

# water & Sanitation

ACTIVITY REPORT

2021

**W**ater is central to the balance of ecosystems and societies and an essential factor for biodiversity, food security, health, gender equality – and even peace. Water resources are under pressure from the combined effects of population growth and climate change : some four billion people already live in areas affected by shortages and the quality of water bodies is threatened everywhere. Water-related disasters are also an increasing source of humanitarian disasters.

The United Nations recognized the human right to access to water and sanitation in 2010, but there is still much progress to be made: two billion people do not have access to a quality drinking water service at home and almost one person in two does not have adequate sanitation. The major impact of these services on public health has been further highlighted by the Covid-19 pandemic.

To address these challenges, AFD Group provides solutions that aim to reconcile the satisfaction of human and environmental needs and build the resilience of territories and people. We finance the construction of infrastructure, the development of nature-based solutions and the establishment of institutions and quality water and sanitation services for the benefit of all, including the most vulnerable.

## AFD Group's new water and sanitation strategy

The strategic areas of AFD Group's operations in the water and sanitation sector are based on the achievement of the Sustainable Development Goals (SDGs) and the implementation of the international climate and biodiversity agreements.



### Reducing inequalities in access to water and sanitation

AFD Group invests in the development of services through both collective and decentralized infrastructure. It focuses on sanitation needs and reducing geographical and social inequalities, especially for women and girls in crisis and conflict areas.



### Taking action at territorial level to increase climate and ecological resilience

AFD Group promotes the integrated management of water resources and flood risks at territorial level. It aims to improve the efficiency of water and sanitation services, their contribution to the circular economy and the use of nature-based solutions.



### Improving governance for efficient and sustainable services

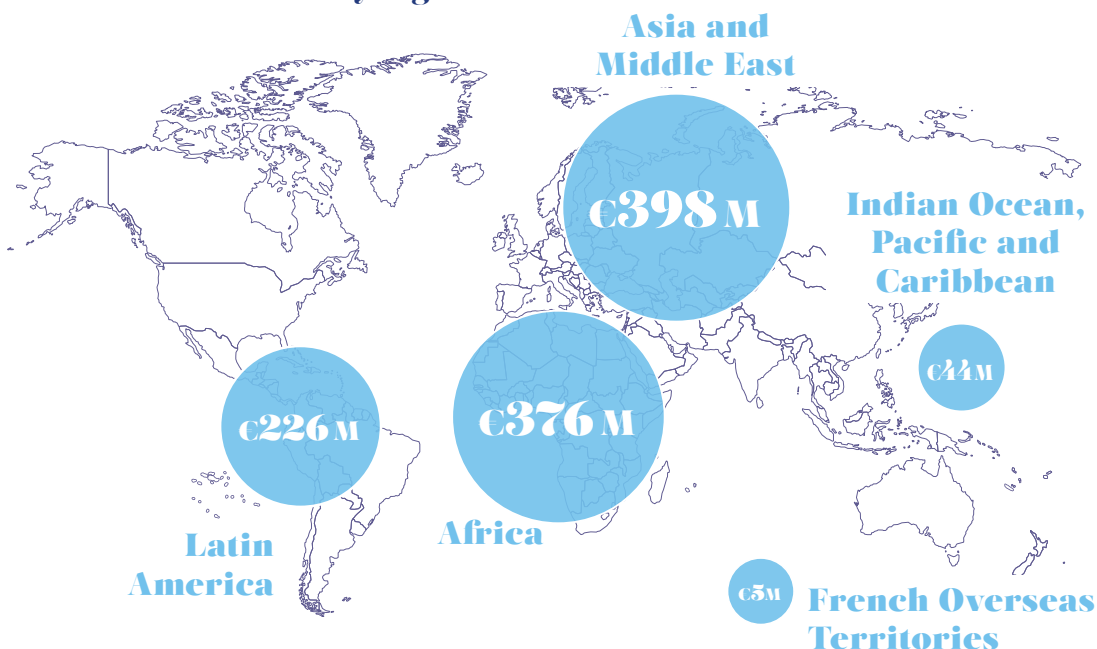
Support for sectoral governance reforms at all levels and capacity building for all the stakeholders is central to AFD Group's action. The raising of hygiene awareness and citizen participation are also considered key drivers of change.

**This sectoral intervention framework is also based on three driving forces for action:**

- ↘ Partnerships
- ↘ Innovation
- ↘ Knowledge

# Our water and sanitation commitments in 2021

## Breakdown by region



**€1 BN**

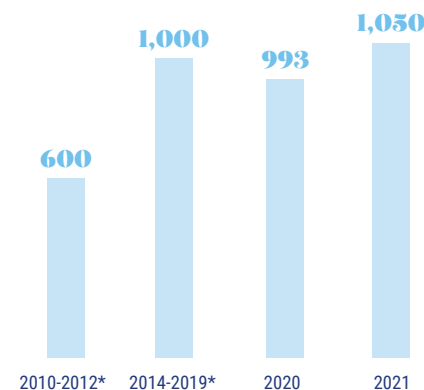
for the water and sanitation sector in 2021.

**In 2021, the water and sanitation sector accounted for 8% of AFD Group's commitments.**

The financing approved in Africa (including the Maghreb), which was historically low in 2020, returned to a significant level of 36% in 2021. Asia and the Middle East remain the main area of operation (40%). AFD has continued to focus significant efforts on fragile areas in particular in Africa (Burkina Faso, CAR, Chad, Djibouti, Ethiopia and Mauritania) and the Middle East.

# Our financial tools

## Trend in commitments since 2010 (in €M)



Financing was stable in 2021, equivalent to the annual average for 2014-2019 and 2020.

\* Annual average over the period

**France's financial effort stands at**

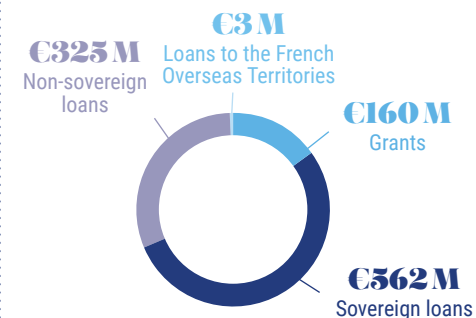
**€180 M**

of which **74%**

**was assigned to Africa and the Middle East**

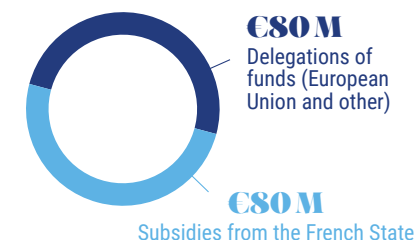
(€100 M from concessional loan subsidies + €80 M from grants)

## Breakdown by financial tool



While sovereign loans remain the principal financial tool, 2021 is marked by a significant proportion of non-sovereign loans.

## Breakdown by grants



After two exceptional years, grants account for

**16%**

**of commitments for the year,**

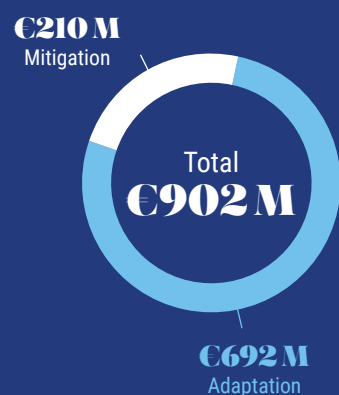
i.e. equivalent to the annual average for 2014-2019.

Africa accounts for **64%** of subsidies from the French State and the Priority Poor Countries for **63%**.

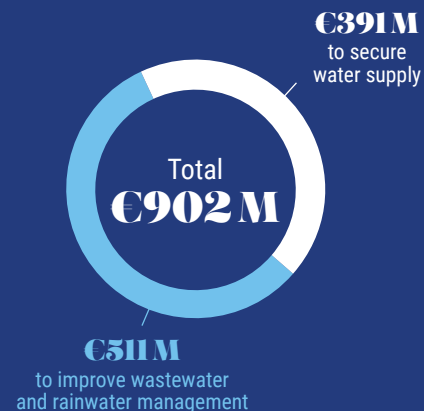
# Climate and biodiversity projects

## Climate

### Type of climate contribution



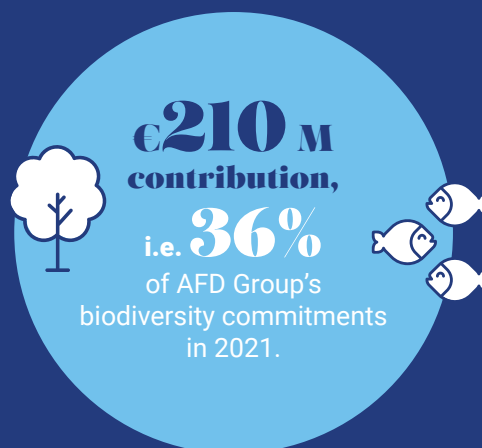
### Contribution by theme



**In 2021, the water and sanitation sector accounts for**

**35%** of AFD Group's financial commitments to projects for climate adaptation.

## Biodiversity



# Multiple contributions to the SDGs

## The proportion of projects with...

● Strategy target ● 2021 value



Positive impact on gender equality (by amount)  
**55% • 61%**



Sanitation (by amount)  
**40% • 36%**



support to governance and service management (by number of projects)  
**90% • 74%**



Hygiene awareness raising (by number of projects)  
**26%**



Co-financing (by amount)  
**43%**



Social systems (by number of projects)  
**17%**



Urban territories (by amount)  
**87%**



nature-based solutions (by number of projects)  
**13%**



Circular economy (by number of projects)  
**22%**



Citizen participation (by number of projects)  
**9%**



Peace and resilience (Minka amount)  
**€32.3 M**

## Expected outcomes

In the coming years, AFD Group's commitments in the water and sanitation sector in 2021 will allow:

**2.6 million** people  
to benefit from a safely  
managed drinking water supply  
service



**5.3 million** people  
to benefit from a basic  
drinking water supply  
service

**554,000 m³ per day**  
of drinking water production  
capacity

**4.9 million** people  
to benefit from a safely  
managed sanitation service



**394,000** people  
to benefit from a basic  
sanitation service

**2.4 million**  
population equivalent of wastewater  
treatment capacity

**950,000** people  
to benefit from flood risk management  
facilities/equipment



Hygiene and water use  
awareness raising for

**1.7 million** people



## Examples of new projects in 2021

### Iraq

#### Contributing to collective urban sanitation

After four decades of war and sanctions, Iraq has huge reconstruction needs. France is contributing by providing a total of €1 billion of financing.

In this context, in 2021, AFD allocated an €80 million loan to the Government of Iraq for the sanitation service in Al-Khalidiya, an area hard hit by the recent conflicts located north-west of Baghdad. The project plans to build 200 km of networks and a wastewater treatment plant, ultimately for a population of 110,000 inhabitants.

### Senegal

#### Preserving groundwater resources in the Pout area

To address the overexploitation of aquifers, whose natural recharge capacity is declining due to the effects of climate change, AFD is providing a €6 million grant for a project to preserve water resources in the Pout area. Using nature-based solutions, it will establish a participatory governance of water resources, improve agricultural practices over an area covering about 27,000 ha and concerning 60,000 market gardeners, and protect soils against erosion.

### Djibouti

#### Improving ONEAD's performance to ensure a quality water service

The commissioning of new strategic drinking water infrastructure has increased the technical complexity of the activities of the National Water and Sanitation Authority of Djibouti (ONEAD). The 'Prospero' project, financed by €15m of AFD and EU grants, aims to improve the performance and operating conditions of the water service. It will be supported by an assistant operator, whose remuneration will be partly linked to the achievement of objectives for service quality and an improvement in ONEAD's financial results.

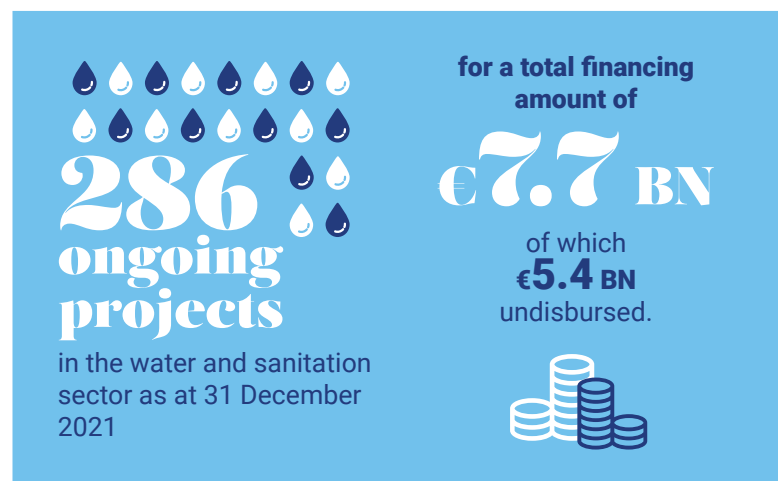
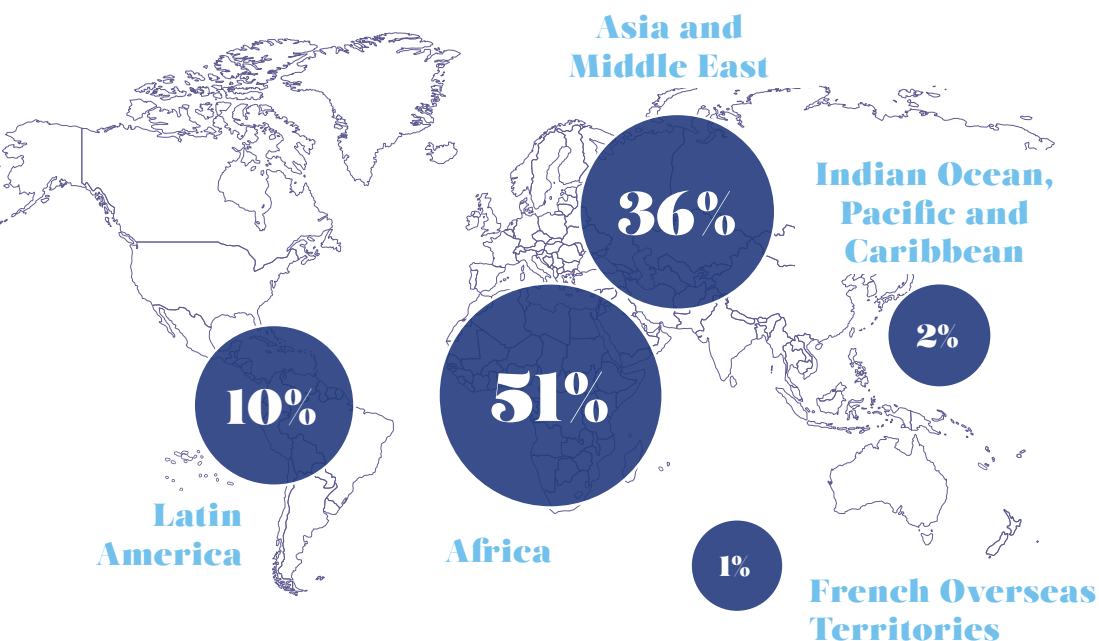
### Ethiopia

#### Improving menstrual hygiene for women's empowerment

While it has a major impact on women's lives and empowerment, the issue of menstrual hygiene management (MHM) remains taboo and underinvested. The project, financed by a €3 million grant, is using an innovative financial tool which mobilizes private finance, the Development Impact Bond (DIB), for an integrated program to improve MHM in the city of Adama. It will include a rigorous impact assessment and build a public policy dialogue with the authorities.

# Ongoing projects in 2021

## Breakdown by region (% of financing amount)



# Examples of ongoing projects

## Morocco

### European co-financing for sanitation

Climate change is exacerbating water stress in Morocco. The country's adaptation strategy is addressing this issue by focusing on the protection of water resources through sanitation. With €176 million in financing by AFD, KfW, EIB and the EU, the National Sanitation Program aims to increase the wastewater collection and treatment rate in small and medium-sized towns, whose services are operated by the National Office of Electricity and Drinking Water (ONEE). It also comprises assistance for in the improvement of the sustainability of the sector.

## Bolivia

### Addressing climate change by implementing a flagship project

In Cochabamba, in a context of water stress, AFD is contributing €44 million of financing to the flagship drinking water project in Misicuni. With the construction of a 20 km-long drinking water pipeline and distribution networks, serving three municipalities in the metropolitan area, the project will improve access to drinking water services for some 450,000 people by 2036. In addition, this project helps the development of the capacities of water operators, with the aim of providing a sustainable and quality service.

## Burkina Faso

### Intervening in a crisis context: the humanitarian/development nexus

For the past three years, Burkina Faso has been affected by major population displacements and has to address a significant increase in drinking water needs in crisis areas (North and Center-North region). AFD is supporting the National Office of Water and Sanitation (ONEA) with this project to strengthen the resilience of public drinking water services in a crisis situation (P2RSP), financed with a €3.5 million grant. The project is mobilizing the expertise of NGOs for emergency relief (Solidarités International/URD) and development (GRET) for a response strategy adapted to the crisis and based on the principle of the humanitarian-development nexus.

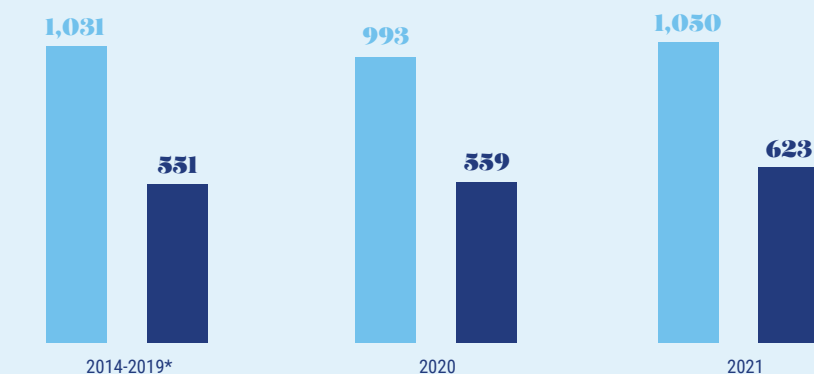
## Madagascar

### Financing Greater Antananarivo's integrated sanitation program

The alluvial plain of the Ikopa River is systematically flooded in the rainy season. About a third of the city of Antananarivo is affected. The program, financed by AFD with a €57 million loan and €14 million in grants (including almost €11 million delegated by the European Union), is improving living conditions and the health situation by helping the authorities prevent flood risks exacerbated by climate change and improve the sanitation network. It is being implemented in two successive phases. The first phase is reaching completion.

## Commitments / disbursements

### Trend (in €M)



\* Annual average over the period



## Signatures



Total amount of  
**68** financing agreements  
signed in 2021 in the  
water and sanitation  
sector

## Achieved outcomes

In 2021, the ongoing projects have allowed:

**3.1 million people**  
to benefit from a safely  
managed drinking water  
supply service



**23,000 people**  
to benefit from a basic drinking  
water supply service

**505,000 m³ per day**  
of drinking water production  
capacity

**1 million people**  
to benefit from a safely  
managed sanitation service



**53,000 people**  
to benefit from a basic sanitation  
service

**82,000**  
population equivalent of wastewater  
treatment capacity

**100,000 people**  
to benefit from flood risk management  
facilities/equipment



Hygiene and water use awareness raising for  
**115,500 people**





# Partnerships and knowledge production

In 2021, AFD Group deployed four financial partnerships, including a new partnership with the Dutch “think-and-do-tank” IRC, and three renewed partnerships with The Nature Conservancy (TNC), the International Office for Water (OiEau) and the French Water Partnership (FWP).



The partnership with IRC is supporting the Secretariat of the Water Finance Coalition. This coalition was created in the context of the first Finance in Common Summit in November 2020 and is chaired by AFD and the Mexican bank Banobras. It aims to explore the potential of Public Development Banks to take action to increase financing in the water and sanitation sector. It allows for the exchanges of good practices, knowledge production (a first study was published in 2021) and advocacy.



Partnerships and knowledge production continued to focus on the issue of water resources and links with climate change and biodiversity conservation. The activities developed with TNC continued to promote solidarity among the stakeholders of a watershed. A guide on Nature-based Solutions was produced; training was prepared; and two pilot activities to develop payment mechanisms for environmental services were implemented in Senegal and Kenya.



With support from OiEau, innovation in the production of hydrological data continues to be promoted in a working group (including CNES, IRD and AFD) on water level measurements through satellite altimetry (measuring altitudes). This can now be applied in several major African basins, in addition to other financing efforts for the management of hydrometeorological ground measurements. OiEau, together with AFD, also participated in the development of a “Team Europe” Initiative with the EU and several European countries on transboundary waters in Africa. A new project with IRD has also started on the large water cycle and the disruptions caused to it by human pressures and climate change.



The partnership established in 2020 with Wash United, an NGO specialized in awareness raising on menstrual hygiene management (MHM), has contributed to the development of a global campaign based on the international day devoted to this key issue for the empowerment of women and girls, as well as to activities organized at the Generation Equality Forum in 2021.





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## Towards a World in Common

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AFD Group contributes to the implementation France's policy in the areas of development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector and NGOs, as well as research and education in sustainable development; its subsidiary Proparco, which is dedicated to private sector financing; and Expertise France, a technical cooperation agency. The Group finances, supports and accelerates transitions towards a fairer, more resilient world.

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.



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