their housing conditions,
access to public spaces or to
socio-collective urban facilities



10,000 people
will receive support for
their income-generating
activities and jobs



280 entities and public-service bodies
working on urban issues to benefit from technical and/or financial
capacity building

STRATEGIC OBJECTIVE 1

Improving quality of life for city dwellers



Projects aiming to improve quality of life for city dwellers account for nearly 20% of 2020 financing for urban development and support for local authorities.

The challenge is to place city dwellers back in the heart of urban strategies and to consider their needs more effectively by supporting interventions that help improve access to essential urban services and sectors that are increasingly in demand:

- improving access to basic urban services (access to drinking water, sanitation, public lighting, transportation and mobility services, etc.)
- reducing the environmental and health impact of solid waste in cities
- developing access to housing and improving living conditions
- supporting access to jobs and local economic development



Project focus:

Improving access to essential urban services for city dwellers

Uganda Lighting and urban infrastructure in Kampala (€70 M - AFD sovereign loan, €7 M - delegation from the European Union)

AFD is financing a sustainable, efficient urban public lighting project to improve security for activities and travel by pedestrians and drivers. This will enable the city to deploy nearly 18,000 lighting units in all neighborhoods, even informal ones. Targeted interventions for improving urban layouts in certain areas are also planned to make the most of the benefits of lighting in terms of security and comfort for non-motorized users (especially street vendors and pedestrians).



**Nearly
900,000**
residents and users in
the city of Kampala will
benefit from this public
lighting service

STRATEGIC OBJECTIVE 2

Promoting sustainable urban development within territories



including nearly
72%
(€217 million)
in favor of development
of intermediate cities
and regional capitals

In 2020, 19% of the financing was in favor of sustainable urban development within territories.

AFD promotes the territorial approach as the most suitable way to support projects with goals of:

- supporting urban renewal in city centers and enhancing urban heritage
- encouraging the improvement of precarious settlements and their integration into the city
- supporting territories in post-crisis recovery
- supporting major urban projects
- contributing to development of intermediate cities



Project focus:

Encouraging sustainable development in secondary cities and regional capitals

Colombia Budgetary support for the development plan in favor of the ecological transition in Barranquilla (€120 M – non-sovereign loan)

AFD has granted its first direct public policy loan to a local authority: Barranquilla, which has major environmental challenges exacerbated by climate change. AFD's support aims at financing the 2020-2023 development plan for a fair ecological transition. It emphasizes environmental restoration of riverbanks and lagoons, the creation of an urban forest and increased green spaces, flood reduction, waste recycling, improving air quality, risk management for catastrophes, as well as inclusion of vulnerable populations.



1.2 million residents

will benefit from this project

STRATEGIC OBJECTIVE 3

Strengthening local actors in charge of the city

AFD in French Overseas Territories Leading financier for the local public sector

AFD is one of the leading lenders (and a historical financier), alongside the Caisse des Dépôts et Consignations, to local authorities and operators in the French Overseas Territories. AFD grants direct budgetary loans to local authorities to finance their investment programs and provides project financing to housing and development operators. It is also reinforcing its role as advisor and technical partner for local authorities, notably for climate change issues.

In 2020, financing for the French Overseas Territories could benefit nearly

1,3 million people



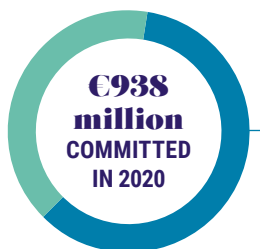
Some twenty municipalities
home to more than

4 million South Africans
should benefit from this financing.

In 2020, 61% of commitments were aimed at strengthening local actors in charge of cities.

AFD provides support for all stakeholders involved in urban projects and backs up local authorities as a key stakeholder in territorial development through two main lines of intervention:

- support for the decentralization processes
- support to local authorities for their investment programs and access to financing



including nearly
74%
(€698 million)
in financing for local
authorities and
urban / housing operators
in the French Overseas
Territories



Project focus: Support for
access to financing for cities

South Africa Financing Facility for
intermediate municipalities in South Africa
(€35 M – non-sovereign loan)

AFD provides financing for the Inca Municipal Infrastructure Facility, which seeks to mobilize the sector and private savings as well as widen the finance market for intermediate municipalities so that they can finance their infrastructure and essential urban services (water, sanitation, waste, electricity, transportation). Given the scarcity of internal resources, the project will enable municipalities to continue investing in infrastructure essential to social and economic resilience. It provides a response to South African authorities' need to diversify their financing sources for municipalities.

Our response to the Covid-19 crisis



€559 million

Or 35% of the commitments for 2020 are dedicated to the response to the Covid-19 health crisis. Financing for this response takes on several forms: budgetary support for French overseas local authorities to deal with the crisis, investments dedicated to greater resilience for vulnerable local authorities faced with Covid-19, financing for analyzing the crisis' impact in the territories, etc.



In 2020, AFD granted two emergency budget assistance packages for the French government, one in New Caledonia and one in French Polynesia. These financing packages, for €240 million each, will provide support for the overseas economies to manage the health crisis and to ensure the sustainability of the social model in the Pacific Islands.



Accelerators of the Sustainable Cities Strategy



→ Urban Innovation Laboratory

Civil society and residents must become involved in building the city and urban projects. The idea is to meet the needs of city users – while more long-term urban projects are under way – by designing swift actions to test urban programming, new usages and new forms of citizen participation.



→ Digital technology

Digital technology is a lever for transforming public action in cities: optimizing urban services; improving urban development, risk and crisis management; managing local finance and transparency in local governance; and creating opportunities and innovations for local economic development.

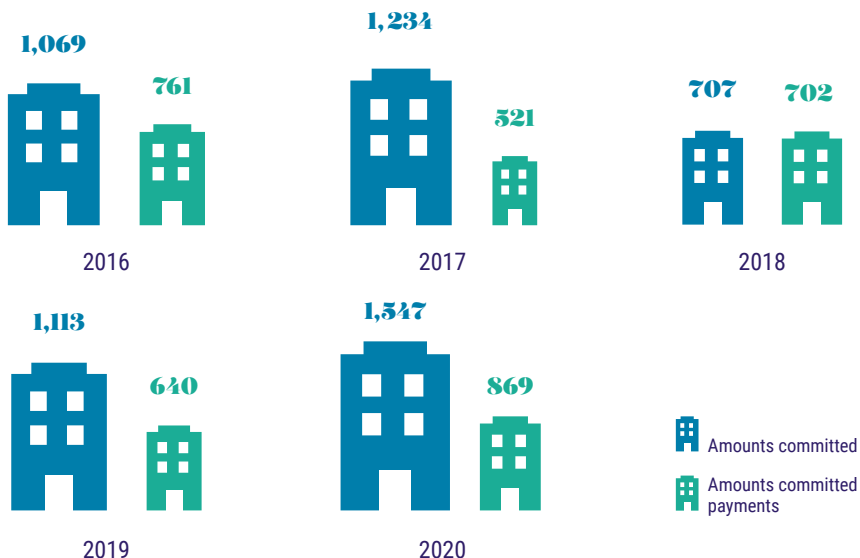


→ Partnerships

AFD's action is part of a partnership framework for mobilizing expertise, knowhow and financing in favor of sustainable cities. Its main partners in the sector are French stakeholders in urban development (local authorities, urban planning agencies, the private sector, research, etc.), donors (European Union, World Bank, etc.), international organizations and city networks.

Commitments / payment

Trend since 2016 (in MC)



Agreements signed

Some 40

financing agreements were signed in 2020 in the sector of urban development and support for local authorities.

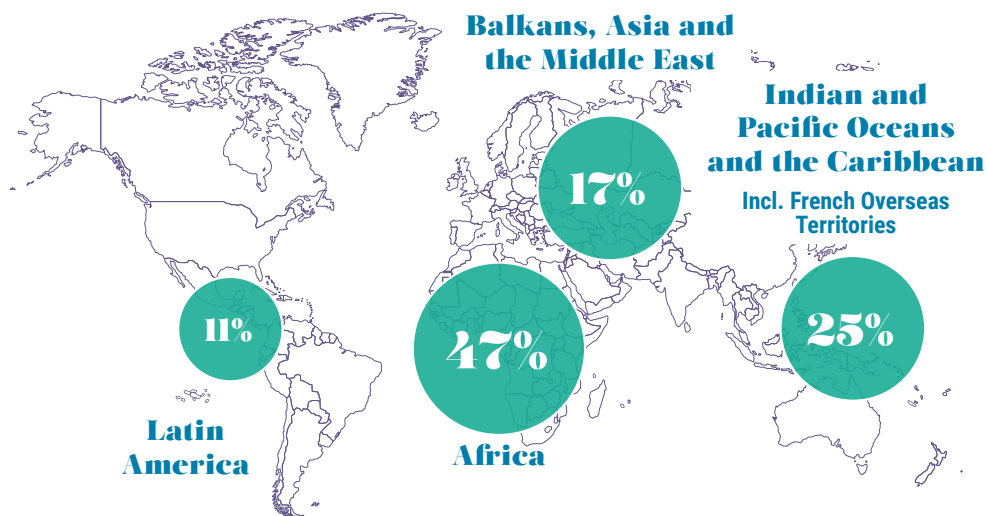
For a total amount of

€1.05 billion



Ongoing projects

Breakdown by region



144
projects

underway

in the sector of urban development and support for local authorities as of December 31th, 2020.



for a total amount of financing of

€4.6 billion



including
€2.8 billion
remaining to be paid out.

Some 20 projects

in response to the crisis



The response to the Covid-19 crisis has also been taken into account in current projects: highly labor-intensive activities in precarious settlements hit by the crisis, purchase of protective equipment, awareness and prevention among the population, small urban virus prevention equipment, etc.

Results achieved

Thanks to the projects underway in 2020,



6.5 million city dwellers and users

benefited from an improved quality of life in cities

Among them,



1 million people benefited from improved essential urban services (water, sanitation, electricity/energy, waste management)



700 people received support for their jobs and income-generating activities



160,000 people benefited from improved housing conditions, access to public spaces or to socio-collective urban facilities



10,200 people had their living conditions in city secured after crises



1,770 entities and public-service bodies

working in the urban sector benefited from technical/financial capacity building

Partnerships



In 2020, AFD entered into four financial partnerships. These were renewed partnerships with the Fédération Nationale des Agences d'Urbanisme (FNAU) and Agence Nationale pour la Rénovation Urbaine (ANRU) for sharing knowledge and expertise, and another with the United Cities and Local Governments (UCLG) network of cities for the development of the World Observatory on Subnational Government Finance and Investment.

Furthermore, a new partnership was undertaken in 2020 with the Fabrique Collective for the development of training worksites in countries where AFD works, mobilizing students at the École Supérieure d'Architecture de Paris.

Knowledge production

AFD's knowledge production in the urban sector has notably emphasized:



Inter-donor dialogue (World Bank) and publications on the subject of urban commercial facilities and city food supplies.



Publication of a note on the sector of solid waste management during the Covid-19 crisis proposing recommendations to ensure the continuity of waste management services, managing of waste with infectious risks and to quickly mobilize stakeholders in the sector.



The results of crosscutting discussions on the impact of urban projects on local economic development and support for local employment: Jobs&Cities.

Towards a World in Common

Agence Française de Développement (AFD) implements France's policy on international development and solidarity. Through its financing of NGOs and the public sector, as well as its research and publications, AFD supports and accelerates transitions towards a fairer, more resilient world. It also provides training in sustainable development (at AFD Campus) and other awareness-raising activities in France.

With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 4,000 projects in the field, in the French Overseas Departments and Territories, in 115 countries and in regions in crisis. We strive to protect global public goods – promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common.



www.afd.fr/en

Twitter: @AFD_en - Facebook: AFDOfficiel - Instagram: afd_france

5, rue Roland-Barthes - 75598 Paris cedex 12 - France

Tel: +33 1 53 44 31 31