



RÉPUBLIQUE
FRANÇAISE

*Liberté
Égalité
Fraternité*



AFD AND **reducing inequalities**



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112 projects

aimed at reducing
inequalities and promoting
inclusion, representing 45%
of projects approved in 2023

€3.12 BN

committed to reducing
inequalities in 2023

54%

of projects
in Africa

One of the 17 Sustainable Development Goals (SDGs) in the 2030 Agenda is reducing inequalities (SDG 10). A particular emphasis on reducing inequalities and promoting the inclusion of disadvantaged groups is essential to achieving inclusive and sustainable development. AFD Group's 100% Social Link strategy makes reducing multidimensional inequalities a key part of its action.

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AFD Group's strategy for reducing inequalities



Health, political, climate and armed conflict crises have become unprecedented factors driving inequalities around the world in recent years. In 2021, the richest 10% of the global population held 52% of global income, while the poorest half had only 8.5%.¹ In 2030, over 600 million people will still be living in extreme poverty.² In addition, the effects of climate change as well as response and adaptation capabilities are very unequally distributed around the world.

In 2022, the richest 1% was responsible for as many carbon emissions as two-thirds of humanity.³ In addition, significant disparities persist in access to essential services, like education, healthcare, decent housing and quality employment. These inequalities in access to services hinder countries' development policies and undermine social cohesion and confidence in institutions.

AFD Group's new strategic guidelines include a strong commitment by the Group to reducing multidimensional inequalities and promoting inclusion. AFD is seeking to take action against all forms of inequality, whether economic, social, or cultural, in terms of access to services, environmental or political, between individuals or groups of individuals.

DEFINITION

Multidimensional inequalities refer to a combination of several forms of inequality experienced by the same individual or group of individuals, such as economic (wealth, income, property), social and cultural disparities, access to essential goods and services, quality employment opportunities and political participation.

¹ World Inequality Report 2022, World Inequality Lab

² WIDER Working Paper 2023/123-Will economic growth be sufficient to end global poverty? New projections of the UN Sustainable Development Goals (unu.edu)

³ Climate inequality report (WID) 2023

How AFD's projects tackled inequalities in 2023

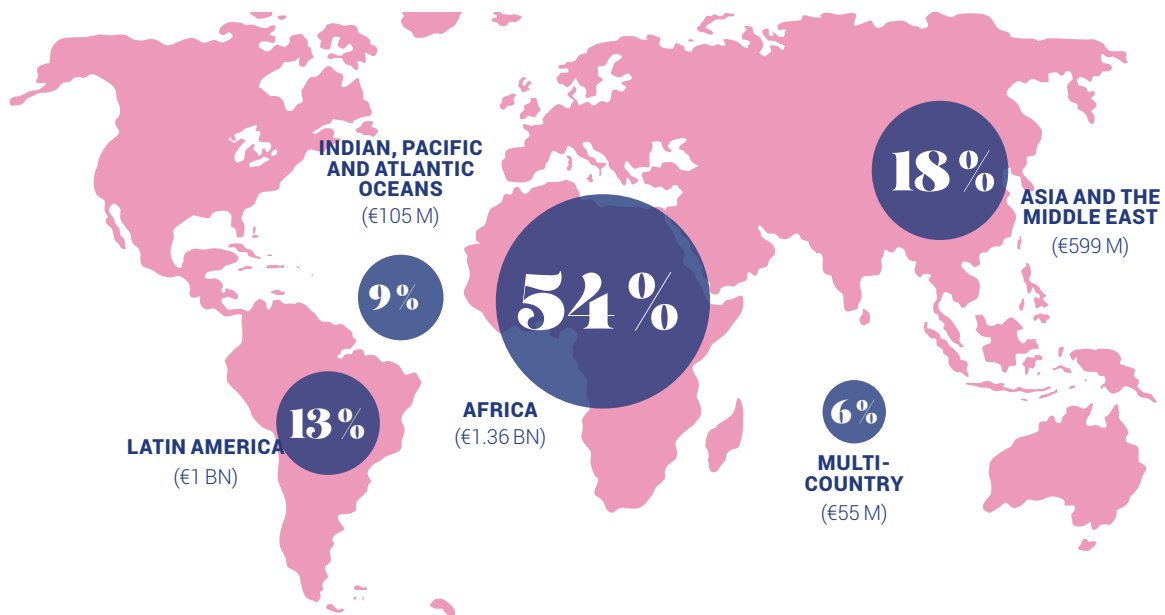
The "Equality and Inclusion" indicator adopted by AFD makes it possible to measure and increase the integration of SDG 10 in all the projects it finances.

45% of the projects financed will contribute to reducing inequalities and promoting the inclusion of disadvantaged groups within countries where AFD operates⁴.



Breakdown by region

% of the number of financed projects contributing to the reduction of inequalities and the promotion of inclusion (amount of commitments in €)



Contributions of Proparco and Expertise France



25%

of new projects launched by Proparco in 2023 will contribute to reducing socio-economic or territorial inequalities⁵



38%

of new projects implemented by Expertise France in 2023 are aimed at helping to reduce inequalities⁶

⁴ Scope of AFD's sustainable development analysis and assessment, i.e. 248 projects analyzed and approved in 2023.

⁵ Measured according to Proparco's sustainable development rating (version applicable in 2023).

⁶ Measured according to Expertise France's sustainable development rating (Social link rating 2-3).

Reducing inequalities in access to essential services

In 2023, AFD committed significant financing for projects aimed at improving the access of disadvantaged groups to education, vocational training, social protection, water and sanitation, energy and transport services.

BURUNDI

Universal electricity access program

OTHER SDGS
TARGETED
BY THE PROJECT



The project contributes to the national universal electricity access program in a context where only 11% of the population has access to electricity. This power grid rehabilitation project in Bujumbura, the nation's capital, will have a significant impact on reducing inequalities. It will improve the quality of the electrical services for the entire population and provide over 150,000 people with access to electricity for the first time. The most disadvantaged groups (40% of the poorest people in the country) will be able to access the service under suitable financial conditions (subsidized connections and rates).

This project will be a first step before electrification in small and medium-sized towns and cities, and universal access in rural areas.

Co-financing: World Bank, European Investment Bank, European Union

AFD grant: €10 M

Reducing territorial imbalances in access to essential services

Projects financed by AFD promote a more balanced regional development by supporting stakeholders in disadvantaged areas through the provision of a decent and inclusive living environment.

TUNISIA

National sanitation program for working-class neighborhoods

OTHER SDGS
TARGETED
BY THE PROJECT



In a context of rapid urbanization that is exacerbating inequalities between urban and suburban areas -due to a rising number of disadvantaged working-class neighborhoods- the National Sanitation Program for working-class neighborhoods (6) will help improve the living and health conditions of disadvantaged people in Tunisia. It will also increase access to sanitation and help reduce regional disparities in terms of access to essential services (particularly for schools), while also protecting the environment, biodiversity and natural ecosystems. 261,000 people from 139 disadvantaged working-class neighborhoods will gain access to sanitation and benefit from an improved living environment.

AFD loan: €50 M

AFD grant: €1 M

Reducing economic inequalities

AFD supports projects that develop employment opportunities and economic activities for disadvantaged groups, in particular by improving access to financial and non-financial services for micro-entrepreneurs.

NIGERIA

Support for women's entrepreneurship and empowerment

OTHER SDGS
TARGETED
BY THE PROJECT



Although micro, small and medium-sized enterprises (MSMEs) account for 96% of Nigerian companies and 84% of employment opportunities, only 23% of SMEs and 40% of micro-enterprises are owned or managed by women. AFD has taken steps to address this gap alongside the Development Bank of Nigeria by introducing a credit line dedicated entirely to women's entrepreneurship. This credit line supports financial inclusion and the development of micro-enterprises with a specific focus on vulnerable women who manage MSMEs and have never had access to formal financing. In addition to this financial assistance, technical support will be provided to improve women managed-MSMEs' capacities and access to financing, as well as to integrate gender issues in the local financial sector. The project will therefore contribute to the women's economic empowerment and will reduce inequalities in Nigeria.

AFD credit line: **€50M**

AFD grant: **€0.8 M**

Proparco Supporting the private sector in reducing inequalities

CAMEROON

Support for SMEs and small-scale farms

OTHER SDGS
TARGETED
BY THE PROJECT



Although small-scale farms contribute significantly to improved food security and sustainable economic growth in Cameroon, they suffer from a financing gap that hinders their development. Proparco has granted a guarantee to the Cameroonian microfinance institution Advans Cameroon with the aim to develop its credit activities with small Cameroonian businesses and small-scale farms that will gain better access to financial services thanks to credit risk reduction.

Proparco portfolio guarantee: **€2 M**

Expertise France Technical cooperation to strengthen lasting public policies that reduce inequalities

MEXICO

Strengthening public finances to improve social inclusion

OTHER SDGS
TARGETED
BY THE PROJECT



The EU4Equity project aims to reduce inequalities and strengthen social cohesion in Mexico by focusing on four key objectives: improve government revenue collection thanks to digitalization, increase the transparency and efficiency of public expenditure management, strengthen decentralized tax governance, and support the formalization of micro, small and medium-sized enterprises (MSMEs) through appropriate tax measures.

Grant: **€5 M (donor: European Union)**

Reducing inequalities through fiscal and budget policies

CAMEROON

Budget support program for education

OTHER SDGS
TARGETED
BY THE PROJECT



With this public policy financing, AFD is helping Cameroon's Ministry of Basic Education take steps towards achieving its goal of universal access to primary education, in particular through investments in high-priority areas, with the aim of restoring balance between regions. The project will contribute to ensuring more equitable access to quality educational services and improve the primary school completion rate by helping to increase the number of children the public schools can accommodate, increasing the number of teachers and the training they receive, and expanding the Ministry's capacity to monitor and manage the program.

AFD grant: **€10 M**

Reducing environmental inequalities

AFD Group supports projects that contribute to a just environmental transition, one that tackles both ecological and social issues. The aim is to address various environmental challenges while maximizing social impacts, through employment opportunities, social protection, and fair and sustainable access to energy and transport.

PERU

Support program for natural disaster management and the fight against climate change

OTHER SDGS
TARGETED
BY THE PROJECT



Peru's geographical location makes it vulnerable to many natural hazards, such as floods, earthquakes and landslides. The effects of climate change and the increase in poverty, especially since the COVID-19 crisis, are factors that have led to increased vulnerability. AFD is providing a contingency loan and technical assistance to strengthen the capacities of institutions to manage natural disasters and combat climate change, with several actions to reduce inequalities. This includes strengthening the resilience of communities by supporting the development of adaptive social protection, by improving the availability of information to facilitate preparedness and the response to crises, and by ensuring the appropriateness of social programs in the event of natural disasters.

AFD loan: **€200 M**

Structuring partnership initiatives

Research to support policies that reduce inequalities



AFD has been implementing the Research Facility on inequalities (EU-AFD) with EU funding since 2017. After a successful first phase, especially in terms of knowledge production on inequalities in thirty countries, AFD and the European Commission launched a second phase in four countries in 2021: South Africa, Mexico, Colombia and Indonesia.

IN COLOMBIA

A tax incidence analysis has been finalized and, in partnership with the Colombian Ministry of Finance, a study has been initiated on the impacts of the pension reform, with a special focus on changes in the labor market associated with the ecological transition.

IN SOUTH AFRICA

Several research publications have had a positive impact on the decision to pursue the recovery policy. A tool mapping socio-economic indicators at a sub-national level has been launched to support economic diversification in the context of the country's coal phase-out.

IN INDONESIA

An assessment of multidimensional inequalities was carried out and two studies on links between marine-protected areas and poverty and inequalities were published.



Towards greater consideration and measurement of project contributions to reducing inequalities by donors?

A partnership between AFD and the OECD was signed in December 2023 to support the efforts of the OECD Community of Practice on Poverty and Inequalities (CoP-PI) to enhance DAC members' contributions to reducing multidimensional inequalities and poverty.

Thanks to the research financed by the Research Facility on Inequalities (EU-AFD), the European Commission Inequality Marker (I-Marker) was officially launched at the colloquium entitled "Science and the Fight against Poverty" organized by the Collège de France on June 23, 2023. The I-Marker aims to improve the design of interventions to enhance their impacts on reducing inequalities within countries, including the extent to which they target the most disadvantaged groups.

An international conference entitled "Inequalities, work and nature: strategic dilemmas and political resolution" co-organized by AFD, the South African presidency, the EU and the ACEIR was held in Cape Town, South Africa on November 8-9, 2023.

A conference on climate change and inequality was organized in November 2023 at AFD. At this conference, Oxfam France presented the key findings from its report entitled "Climate Equality: A planet for the 99%."

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 2,700 projects in the field, in 120 countries and French Overseas Departments and Territories. 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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