

Water & Sanitation

ACTIVITY REPORT

2023



Despite an international situation that continues to be particularly uncertain, especially in the Sahel, AFD Group's activity in the water and sanitation sector reached unprecedented levels in 2023. The Group's work was boosted notably by its subsidiary, Proparco.

2023 was marked by a renewal of the international governance of the sector through the UN Water Conference, the first since 1977! AFD actively contributed through its participation in the launch of the Team Europe initiative on Transboundary Water Management in Africa, which it spearheaded. It also coordinated the Joint Declaration of Water Ministers from Sahelian Countries, together with the World Health Organization (WHO) and Sanitation and Water for All (SWA). In addition, the Group promoted the crucial role of Public Development Banks through the Water Finance Coalition, as well as the integration of Nature-based solutions into infrastructure projects, in partnership with The Nature Conservancy (TNC).

This annual activity review reports on the results of AFD Group's operations, both those estimated when new financing is approved and those carried out in 2023 through the implementation of ongoing projects.

These results are presented on the basis of their contribution to the achievement of the Sustainable Development Goals (SDGs). They demonstrate the transversal nature of this sector, which can help meet a number of the SDG targets, well beyond SDG n° 6 dedicated to the water and sanitation sector.

This report also serves as a tool to monitor the Group's water and sanitation objectives until 2025.

Our water and sanitation commitments in 2023

€1.8 BN
of financing
committed in 2023

Expected outcomes



SDG
target 6.2

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



SDG
target 6.3

1.7 million
population equivalent
of wastewater
treatment capacity



SDG
target 1.4
Access to basic
services

79,500 people
to benefit from a basic
sanitation service



SDG
target 6.1

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



SDG
target 1.4
Access to basic
services

219,000 people
to benefit from
a basic drinking water
supply service



SDG
target 3.9
Reduce mortality
from environmental
pollution

268,000 people
to benefit from hygiene
and water use awareness
campaigns



SDG
target 11.5
Reduce the adverse
effects of natural
disasters

352,000 people
to benefit from flood
risk management
facilities/equipment



*These expected outcomes cover AFD and Proparco.
A project financed by Proparco in the State of Rio de Janeiro
alone accounts for 5.4 million people gaining access
to drinking water and 3.3 million to sanitation.

A record year for AFD Group

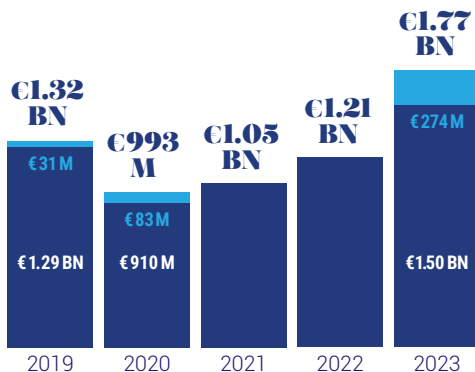
€1.8 BN

of financing signed in 2023
in the water and
sanitation sector

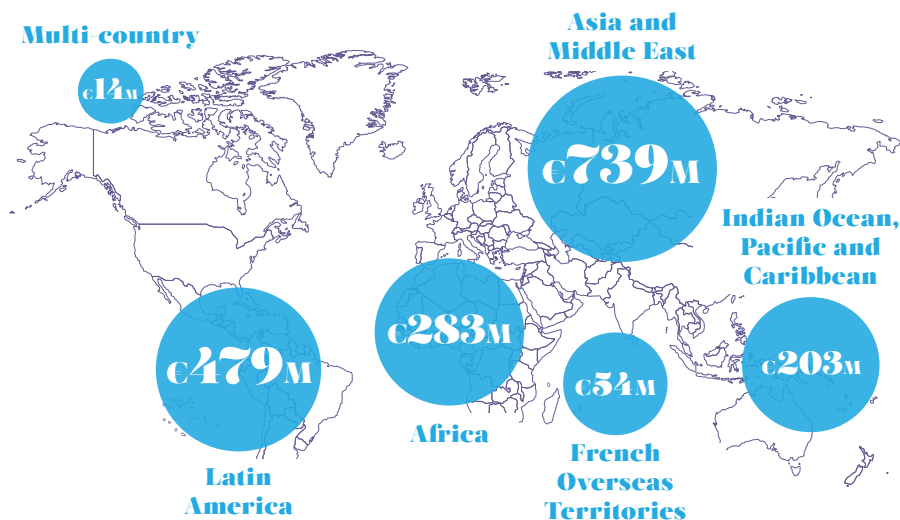
➤ Trend in commitments since 2019

- AFD
- Proparco

In 2023, the sector accounted for **13%** of AFD Group's commitments, a **record amount (versus 10% in 2022)**. This was supported by Proparco's activities, which also reached record levels.

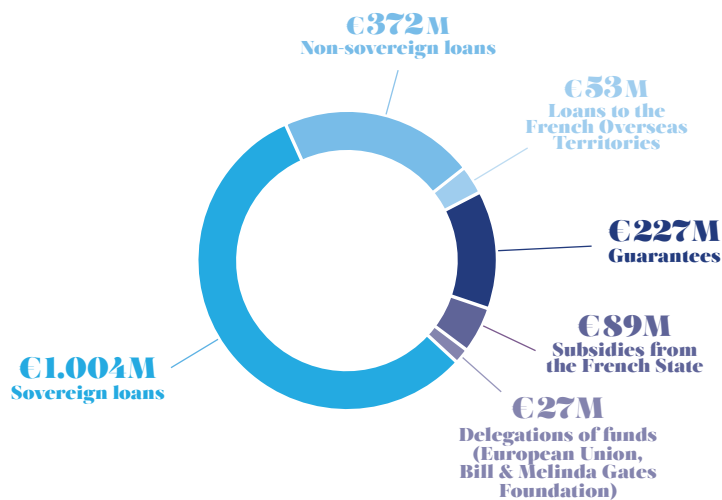


➤ Overall commitments are on the rise, except in Africa



A wide range of financial tools

▾ Breakdown by financial tool



Sovereign loans remain the principal financial tool in the water and sanitation sector. However, non-sovereign loans and guarantees reached unprecedented levels in 2023.

▾ France's financial effort sustained



€227M

in 2023, mainly focused on Least Developed Countries (63%)



€138M

Concessional loan subsidies

€89M

Grants

A transversal role to achieve multiple SDGs

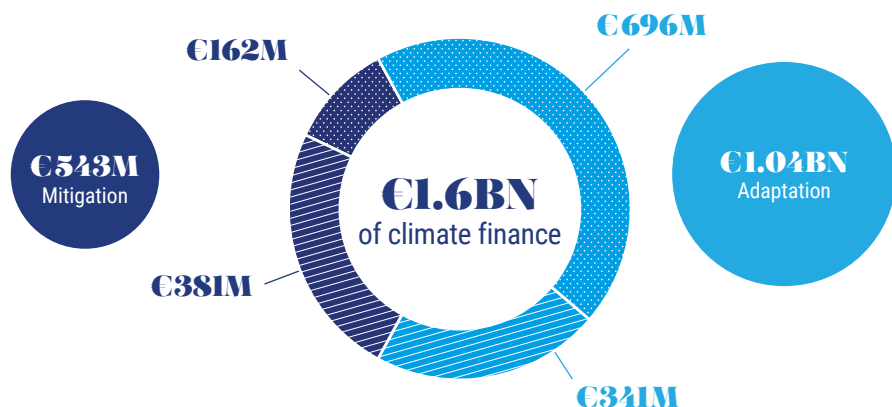
Proportion of new projects with a positive impact on...

● Strategy targets ● 2023 value



Climate (by amount)

75% • 89% of new commitments in the sector have a climate co-benefit in 2023



≡ Improvements in sanitation (incl. stormwater)

⋯ Securing water supply



Biodiversity

(by amount)
20% • 25%



Gender equality

(by amount)
55% • 58%



Sanitation

(by amount)
40% • 37%



Governance

and public service management
(by number of projects)
90% • 92%

Examples of new projects financed in 2023

Brazil

Water and sanitation for 10 million Brazilians

To achieve the national targets of a 99% coverage for drinking water and 90% for sanitation in 2033, the concessionaires Águas do Rio 1 and 4 are investing in the rehabilitation and extension of sanitation and water distribution infrastructure in 27 municipalities of the State of Rio de Janeiro. By increasing the volume of treated wastewater, the project is contributing to the depollution of Guanabara Bay. It benefits from a loan from IDB in local currency (R\$1.5 billion/\$300 million), partly guaranteed by Proparco.

Proparco guarantee – R\$500 million / \$102 million [Find out more](#)

India

Promoting more climate-resilient cities

AFD is supporting a call for projects for municipalities led by the Indian Ministry of Housing and Urban Affairs. About 20 projects, selected for their contribution to climate resilience, will be financed. They will stand out for their contribution to efficient water and sanitation service management, wastewater reuse, and water resource preservation. They will range from the construction of infrastructure and capacity building for operators, to sectoral reform.

AFD sovereign loan – €100 million
Co-financed by KfW

Multi-country

Addressing the challenge of menstrual health and hygiene (MHH)

MHH is faced with three barriers: a lack of information on a subject that is often taboo, the inaccessibility of sanitary products, and a lack of suitable sanitation facilities. To help remove these barriers, AFD is supporting around a hundred local feminist civil society organizations working to protect women's rights in nine countries, including five in Africa. It is also supporting about 30 social and solidarity-based enterprises, which are essential in securing the market for menstrual hygiene products.

AFD grant – €10 million [Find out more](#)

Mauritius

A transformational sector reform

In Mauritius, the drinking water service is only partially provided and only 19% of wastewater is treated, while water resources are stretched and extreme natural events are increasing in intensity. These issues call for a structural reform, which AFD is financing. A National Integrated Water Resources Management (IWRM) Plan is in preparation. It aims to increase drinking water production, multiply sewerage network connections, and reduce leakage.

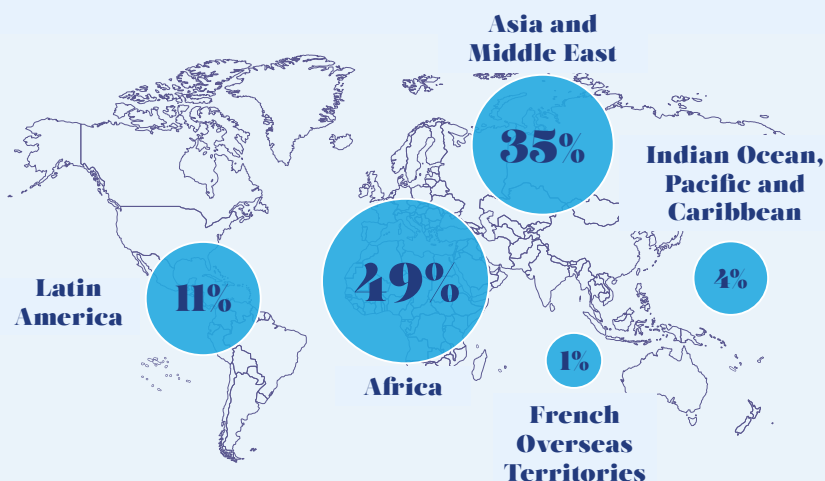
AFD policy-based sovereign loan – €200 million / AFD grant – €2 million
[Find out more](#)

306 ongoing projects

€945M

disbursed in 2023,
a record year in this sector

▶ A portfolio of €9.9 billion,
including half in Africa



▶ The portfolio of ongoing projects
has doubled in seven years



Visible results

In 2023, the ongoing projects have allowed:



419,000 people
to benefit from
a safely managed
sanitation service



215,000
population equivalent
of wastewater
treatment capacity



154,000 people
to benefit from a basic
sanitation service



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



216,000 people
to benefit from
a basic drinking water
supply service



184,000 people
to benefit from hygiene
and water use awareness
campaigns



65,000 people
to benefit from flood risk
management facilities/
equipment



Partnerships for greater impact on the ground

AFD Group supports initiatives to **address the lack of financing for the water and sanitation sector.**



Water Finance Coalition

The Coalition gathers Public Development Banks aiming to improve the financing of the water and sanitation sector. It provides a space for experience sharing and has been offering technical assistance to national and regional banks since 2023. The objective is to create a roadmap for them to increase their financing in this sector.

[Find out more](#)



Sahel Declaration

During the UN Water Conference in March 2023, the Sahelian States, the members of the Sahel Alliance and WHO signed a joint declaration reiterating the need for strong commitments for the sector. This has resulted in an action plan to step up the exchange of experience between countries. It is being implemented with support from SWA, WHO and AFD.

[Find out more](#)

Partnerships are also an opportunity **to explore emerging water and sanitation themes.**



CityWide Inclusive Sanitation (CWIS) with the Bill & Melinda Gates Foundation

CWIS approaches are more decentralized and require less infrastructure. They often offer a more effective solution for addressing the challenge of universal access to sanitation in cities of the Global South, which have been expanding rapidly. An agreement was signed in 2023 for the delegation of €1.5 million of funds from the Bill & Melinda Gates Foundation for AFD to develop new technical, financial and socioeconomic methods and tools for all operators in the sector. The objective is to develop projects using these approaches.

[Find out more](#)



Complementarity of network-based and off-grid services with GRET

The 7th ContrEauverses seminar, organized in September 2023, provided the opportunity to look at the new modes of governance developing alongside centralized and network-based approaches. The discussions between practitioners and researchers focused on the role of small-scale private service providers and associations, the development of bottled water, and strategies to increase household drinking water connections in cities of the Global South.



Towards a World in Common

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

With our partners, we are building shared solutions with and for the people in more than 150 countries, as well as in 11 French Overseas Departments and Territories. As part of the commitment of France and the French people to achieving the Sustainable Development Goals, our teams are at work on 4,200 projects in the field. Our objective is to reconcile economic development with the preservation of common goods, from peace, the climate and biodiversity to health, education and gender equality. Towards a world in common.



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