



Urban Development and Support for Local Authorities

ACTIVITY REPORT

2022



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). Cities will need to be able 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 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 urban areas' vulnerability.

For a comprehensive view of AFD's actions regarding sustainable cities, activity reports from other entities in the AFD Group are also available. In addition to urban development and support for local authorities, AFD Group works on such issues as water and sanitation in cities, urban transportation and mobility, energy activities in cities, and private-sector sustainable city activities (via Proparco). In 2022, AFD approved a total of more than €3 billion of financing for sustainable cities.

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 vulnerability of urban areas. It promotes sustainable cities as a process of design, building and management, by working with local decision-makers authorities in charge of cities, civil society, and city dwellers.

3 strategic objectives

● **Improving the quality of life for city dwellers**

● **Promoting sustainable urban development**

● **Strengthening local actors and decision-makers in charge of the city**



Cities & Climate crosscutting approach

3 accelerators

● **Urban Innovation Laboratory**

● **Digital technology**

● **Partnerships**



Improving climate resilience and low-carbon transition in cities

AFD works towards mitigation and adaptation, providing support for governments and local authorities using various levers:

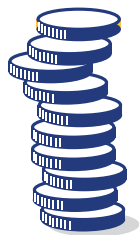
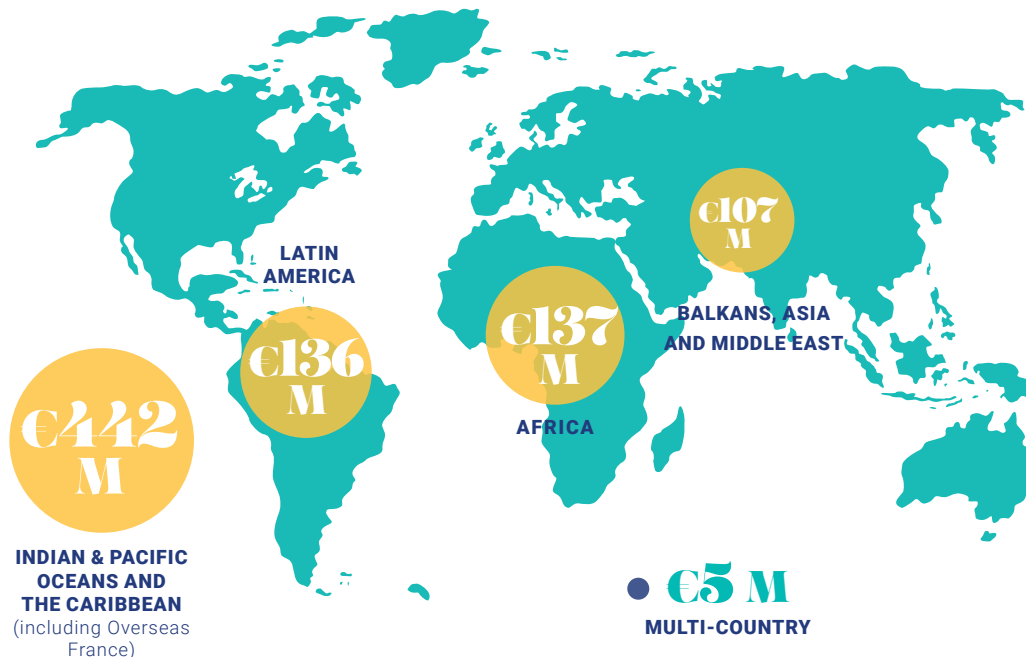
- **Adopting** an incentive framework to encourage strategies and actions in response to the challenges of climate change
- **Promoting** projects for the reduction of greenhouse gas emissions
- **Searching** for dense urban forms and improving energy efficiency in buildings
- **Supporting** local authorities as motors of low-carbon transitions
- **Encouraging** resilient urban development (prevention/management of risks of natural disaster, promoting biodiversity in the city and Nature-based Solutions)
- **Mobilizing** dedicated funds and tools to identify and design urban projects with climate co-benefits



To find out more:
[FOCUS Sustainable Cities](#)

Our commitments to urban development and support for local authorities in 2022

Breakdown by region

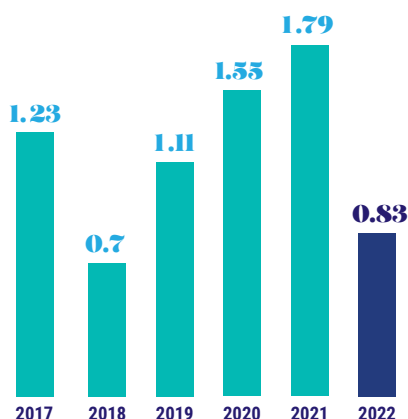


€827 M

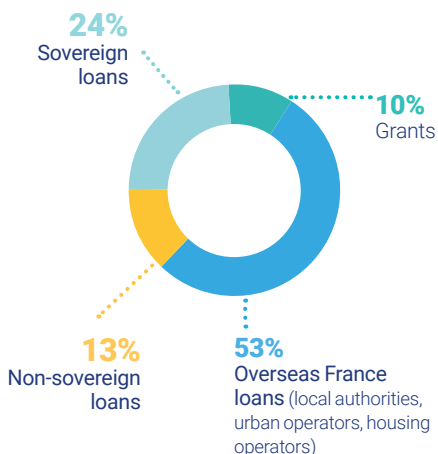
committed in 2022
to finance projects to
promote sustainable urban
development and support for
local authorities



Trends in commitments (in € BN)



Breakdown by financial tool



47
financing
agreements



22 projects
in foreign countries

11 projects
in Overseas France

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

Multiple contributions to the Sustainable Development Goals (SDGs)



The projects for urban development and support for local authorities financed in 2022 work towards **SDG 11 “Sustainable cities and communities”**.

SECTORAL SDGs



CROSS-SECTORAL SDGs



Almost
56%

or **€211 M** of climate co-benefits in foreign countries, including **€96 M** for climate change adaptation.



→ The Cities & Climate crosscutting approach is present in each AFD-funded project. **The 2022 commitments in the sector are aligned with the Paris Agreement.** In 2022, 15% of commitments were to projects whose main objective is mitigation and/or adaptation to the effects of climate change.



86%

of 2022 commitments for gender equality in foreign countries.



Les AFD's new financing in the sector **effectively mainstreams gender issues** into projects for urban development and support for local authorities. →

Expected results

In the coming years, AFD's commitments in the sector of urban development and support for local authorities in **2022** will enable:



6.1 M city dwellers and users
to benefit from improved quality of life in cities,

including:



3.8 M

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



1.3 M

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



0.6 M

people
who will
benefit from
improved housing
conditions an
improvement
to urban living
conditions
following crises



36,000

people
who will receive
support for their
income-generating
activities or their job



180 entities operating in urban areas
to benefit from technical and/or financial capacity building*

*This impact indicator includes multiple entities, such as local authorities financed and/or supported as part of a project; local authority departments benefiting from capacity building; State ministries/agencies benefiting from capacity building activities; local PMUs (Project Management Units) supported in implementing project activities; neighborhood/inhabitants committees set up, formed or supported; local associations funded and/or supported as part of the project; urban operators funded and/or supported by the project, etc.

Strategic Objective 1



Improving quality of life for city dwellers

Projects to improve the quality of life of city dwellers accounted for nearly **20%** of financing in the sector in 2022.

The challenge is to put city dwellers back at the heart of urban strategies, and to consider their needs more effectively by supporting actions that 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 housing conditions
- **Supporting** access to employment and local economic development

€165 M

committed to this strategic objective (covering 14 projects), including:



€65 M
on projects to improve access to essential urban services

Turkey



Sewage sludge recovery by the municipality



€60 M - AFD non-sovereign loan

AFD is assisting the Antalya Municipal Water and Sanitation Authority with a project to recover energy from sewage sludge and extend a wastewater treatment plant. The objective is to reduce the carbon footprint of the service by generating energy from a new sludge-to-energy recovery unit. It will also improve access to efficient and sustainable sanitation services for residents, by increasing the treatment capacity of the Lara plant and protecting the environment.

Quality of life improved for

1.5 million residents and users

including **475,000**

who will benefit from improved essential services from an improvement in essential services

17,500 tons of CO₂ saved per year

Promoting sustainable urban territorial development

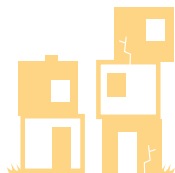
In 2022, **33%** of financing mainly focused on sustainable urban development within territories.

AFD promotes a territorial approach as the most suitable way to support projects. Its goals are:

- **Supporting** city center renewal and enhancing urban heritage
- **Encouraging** the improvement of precarious neighborhoods and their integration into the city
- **Supporting** cities in post-crisis recovery
- **Supporting** large-scale urban projects
- **Contributing** to the development of medium-sized cities

€273 M

committed in 2022 to this strategic objective (23 projects), including:



€54 M

on projects in favor of precarious neighborhoods' improvement

Brazil

Green, resilient and inclusive regeneration of Porto Alegre



€52 M - sovereign loan

€ 500,000 - technical assistance grant

Alongside the World Bank, AFD is supporting the urban revitalization of the central area of Porto Alegre. It is based on a long-term development vision of the municipality, forged through a participatory process. The objective is to contribute to a resilient and inclusive regeneration. The project comprises financing for priority infrastructure to improve disaster resilience, mobility, public spaces and landmark historical buildings, as well as institutional capacity building for the municipality. It also includes activities to increase the social and economic inclusion of disadvantaged and vulnerable groups.

279,000

residents and users

will see improvements in their quality of life, including

68,000

with increased climate resilience

Strengthening local authorities local actors **in charge of the city**

In 2022, **47%** of the commitments aimed primarily at strengthening local actors in charge of the city.

AFD helps guide all the stakeholders involved in urban projects and supports local authorities as key players in territorial development, in two ways:

- **Supporting** decentralization processes
- **Supporting** local authorities for their investment programs and access to financing

€390 M
committed to this
Strategic Objective
distributed among
10 projects for
financing local
authorities and urban/
housing operators
in Overseas France.



Tunisia

"Tanmia Baladia": Municipal Development Support



€3.1 M - technical assistance via
Expertise France

AFD is financing the municipal development support project of the National Federation of Tunisian Municipalities (FNCT), implemented by Expertise France. It is working with both the FNCT to develop its services to municipalities (gender-sensitive budgeting in particular), and directly with pilot municipalities for technical assistance (planning) and target projects (innovative projects for local development and local public services).

17 entities

(local authorities and national institutions)
benefit from capacity building



100%
of projects in
foreign countries
include capacity
building activities

AFD in Overseas France A major lender for the local public sector

AFD is one of the leading funders (and a longstanding funder) of local authorities and operators in Overseas France, alongside Caisse des Dépôts et Consignations. AFD provides direct budget loans to local authorities to finance their investment programs, and it finances projects run by housing and development operators. It is also reinforcing its role as advisor and technical partner of local authorities, particularly on climate issues.

1 million people will benefit from financing
targeting Overseas France in 2022

Urban sports facilities

Sport is a driver for the fulfillment of the 2030 Agenda, contributing to the achievement of a number of SDGs, including SDG 11. AFD supports the implementation of "Sport for All" strategies promoting equal access to sports activities, with a focus on gender equality and providing a response to the aspirations of young people. It finances community sports facilities to develop access to sport and improve the quality of services and their management.

Senegal

Dakar Youth Olympic Games

€45 M - sovereign loan AFD

AFD is financing the rehabilitation of sports facilities to prepare for the 2026 Youth Olympic Games. The project will reduce inequalities in access to sports facilities and promote sports activities. The program includes the complete renovation of three major public facilities (stadium, swimming pool, horse-riding center) and the construction of community facilities. It will also define a sustainable strategy for equipment management and

maintenance, and implement an action plan to increase sports activities for women and persons with reduced mobility.

More than 1.1 million city dwellers will see improvements in their quality of life, **50% of whom women**, through better access to quality sports facilities



Urban Innovation Laboratories

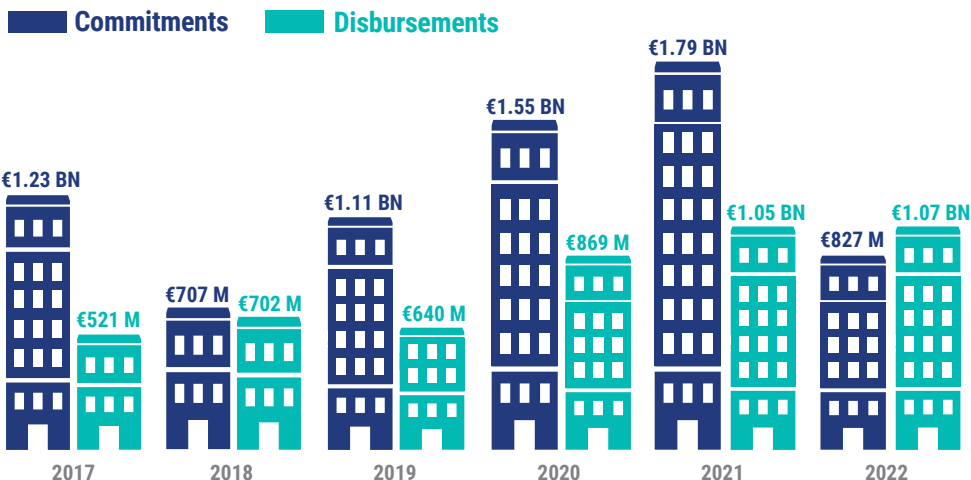


These development accelerators strengthen the Sustainable Cities strategy. Civil society and city residents should be involved in the construction of the city and the urban project. It is important to meet the needs of city users while long-term urban projects are underway, by designing actions that quickly test urban planning, new uses, and new forms of citizen participation.

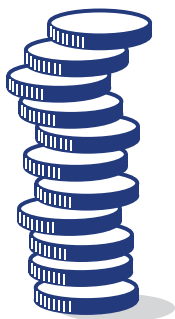
€5 M of multi-country financing was approved in 2022 to provide further financing to the participatory urban planning initiative: the "Urban Fabric" program which supports rapidly implemented microprojects led by residents.

Commitments / disbursements

Trend since 2017



Agreements signed



€1.28 BN

Total amount of financing agreements signed in 2022 in the urban development and local government support sector

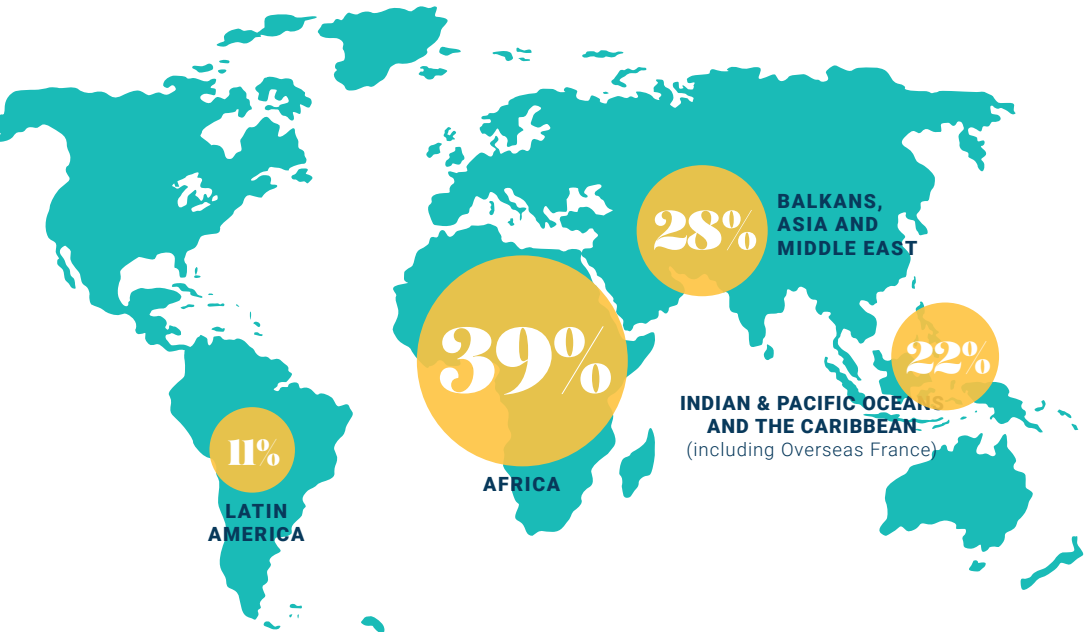


57 projects

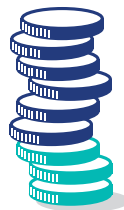
projects in the sector whose financing agreement was signed in 2022

Ongoing projects

Geographical breakdown of projects in progress (as % of committed amounts)



204 projects
in progress
in the urban development
and local government support
sector as of 31 December 2022



For a total amount
of **€5.1 BN**
including **€2.7 BN**
remaining to be
disbursed

Results achieved

In **2022**, the ongoing projects in urban development and support for local authorities enabled:



Nearly **12.6 M** city dwellers and users
to benefit from improved quality of life in cities

Among them,



more than
1.8 M
people

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



more than
2.6 M
people

benefited from
improvements to their
housing conditions,
access to public spaces,
or to socio-collective
urban facilities



more than
19,100
people

received support
for their job or their
income-generating
activities



more than
36,500
people

had their living
conditions in the city
secured after crises



more than **1,830** entities
operating in the urban sector

benefited from technical and/or financial capacity building

Funds for preparing projects

With the support of other donors and partners, AFD has established several regional and sectoral funds for project preparation. These funds finance feasibility studies and technical assistance to prepare future urban investment projects that provide climate benefits.



In 2022, AFD allocated a **€3 million** grant to top up **the CICLIA - Cities and Climate in Africa facility**, dedicated to the preparation of climate projects in African cities.



Sustainable Housing Initiative

AFD launched this multi-country facility in 2021 to facilitate access to affordable, decent and sustainable housing. **With a financial budget currently standing at €3.2 million**, this initiative aims to support the implementation of public policies for sustainable housing through sectoral technical assistance to public entities in charge of housing at the national and local levels.

SHI
SUSTAINABLE
HOUSING INITIATIVE



Knowledge production



→ AFD's knowledge production in the urban sector has focused on nature in cities with the publication of a "[Biodiversity in Cities](#)" technical guide.

→ AFD organized an international conference (scientific analyses, practices) along with geographical versions

→ With the World Bank, the City of Paris and Expertise France, AFD co-organized a training workshop in Paris for representatives of cities in AFD's countries of operation.



Events

AFD took part in several major events devoted to sustainable cities, such as the World Urban Forum in Katowice, Poland (organized by UN-Habitat), the Africities Summit in Kisumu, Kenya (organized by United Cities and Local Governments of Africa), and the COP27 climate summit in Sharm el-Sheikh, Egypt.

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 3,250 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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