

FOCUS

SUSTAINABLE CITIES



#WorldInCommon

AFD supports cities in their low-carbon transition and adaptation to climate change. It aims to improve city dwellers' quality of life and supports the sustainable development of territories. It helps urban stakeholders meet the challenges of urban growth, social inequalities, and territories' vulnerability.



AGENCE FRANÇAISE DE DEVELOPPEMENT GROUP

AFD is a public financial institution that finances, supports and expedites transitions towards a more just and sustainable world.

As a French public aid platform for development and sustainable development investment, we and our partners create shared solutions, with and for the people of the global South.

Active in more than 4,000 projects in the field, in Overseas France and 115 countries, our teams are working on behalf of humankind's common resources – climate, biodiversity, peace, gender equality, education and health.

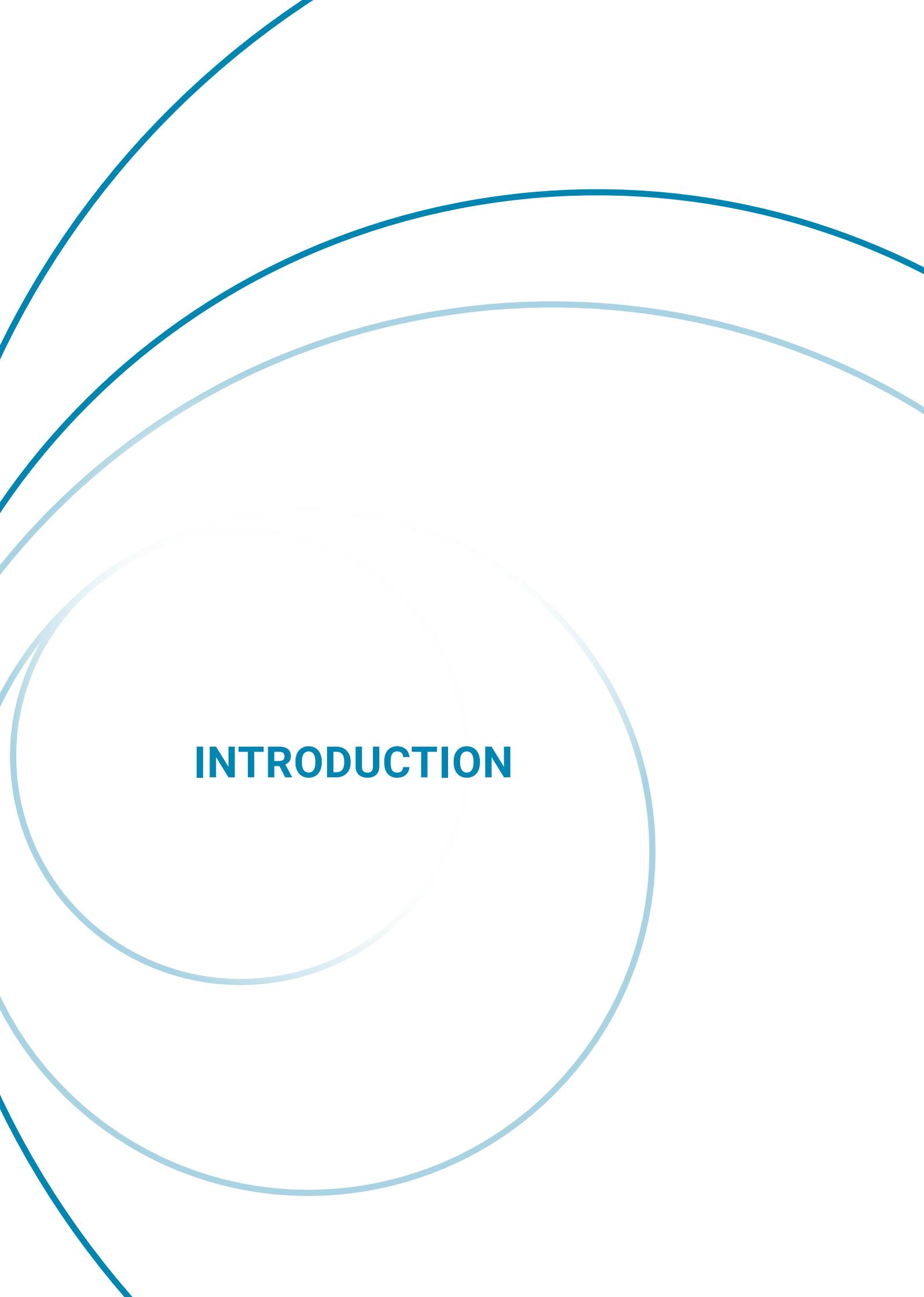
It is our way of contributing to the commitment that France and the French people have made to achieving the Sustainable Development Goals.

For a world in common.

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CHALLENGES AND HISTORICAL POSITIONING



INTRODUCTION

THE HIGH PACE OF URBAN GROWTH

IN FIGURES

In 2016, **31 cities** each had over **10 million inhabitants**, 24 of those in developing countries; by 2030, there will be 41 such cities.

An additional **29 cities** will cross the threshold of **5 million inhabitants** between 2016 and 2030: 15 in Asia and 10 in Africa.

In **25 developing countries**, over **40% of the urban population** is concentrated in a single city of over one million inhabitants.

Half of the world's population now lives in urban areas. However, this historic threshold – crossed in 2008 – is only a stage in the urban transition: with cities growing in size and number, the share of urban population is on the rise in all regions. In 2016, 54.5% of the world's population already lived in cities and, by 2030, this figure is expected to rise to 60%. Urbanisation rates remain contrasted, however, from one continent to another: North America, Latin America and Europe all have over 70%, or even 80%, of city dwellers, whilst most of the population still live in rural areas in Asia (48% of city dwellers) and in Africa (40% of city dwellers).

In the vast majority of developing countries, historically, rural depopulation has been a factor of urban growth. With easy access to employment, services, healthcare infrastructure, education and connectivity, cities are still a place of opportunity for many populations. What is new, however, is that urban growth is now mainly driven by the natural increase in populations already residing in urban areas.¹

Differences in urbanisation across continents, as well as countries' diverse levels of development, lead to strong variations in urban growth patterns depending on the geographical area. Africa and Asia are both experiencing strong economic growth and are the two continents facing the highest rates of urban growth: between 2016 and 2030, the number of cities with over 500,000 inhabitants is expected to increase by 80% in Africa and by 30% in Asia, whereas Latin America, already very urbanised, is expected to remain relatively stable. Urban growth will be mainly concentrated in medium-sized cities (between 500,000 and 1,000,000 inhabitants): their number is set to grow from 551 in 2016 to 731 by 2030. This represents a considerable challenge for these cities and their local authorities.

INTERNATIONAL MOBILISATION REAFFIRMED SINCE 2015

The scale of urbanicity has propelled a great deal of international mobilisation, deployed in successive international conferences between 2015 and 2016. The International Conference on Financing for Development in Addis Ababa (2015) enabled a great stride forward in the recognition of local authorities' role in financing development. The United Nations Sustainable Development Summit in New York (2015) devoted a specific sustainable development goal to the challenges facing cities – SDG 11: make

cities and human settlements inclusive, safe, resilient and sustainable. The Paris Climate Conference demonstrated the importance of the local level for the agenda of solutions promoting low-carbon and climate-resilient cities. The international Conference on Housing and Sustainable Urban Development, Habitat III (2016) in Quito, led to the adoption of a new global urban agenda confirming a shared vision of just, safe, healthy, accessible, affordable, resilient and sustainable cities and human settlements.

¹ UN WUP Report 2014: since the 1960s and 1970s, studies have shown that around 60% of demographic growth in developing cities is due to a natural increase in population.

The different actors in urban development – local authorities, governments, private sector, civil society, donors and international bodies – have taken on a key role in defining the new agendas to be implemented. These agendas have consolidated a widely shared vision of urban territories around the three pillars of a sustainable city: cities that are socially inclusive, productive for the economy, environmentally resilient with low-carbon emissions.

This conception of the sustainable city is also the one promoted by the European Union and upheld by AFD (French Development Agency) in its previous strategies. Following the same lines, the French Ministry for Europe and Foreign Affairs also supports action in favour of sustainable cities, through an integrated territorial approach and democratic urban governance based on local authorities.

AFD'S INTERVENTION CONTEXT

AFD has long been present in the field of urban development. Its positioning is based on a territorial approach and derives partly from its historic intervention as a funder of urban planning in Overseas France. This anchorage, together with France's recognised expertise in the urban sector, has enabled AFD to promote a dialogue with the key urban actors, whether national or local, and to deploy flexible financing tools adapted to the specificities of the sector.

In this respect, AFD holds a pioneering position among donors when it comes to support for urban development. This stems from its understanding of urban territory, which is grounded on France's experience with cities, and from its modes of intervention, which operate in direct contact with local authorities and complement the approach of the other donors.

Territorial projects led by local actors are core to AFD's strategy; they are initiated or strengthened through a systematic dialogue with the local authorities and, at the earliest opportunity, with the major French urban actors.

Depending on the degree of decentralisation and the maturity of the local contracting authorities, AFD can mobilise a whole array of financial offers ranging from direct loans to the local authority or operator, with or without a guarantee, through to central government loans on-lent to local level as appropriate, or lines of credit granted to local banks for the benefit of urban investment projects.



**WHAT NEW
CHALLENGES FOR
AFD'S ACTION
IN URBAN
DEVELOPMENT?**

PERSISTENT SOCIAL AND TERRITORIAL INEQUALITIES IN CITIES

Most emerging cities today are still developing informally. In fact, 40% of their growth occurs in precarious settlements. And despite the efforts over recent years,² the inequalities experienced by the inhabitants of some left-behind territories with respect to accessing basic services as well as spaces in the formal city, are weakening the social link. These neighbourhoods, built with no prior planning and no connection to services and networks, concentrate factors of fragility that perpetuate their inhabitants' social exclusion: distance from city centres and employment areas, vulnerability to natural disasters, difficult access to public facilities and spaces, as well as to basic services.

In addition, the fragility of some local authorities in cities where AFD operates does not always facilitate the implementation of a well-structured approach to partner-based management, or even effective consultation with the stakeholders in urban areas (inhabitants, local economic actors, institutions...). The failure to take sufficient account

of this factor may limit project sustainability. At the same time, new means of consultation are emerging that cities can use as models to engage in the crucial dialogue with their citizens, particularly the most fragile, and to fight inequalities.

Finally, cities are generally perceived as gender-neutral entities. Yet, this putative neutrality is in fact unfavourable to women. Women make a significant contribution to the functioning of urban services through paid as well as unpaid activities that compensate for the absence or failings of public services such as water supply, waste collection and street cleaning. Women are also the first victims of insecurity and still suffer from persistent inequalities in terms of access to employment, physical and financial resources, public spaces, and to representation in the formal governance structures. Moreover, in a context of the continuing growth of precarious habitat, access to housing is a major socio-economic issue for women from the point of view of security and autonomy.

TERRITORIES INCREASINGLY VULNERABLE TO CLIMATE AND NATURAL DISASTER RISKS

Informal settlements are often constructed on areas subject to numerous risks (landslides, flooding) and, due to their location and characteristics, they are also more vulnerable to cyclonic and seismic phenomena. Similarly, the artificialisation of land reinforces surface runoff, a factor that only exacerbates flooding. As for the phenomena of heat islands, these will intensify urban heat waves.

Every year, natural disasters have considerable repercussions, causing over 92,000 deaths on average, affecting over 220 million people and costing up to USD 520 million. Given the increase in populations living in risk-prone areas, together with land artificialisation and the effects brought on by climate change, the risks of catastrophes and associated damage are expected to rise in the coming

years. Due to the interaction of several factors on their territories (rapid and uncontrolled urbanisation, poverty, social inequalities, poor governance...), developing cities find themselves particularly vulnerable.

There is now an international consensus on the main strategies for reducing disaster risks, formalised under the Sendai Framework for Disaster Risk Reduction (2015–2025).

Confronted with the challenge of protecting themselves against the mounting effects of climate change (cyclonic storms, coastal erosion, heat islands, urban droughts and flooding), in a domain where the uncertainty of predictions further complicates interventions, cities are also faced with the challenge of mitigating these effects.

² [A] decrease from 39 per cent to 30 per cent of urban population living in slums in developing countries between 2000 and 2014, according to the UN-Habitat Slum Almanac 2015/2016.

THE STRONG IMPACT OF URBAN SPRAWL ON GREENHOUSE GAS EMISSIONS

Under the combined effects of demographic growth and rapid urbanisation, cities are the world's main energy consumers (2/3 of global energy consumption and 70% of energy-related greenhouse gas emissions). They are also where 70% of infrastructure demand will be concentrated by 2030 (transport, buildings, water, energy). Yet over the past 50 years, the spatial development of cities, particularly developing cities, has in most cases led to urban sprawl and a reduction in density.

In the absence of an adequately developed land policy and appropriate planning at the metropolitan level, the fast pace of urban growth often leads to rapid urban sprawl, which is a factor of social inequalities and over-consumption of resources and natural spaces. The marginalisation of historic centres, the high costs of extending and connecting new neighbourhoods to networks, longer commuting times, urban sprawl encroaching on natural spaces and agricultural land, and quantitative and qualitative pressure on water resources all have negative consequences for the environment, of course, but also for the social integration of inhabitants. Re-investing in existing neighbourhoods instead of consuming natural spaces is a way to limit these consequences and the production of additional emissions.

Cities should be developed within a framework enabling them to anticipate and manage their demographic growth while limiting their carbon footprint. As key actors in ecological transition, cities must have the resources and competences needed to address the challenges of climate change. Only a proactive planning approach will enable a reduction in social inequalities and vulnerability to climate change.

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The challenge of climate financing for cities

The recent Addis Ababa, COP21 and Habitat III international conferences endorsed the key role of local authorities, alongside governments and non-governmental actors, in development and in fighting climate change. This implies strengthening local authorities' human and financial resources, which are insufficient in many countries, so that they can meet this challenge.

The needs for investment in sustainable urban infrastructure are huge: they have been estimated at USD 4,500 to 5,400 billion per year over the next 15 years in order to reach the development goals. This requires contributions from governments, international donors, dedicated funds like the Green Climate Fund, and the private sector, as well as the cities themselves, which are the first level of democracy and key actors in territorial development.

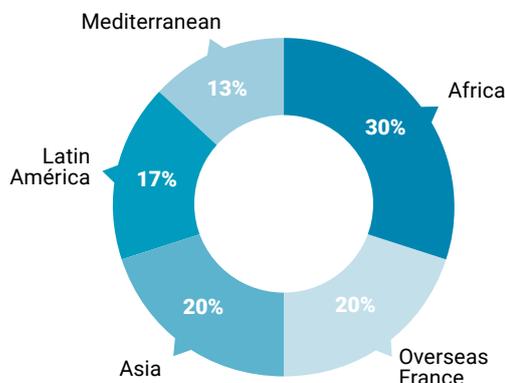


**REVIEW OF THE
IMPLEMENTATION
OF THE 2014–2017
STRATEGY AND
LESSONS LEARNED**

Over the 2014–2017 period, AFD’s sustainable cities strategy represented a significant portion of its overall activity with €9.64 billion committed to urban development, urban water and sanitation projects and urban transport; almost half of these commitments (47%, i.e. €4.5 billion) more specifically targeted urban development, with two-thirds of this amount allocated to support for local authorities, as well as projects for housing, precarious settlements upgrading and waste management.

In terms of geographical distribution, 30% of commitments involved the African continent, the remainder being shared almost equally across the Overseas France (20%), Asia (20%), Latin America (17%) and Mediterranean countries (13%).

In terms of financial tools, 79% of these commitments were operationalised through sovereign loans. Direct non-sovereign loans to local authorities were continued but represented only a small fraction of AFD’s operations given the constraints related to regulations on indebtedness and the level of decentralisation of the countries where AFD operates.



OBJECTIVE 1: ENCOURAGE LOW-CARBON, ENVIRONMENT-FRIENDLY CITIES

The two main challenges of the previous strategy were to improve the urban environment and risk management, and to support the spatial transformation of cities towards greater sobriety through densification and the fight against urban sprawl. This objective was more particularly addressed through resilient urban planning projects, flood risk management projects and climate-change mitigation policies: prevention of climate-related risks (Philippines), regeneration of city centres and densification of urban corridors (Johannesburg in South Africa), resilient urban development (Porto-Novo in Benin), eco-neighbourhoods and eco-cities (Caidan in China, Zenata in Morocco), elaboration of climate strategies (Turkey in particular) and setting-up of funds to prepare urban projects with climate co-benefits in Latin America and in Africa. The volume of climate funding reached 59% over the period (excluding activities in Overseas France, where no climate objective had been integrated over the period).

FOCUS - PROJECTS

South Africa, Johannesburg

(€120M – non-sovereign loan; €0.4M – grant):

financing for the City of Johannesburg’s investment programme for implementation of its spatial development policy. Densification of urban nodes on the transport backbone connecting the principal townships, through transport infrastructure, water and electricity, housing and public facilities; support in implementing the urban transformation strategy and in elaborating and implementing a climate plan.

The funds for preparation of urban projects with climate co-benefits, mainly constituted with the European Union,

aim to address the challenge of implementing local climate strategies by covering two essential needs: the lack of (i) capacities and (ii) financing in order to launch project preparation studies. CICLIA for sub-Saharan Africa, CAF facility for Latin America, UPFI for the Mediterranean make it possible to finance the vital preparatory studies for these projects (feasibility studies), and to support the local authorities with dedicated expertise when this proves necessary.

OBJECTIVE 2: PROMOTE SOCIAL COHESION AND CITIES ACCESSIBLE TO ALL THEIR INHABITANTS

The main implementation priorities for this objective aimed at improving precarious settlements and bolstering the housing supply, developing access to basic services and urban facilities, and better access to the city. This objective gave rise to a large number of projects to upgrade precarious settlements (Balbala in Djibouti, La Barquita in the Dominican Republic, Lalankely II in Madagascar, PRESU II in the Central African Republic), urban renovation programmes, the diversification of AFD's product offer to housing operators in Overseas France, and solid waste management projects (Lomé in Togo, Samarkand in Uzbekistan, Addis Ababa in Ethiopia).

FOCUS - PROJECTS

Haiti, Port-au-Prince (€30M – grant):

urban reconstruction of two neighbourhoods affected by the earthquake. Infrastructure, public facilities and spaces, habitat and housing, security of tenure, social development; support to Port-au-Prince city hall; support to the Inter-ministerial Committee for Territorial Planning; recourse to high-intensity labour.

Morocco (€50M – non-sovereign loan):

financing the investment programme of Al Omrane development holding in charge of building subsidised housing and providing land for self-build housing by the inhabitants.

OBJECTIVE 3: STRENGTHEN LOCAL ECONOMIC DYNAMICS AND EMPLOYMENT

This objective aimed to strengthen cities' local economic development on the one hand, and enhance regional natural and urban heritage on the other. Starting with interventions targeting public facilities, some projects targeted the creation of new urban centralities (Jericho in Palestine, Rangoon in Myanmar). Support was also provided to develop business zones for tertiary or industrial activities (Tanger Med Zones in Morocco, Panda joint development zone in New Caledonia, Pôle Océan in Réunion). Finally, support was provided to three large-scale projects for the enhancement of cultural heritage in Anuradhapura in Sri Lanka, Qixian in China and in the medinas in Tunisia. Although few projects exclusively target economic development, most of them have indirect impacts that are still complex to measure and quantify.

FOCUS - PROJECT

Sri Lanka, Anuradhapura (€52M – sovereign loan; €0.2M – grant):

enhancement of the site's architectural, natural and cultural heritage via the upgrading or construction of installations for storm water management, the implementation of facilities and the regeneration of public spaces in order to improve access and on-site mobility, support to the project's actors – elaboration of a feasibility study, assistance to the project management unit, capacity building activities.

CROSS-CUTTING OBJECTIVE: SUPPORT THE TERRITORIAL DEVELOPMENT STRATEGIES OF LOCAL URBAN ACTORS

This objective aimed to strengthen local authorities as actors of territorial development. Several projects helped to empower local authorities by reinforcing their strategic vision and planning, particularly in South Africa (Johannesburg), Benin (city climate change adaptation programme) and Brazil (Fortaleza). In addition, this objective includes the strengthening of local authorities in Overseas France, representing around one-third of the annual commitments of AFD's Urban Development, Town Planning and Housing division. The aim was also to support the authorities in achieving greater maturity in the areas of strategy and management, via a dialogue on their technical and financial leeway and their urban investment financing plans (in New Caledonia with the North Province and South Province).

Moreover, training for local authorities was bolstered thanks to training modules co-built with AFD's training centre and delocalised to various countries, as for example, the training on eco-neighbourhoods in Singapore. In some countries, several projects helped to reinforce the institutional and financial framework, facilitating more

transparent and more effective urban management (municipal development programme in Palestine, Loan and Support Fund for Local Authorities in Tunisia, decentralisation support programme in Jordan). Finally, the consolidation of local governance and the development of participatory processes were marked by heightened reflection on "Cities in Crisis", notably fuelled by the flagship project for economic and social reconstruction in urban areas in Bangui.

FOCUS - PROJECT

Jordan (€100M – loan/sectoral budgetary aid):

support to the Jordanian government's structural reforms designed to strengthen municipalities. Improvement of municipal financial resources, strengthening the professionalisation of municipal financial management, reform of the Cities and Villages Development Bank in order to expand its role as a development bank for loans and advice to municipalities.

REVIEW OF KNOWLEDGE PRODUCTION AND PARTNERSHIPS

AFD was an active participant in the many events that accompanied the redefinition of urban agendas in the international arena. In December 2015, AFD helped elaborate the roadmap of non-state actors in preparation for the Paris Climate Change Conference (COP21). It took part in the discussions at the Addis Ababa conference in July 2015 and in the deliberations at Habitat III in Quito in 2016 and, together with its partners, delivered some key messages. In order to further enhance the debate, AFD concurrently organised some fifteen conferences with an expert network targeting different audiences on urban issues. It also held around ten training sessions on

sustainable cities for internal or external participants: the "Local Authorities" training curriculum on AFD's Development Campus, in-house training on sustainable cities dispensed in Asia, etc.

As for publications, between 2014 and 2017, AFD supervised around fifteen studies and capitalisation documents on its usual intervention sectors as well as on new subjects: a methodological guide on local economic development, Questions of Development on cities and climate, publications such as *L'AFD et l'intervention en quartiers précaires* (AFD and interventions in precarious

settlements), *L'AFD et les équipements urbains marchands* (AFD and urban commercial facilities), etc. On the partnership front, it has built productive relationships with a multitude of French and international actors: international networks and local authorities (UCLG, FMDV, ICLEI, C40, Climate Chance), federations of local public enterprises and French urban planning agencies (Federation of Local Public Enterprises, National Federation of Urban Planning Agencies), public sector establishments (National Agency for Urban Renewal), etc. Full Details on review of knowledge production and partnerships can be found in the Appendix.

A decisive place in discussions and the new urban agenda

- Over 15 conferences organised on urban issues
- Over 10 internal or external training sessions organised on sustainable cities
- Over 15 studies and capitalisation work carried out
- 10 partnerships formalised or pursued with French and international public and private actors

TEN YEARS OF INTERVENTION IN THE URBAN SECTOR

The 2008–2012 strategy confirmed the key role of local authorities as the public actor best-qualified to identify the needs of the inhabitants. In view of this, the strategy promoted decentralisation as an core component of local development and supported the emergence of an integrated vision of urban development that went beyond a sector-based approach.

The 2014–2017 strategy expanded on this vision by combining it with the sustainable city approach, whose end goal was to finance, promote and support the development of inclusive, productive and resilient cities that ensure a good quality of life for their inhabitants. A cross-cutting component encompassing governance issues rounded off this strategy, and the territorial approach was developed.

The results of these ten years of intervention in the urban sector show a significant increase in financing commitments for sustainable urban development projects, supported by capacity building actions for urban actors. They also point up AFD's more marked positioning on knowledge production and its active participation in international debates. This substantive stepping-up of commitments should nonetheless be viewed relative to the scale of financing needs in developing cities and the lengthy time frame required to build and transform cities.

Some powerful ideas have taken shape and structure current interventions:

- Local authorities remain key actors in urban development with whom a dialogue needs to be built, including in the many cases of government-supported projects.
- The territorial approach is crucial to apprehending the different spatial scales involved and having a cross-cutting view of a city's urban challenges. It must enable sectoral projects (housing, access to services, urban mobility, etc.) to be dovetailed with a long-term vision of the city's development.
- Consultation with the inhabitants must be central to projects in order to allow them to express their needs and difficulties and take ownership of projects. Their direct participation in implementing projects through actions and work that can be led by local communities (quick wins, short-lived test projects, etc.) is key.
- Managing the time aspect is vital insofar as producing the city is by definition a long-term undertaking, whereas the needs of populations are immediate. In addition to, and as an alternative to, a linear cycle of studies, calls for tender and works, there is a need to devise more agile and faster means of action for cities in order to make project impacts stronger and more visible.
- Capacity building for operational actors (contracting authorities) is essential to increase project impact, replicability and sustainability.

THE SUSTAINABLE CITIES STRATEGY



**SUMMARY
OF THE
SUSTAINABLE
CITIES STRATEGY**

RENEWED AMBITION FOR URBAN DEVELOPMENT

The lessons learned by AFD from the projects supported over the past ten years along with the new challenges of the AFD Group's 2018-2022 Strategy have oriented the Agency's strategy to the urban sector and anchored it in new intervention dynamics. In addition to the core interventions to improve precarious settlements and access

to basic services, as well as interventions with local authorities in Overseas France, a more intense effort for innovation must be made in other sectors. This is guided by a cross-cutting approach, three strategic objectives and three "accelerators".

THE 5 COMMITMENTS OF AFD GROUP'S 2018–2022 STRATEGY

1. Become the first "100% Paris Agreement" development agency, by ensuring that all financing is consistent with resilient low-carbon trajectories.
2. Ensure that its activity is "100% social link" through actions that help to reduce inequalities and reinforce social cohesion.
3. Promote "3D" development: reinforced coordination between diplomacy, defence and development actors in the context of fragile, crisis areas, particularly the Sahel and the Middle East, can help consolidate peace.
4. Prioritise non-sovereign financing solutions that enable local non-state or private sector actors to intervene at grassroots level.
5. Adopt a partnership reflex to encourage the emergence of innovative solutions, pool human and financial resources and strengthen the influence of France and Europe.

In line with its new Group 2018–2022 Strategy, AFD wishes to use its operations to support six major transitions:

- Demographic and social,
- Energy,
- Territorial and ecological,
- Digital and technological,
- Economic and financial,
- Political and civic.

AFD'S TERRITORIAL AND ECOLOGICAL TRANSITION STRATEGY

"Territory" as the relevant scale for analysis and intervention

AFD's strategy for assisting territorial and ecological transition is based on a concept of territory not only as a geographic, but also political, economic and cultural entity. Guiding the "transition" of territories means analysing case-by-case a territory's strengths and weaknesses in order to:

- Improve living conditions for all and foster harmonious coexistence: equity of access to basic services and "quality of the city".
- Promote the connectivity and attractiveness of territories: secondary cities, transport infrastructure and structuring of agricultural and agri-food value chains.
- Promote resilient territories: sustainable methods of agricultural production, countering ecosystem degradation and loss of biodiversity, reducing cities' ecological footprint.

A “CITIES AND CLIMATE” CROSS-CUTTING APPROACH

The sustainable cities strategy is being implemented through a “Cities and Climate” cross-cutting approach aimed at increasing cities’ resilience to climate change and their sobriety, in line with the first commitment of the AFD Group’s 2018–2022 Strategy (“100% Paris Agreement”).

The Cities and Climate approach has been a key strategy marker since 2015 and constitutes a major lever for developing sustainable cities by bolstering their resilience to climate change and promoting sobriety, with reasonable use of resources (land, energy, natural resources...).

Through this approach, AFD will intervene on both mitigation and adaptation issues, particularly by continuing to support local authorities in establishing urban development strategies that integrate climate change issues; by pursuing the work begun on natural disaster risk prevention frameworks; by supporting authorities in optimising urban forms (density, diversity, accessibility); by supporting urban projects with a potential to reduce greenhouse gas emissions; and by supporting climate change adaptation projects (flood management, natural hazard prevention, nature in the city / river bank development, etc.).

STRATEGIC OBJECTIVE 1: IMPROVE CITY DWELLERS’ QUALITY OF LIFE

With this objective, AFD wishes to put citizens, the primary project beneficiaries, at the heart of its strategy and better take into account their needs.

In this citizen-centred approach, AFD wishes to reinforce its interventions in sectors where growing demands are insufficiently addressed at present: this is the case of the solid waste sector, where needs are rising, particularly on the African continent. AFD therefore intends to step up its intervention capacities in this sector and identify donor partners in order to develop co-financing. It is also the case of the housing sector, for which AFD has new ambitions following recent work carried out: in addition

to interventions in several key regions (Overseas France, Morocco, South Africa), AFD intends to expand its activity through capitalisation work and in collaboration with other donors, including the World Bank. Finally, it is the case of local economic development, an area in which AFD wishes to step up actions within each project that promote job creation and the economic integration of inhabitants. In addition, on the basis of deeper in-house capitalisation work, AFD wants to renew its ambition in the area of urban commercial facilities in order to go further than infrastructure projects and address all of the urban supply chain.

STRATEGIC OBJECTIVE 2: PROMOTE SUSTAINABLE URBAN DEVELOPMENT WITHIN TERRITORIES

A territorial approach and the capacity to adapt interventions to diverse territorial contexts and scales remains a strong ambition for AFD's operations.

To go further – and faced with the growing dynamics of urban sprawl – AFD wants to develop its support to old inner-city renewal operations based on its successful experience in South Africa and Tunisia (pilot project in the medinas), and projects being implemented in China. In addition to the operations themselves, the ambition is to initiate public policy discussions on the subject with local and national authorities, drawing notably on

French experience (e.g., the CDC's "*Coeur de ville*" programme). Similarly, faced with the increasing number of natural crises or conflicts affecting the cities in these intervention areas, and in accordance with AFD Group's third strategy commitment ("3D" development), AFD has developed tools and methods that will allow its operations to be rolled out on a much larger scale. Lastly, in a context where urban growth will strongly impact intermediate cities in Asia and Africa, AFD is organising itself to tackle the mounting demand for the financing of national facilities programmes for these cities.

STRATEGIC OBJECTIVE 3: STRENGTHEN THE LOCAL ACTORS IN CHARGE OF CITIES

As a marker of AFD's activity in the sector, the dialogue with local authorities as an urban development actor remains a priority for its interventions.

Structuring well-adapted national frameworks is an important step in the process of strengthening local authorities in many countries. The decentralisation

support programmes that AFD intends to step up, especially through co-financing with the Asian Development Bank and World Bank, make it possible to prepare direct financing for tomorrow's local authorities, consistent with the AFD Group 2018–2022 Strategy's 4th commitment to non-sovereign priority.

THE ACCELERATORS

Finally, the ambition to develop or launch new operations goes hand in hand with a commitment to improve the quality and efficiency of interventions, as reflected in three accelerators for the urban development strategy, in line with AFD Group's strategic objectives:

Accelerator 1 – Urban innovation laboratories: support civil society in producing the city; this is consistent with the "100% social link" objective, which integrates participatory governance modes into AFD financing appraisals.

Accelerator 2 – Smart City: support the digital transition of cities, in line with AFD's digital donor strategy.

Accelerator 3 – Partnerships: integrate the partnership reflex into interventions for cities, in line with the AFD Group 2018–2022 Strategy's 5th commitment on this subject.



**“CITIES
AND CLIMATE”
CROSS-CUTTING
APPROACH**

STRENGTHEN SUPPORT FOR CITY RESILIENCE AND SOBRIETY

To help cities protect themselves against the growing effects of climate change, AFD will continue to encourage resilient urban planning by working on risk prevention frameworks and strategies to reduce the probability of disaster and limit its impacts, or on crisis management frameworks to prepare for hazards and reinforce the response capabilities of populations and institutions. In-house capitalisation work on the subject recently enabled AFD to put in place an action plan and new resources, notably expertise, that will make it easier to strengthen interventions.

Disseminating digital services and making their use ubiquitous will be crucial to increasing the inhabitants' participation in natural disaster risk prevention and management processes.

As key actors in the ecological transition, local authorities must have the necessary competences and financial resources to tackle the challenges of climate change. For this, AFD offers support in defining national frameworks to foster a greater role for local actors in the area of energy and climate, based on France's unique experience in this field (Grenelle environment forum, territorial climate-air-energy plans, etc.).

For mitigation, optimising urban forms represents a powerful lever for sobriety and energy efficiency. This objective can be pursued through actions on density (to reduce the energy and infrastructure costs per inhabitant), compactness (shortening distances between living areas to encourage the use of non-motorised modes of transport), diversity (to regulate peaks in consumption), and accessibility (public transport system covering the whole territory). Old inner-city renewal projects and projects limiting urban sprawl all contribute to this "structural sobriety".

AFD also intends to continue financing urban sector projects that have a significant potential to reduce greenhouse gas emissions: projects for household waste management and storage (methane capture), energy efficiency (street lighting, improved energy efficiency in buildings) and urban mobility.

In terms of climate change adaptation, many cities will need to take more action to limit impacts on the urban environment and its inhabitants, which may already be significant. In connection with AFD's climate strategy, this means developing support for flood management projects, climate-change adaptation and natural hazard prevention programmes (sponge city projects in Mianyang,

China), natural hazard management projects (project in four cities in Benin) and improvement of living environments (Nagpur river bank development programme). More gradual climate phenomena will be taken into account in development projects: heat islands (cf. focus biodiversity in the city); rise in sea level (SODIAC project in Réunion; Porto-Novo project in Benin), etc.

Lastly, AFD will support local authorities in moving towards a role of territorial leader. In fact, in terms of mitigation, authorities cannot rely only on directly acting on local greenhouse gas emissions through interventions on their patrimony and competences: partnerships with the key territorial actors are essential. In terms of adaptation, it is important to inform, raise awareness and assist the most exposed populations. Climate change thus requires the building of lasting partnerships between local authorities and other territorial actors (enterprises, universities, civil society).

FOCUS

Climate change: 5 levers for action at local level

- **Incentive framework:** Support decentralisation processes to enable local authorities to upgrade their competencies on the subject of climate, based on French experience: work with the Inter-American Development Bank (IDB) on the local implementation of the Nationally Defined Contributions (NDCs) in several Latin American countries.
- **Strategic planning:** Define a forward-looking vision in order to mainstream mitigation and adaptation issues into public policy, support the integration of energy and climate issues into the local authority's strategy (vulnerability studies).
- **Structural sobriety:** Support more effective integration of climate in town planning documents and development operations (e.g. Johannesburg, climate included in the city's urban planning framework document).
- **Sector optimisation:** Maximise the climate co-benefits of urban projects (e.g. waste methanation).
- **Territorial leadership:** Go beyond the local authority's perimeter of "patrimony and competences" to involve other territorial actors (e.g. call for projects on climate change adaptation such as the one drawn up by the City of Paris).

One of the obstacles to implementing this objective is the difficulty of operationalising local climate strategies as investment programmes due to insufficient capacity and financing for studies. In order to develop its activity in favour of urban projects with climate co-benefits, consistent with the AFD Group Strategy, the Agency will rely on the regional project preparation funds that it has set up for each geographic area with its European partners (UPFI in the Mediterranean, CICLIA in sub-Saharan Africa), the most recent one being in Asia (CICLASIA) and which is now operational and supported by the Asian Development Bank (CDIA).

The Cities and Climate activity has given rise to several research and capitalisation publications (*Question of Development on mitigation, adaptation, NDCs*), enabling AFD to formalise some strategic elements. Moreover, the preparation and follow-up of COP21 have led to the formalisation and prioritisation of partnerships that can be mobilised (Climate Chance, city networks, etc.).

FOCUS

Biodiversity in the city and resilience to climate change

The preservation and development of quality natural spaces in cities offer multiple advantages, particularly in terms of climate resilience and disaster risk reduction, as well as the limitation of heat islands, which have increasingly visible effects on urban environments due to global warming. Moreover, by limiting the artificialisation of land, city greening allows for the natural infiltration of rainwater and runoff and helps to reduce the risks of flooding. Restoration of urban rivers, landscaped ditches, green roofs and other nature-based solutions also enhance the landscaping of public spaces and lead to positive repercussions on the residents' quality of life and on public health (recreational and sports areas).

As part of broader projects for urban planning or neighbourhood upgrading, these projects can involve the creation of green spaces on a neighbourhood scale, either in island form – park, square, etc. – (city park in Jericho) or linear – green belt, river bank redevelopment (gardeners' canal in Chad, Nagpur project in India). AFD will draw on recognised French expertise in this field to develop its capacity to provide the necessary advisory-support to local authorities and governments on this theme.

FOCUS - PROJECT

China, Mianyang sponge city (€15M – sovereign loan):

support to China's national sponge city policy aimed at improving water management and reducing the risks of natural disasters; financing sponge infrastructure for the newly created neighbourhood: porous road surfaces, green corridor, drinking water treatment plant.



**STRATEGIC
OBJECTIVE 1:
IMPROVE CITY
DWELLERS'
QUALITY OF LIFE**

1.1. IMPROVE ACCESS TO BASIC URBAN SERVICES

Accountability indicators strategic objective 1

- Number of people benefiting from an improvement in basic services (water, sanitation, energy, waste management).
- Number of people benefiting from better access to sustainable transport (aggregate indicator shared by AFD's Transport and Mobility division).
- Number of people whose living conditions and access to public spaces or socio-collective urban facilities have been improved.
- Number of people whose income-generating activities or employment have been supported.

Many neighbourhoods in the cities where AFD is active are characterised by the absence or failing of basic services: access to drinking water, sanitation, drainage, street lighting, access to transport networks... Developing access to these basic urban services is crucial to improving the inhabitants' living conditions and fighting urban poverty and inequalities. These services and facilities contribute to improving health and safety, opening up precarious or outlying neighbourhoods and facilitating access to employment. This infrastructure is a strong lever of inclusion for inhabitants and also constitutes the key component for the sustainable management of a territory.

AFD therefore supports public authorities keen to improve the coverage rate of basic urban services, distribute them more equitably across their territory, or improve their management system. In neighbourhoods insufficiently connected to the rest of the territory, priority will be given to developing semi-collective or individual urban services (particularly for water and sanitation³) when this is included as part of a municipal policy. For

these neighbourhoods, AFD also supports public policies that organise functional diversity (proximity of habitat to services and facilities) and encourage a densely constructed spatial organisation. It more particularly helps local authorities to put in place contractual agreements with informal operators involved in managing basic urban services (water, transport services) by incentivising formal operators to enter into partnerships with informal operators. Special attention will be paid to the place of women, youth and vulnerable populations in defining policies for access to basic urban services in order to move towards more equitable access to these infrastructures.

On an operational level, AFD will intervene in creating new infrastructure and services, as well as in establishing effective and lasting methods for their management. It will assist partners in identifying right-of-way land preserved for the installation of new structures. It will finance the construction and upgrading of infrastructure designed to expand water, sanitation, electricity and street-lighting services. An improvement in service quality and sustainability will be sought in various ways: through more effective technical management, particularly by reducing losses in the networks or optimising the energy expenses incurred by installations; more effective commercial management through improvements to customer management systems; and better financial management by defining adapted pricing strategies based on a detailed socio-economic knowledge of users and on possible cross-subsidisation. AFD will encourage design-build-operate approaches to ensure a continuum between (i) studies, (ii) construction and (iii) the operation, maintenance and management of the infrastructure/facilities financed so as to factor in the sustainability of the financed projects more effectively.

AFD will also seek to mobilise the private sector for the financing of municipal infrastructure in the water and sanitation sector. By way of example, PROPARCO, AFD

³ AFD's strategy in the water and sanitation sector is detailed in the Water & Sanitation sectoral intervention framework (*Cadre d'intervention sectoriel Eau & Assainissement*).

Group subsidiary dedicated to financing the private sector, supports private-sector purchase, operation and management of municipal water and sanitation concessions in four Brazilian states and two Chinese provinces to improve the population's access to better quality water and sanitation systems.

Regarding urban mobility, AFD will focus not only on mass public transport (segregated bus lanes, tramways, underground, suburban trains, which to date account for the bulk of financing) but also and more broadly, on all the components of a sustainable urban mobility policy: work on public spaces and roads for better-balanced usage, promotion of non-motorised mobility (bicycle lanes, pedestrian facilities), optimisation of flow and traffic management, urban road safety, electric mobility, renewal of high-polluting vehicles and/or usage restrictions, new services for mobility and digital transition...

AFD will ensure that the public transport networks financed are accessible to all and affordable, but also that they are integrated into an intermodal system hierarchised and organised in line with territorial economic, social and environmental characteristics. It will pay particular attention to the consistency of city planning and transport policies by supporting public authorities in their efforts to make mobility an integral part of urban planning (through the elaboration of sustainable urban mobility plans), but also via the design of transport corridors and hubs in synergy with land use, urban development policy and the quality of life in the city. AFD will support the integrated management of urban transport and the setting-up of urban transport authorities responsible for planning and managing transport, under local authority governance

when possible. Finally, it will work to modernise and professionalise paratransit transport modes (minibus, motorcycle taxi, etc.), which are still the dominant means of transport in most countries in the global South and provide a high number of often informal jobs.⁴

Private sector mobilisation will also be promoted. By way of illustration, PROPARCO supports a private operator in financing the rolling stock of BRT (Bus Rapid Transit) in the city of Cartagena, Colombia.

FOCUS - PROJECTS

Ethiopia, Addis-Ababa

(€85M – sovereign loan; €1.3M – grant):

preparation of the Bus Rapid Transit (BRT) feasibility study, institutional support for the project's management and operation, cooperation with the Lyon urban planning agency, conducting the detailed design study, civil works (development of transport corridors, upgrading or construction of roads, pedestrian walkways) and equipment (IT systems, rolling stock).

Mobilize Your City initiative

While urban mobility planning constitutes one of the major challenges for a low-carbon trajectory, many local authorities are still struggling to adopt policies to reduce greenhouse gas emissions. Supported by a number of French and international partners, the Mobilize Your City initiative aims to assist 100 towns in developing and implementing sustainable urban mobility plans by providing a methodological framework and facilitating access to funding.

⁴ AFD's strategy for mobility and transport is detailed in the Mobility and Transport sector operational framework.

1.2. REDUCE THE ENVIRONMENTAL AND HEALTH IMPACT OF SOLID WASTE IN CITIES

Cities are among the world's main producers of waste. In the absence of organised household waste collection and treatment systems, the production of solid waste severely degrades hygiene and health conditions for residents and leads to major environmental damage, thus contributing directly to the pollution of terrestrial environments and oceans.

In order to address these environmental and health challenges, AFD's strategy aims to improve the entire solid waste management sector. The objective is to provide a quality service accessible to all inhabitants, both to reduce the health and environmental risks generated by unmanaged or poorly managed waste and improve the urban living environment. The final goal is to reduce waste production through a waste management hierarchy: prevent, reduce, re-use, recycle, recover and, only then, finally dispose of waste. In each case, AFD will adopt an integrated approach, including all the stages of solid waste management: production, primary collection, collection, transport, disposal and recovery. This approach includes all of the actors in the chain, even if funding only concerns a single link. AFD will aim in particular to take into account the sector's numerous informal workers, who are particularly vulnerable, although often purveyors of effective, innovative and resilient solutions. AFD will also support the establishment of an institutional environment that is enabling for the private sector, while at the same time strengthening public-sector human and financial capacities by developing digital tools whenever possible. Finally, with the projects it supports, AFD systematically endeavours to maximise the positive impact on climate through the capture and treatment (flaring or recovery) of the gases produced by organic waste, thus reducing greenhouse gas emissions.

AFD adapts its operational response to the maturity of local actors. In low- or middle-income countries, it will continue to provide support to structure the sector, particularly by financing local storage facilities, collection vehicles or sanitary landfills. In emerging countries, AFD will help to set up more ambitious projects that integrate waste recovery technology: sorting and composting centres, mechanical-biological treatment plants, and incinerators with energy recovery and flue gas treatment. Finally, in Overseas France, it will support local authorities in exercising their competences for waste planning, collection and treatment.

AFD's intervention capacities will be expanded in this sector in order to address growing demands, notably on the African continent; this will be done as far as possible through partnerships and co-financing with other donors, since these sometimes complex operations can gain from national-level support, for example, through the creation of national solid waste management systems. Experiences underway in Jordan with the European Union and in Senegal with the World Bank, as well as Spanish cooperation, can serve as inspiration for future interventions in the sector. AFD will also mobilise the private sector on waste operations, preferring joint actions with PROPARGO, which has set up a guarantee system for local Cameroonian banks to finance waste collection by a private operator in 17 cities across the country.

FOCUS - PROJECTS

China, Shaoyang (€25M – sovereign loan):

energy recovery from food waste from restaurants in the city. Setting up a food waste collection and transfer system from restaurants to the treatment plant; construction of a methanation plant with recovery of biogas for energy; combined heat and power; sale of oil for the production of biodiesel.

Togo, Lomé (€27M – grant; €7M – EU grant):

structuring the entire sector with safe primary collection, collection and storage; construction of a sanitary landfill and securing the environmental and social safety of the old dumpsite, supporting the system's planning and financial optimisation.

Jordan (€55,3M – EU grant):

preparing design studies: construction of transfer centres and a sanitary landfill including biogas treatment; rehabilitation of existing dumpsites; setting up a project management unit.

1.3. DEVELOP ACCESS TO HOUSING AND IMPROVE LIVING CONDITIONS

In developing cities, population growth exceeds the existing housing supply and represents a major challenge in terms of new housing production. The speed of growth and the difficulties encountered by public authorities to anticipate and support this growth are contributing to the increase in informal settlements and precarious housing. Aware of this issue, some countries engage in the mass production of social and affordable housing. Such policies are run directly by the public authorities or entrusted to the private sector, but often give rise to the development of monofunctional housing districts that are far from existing centres, employment areas and public services, and poorly served by public transport. These policies generate various malfunctions: rapid deterioration of buildings, low attractiveness of the neighbourhoods concerned, environmental costs related to urban sprawl and longer travelling distances, and a weakening of the financing model, which consumes large amounts of public funds in the form of subsidies for construction and maintenance costs. Aside from the quantitative deficit, other issues include the quality of the housing itself, the suitability of its location, its insertion in a sustainable urban process and the capacity to address the inhabitants' needs in line with an economic model that is sustainable for both the beneficiary households and the local authorities managing these new neighbourhoods.

In the field of housing, AFD supports the production of a good quality, diversified supply adapted to the populations' needs by giving priority to sustainable financing schemes. The twofold objective of housing production is to support formal urban growth and to prevent the creation of new informal habitat, which is often precarious by nature. The first guiding principle of AFD's interventions in this sector is to approach housing production as a strategic component of urban planning and development. This also means encouraging local housing policies that limit urban sprawl and give priority to re-using derelict areas (brownfield land), buildings no longer used for their initial purpose (squatted old inner-city office blocks) or construction in continuity with existing, already equipped

neighbourhoods. This approach ensures access to services, facilities and employment hubs while limiting the consumption of natural and agricultural spaces and the congestion linked to commuting. To adapt its response to the socio-economic transformation and the risks of exclusion characteristic of urban growth, AFD will work to promote a diversification of offers (home ownership, rental, rent-to-buy) and morphologies (individual, collective, intermediate housing, hostels) while encouraging compactness. As for home ownership, which represents only a fraction of inhabitants' demands, AFD will work to encourage the development of a diversified offer designed for a residential pathway adapted to different needs in terms of size, occupation status or location.

Energy efficiency and the thermal comfort of buildings will be foregrounded in projects, for both new and renovated buildings, to promote low-carbon solutions. When possible, local materials will be used for housing construction.

FOCUS



Programme for energy efficiency in buildings (PEEB)

The Programme for Energy Efficiency in Buildings (PEEB) is a Franco-German initiative (BMU, FFEM, AFD) dedicated to financing projects to improve energy performance in buildings on a large scale in around ten emerging and developing countries. PEEB is organised around a technical cooperation facility designed to promote and support the funding of investment in energy-efficient buildings by international and local financial institutions. It is implemented in partnership with GIZ and ADEME.

At operational level, AFD's tools are adapted to the plurality of actors involved in the housing sector:

- loans to governments in support of housing policy,
- direct financing of operators: programme for the construction and/or upgrading of social housing, a property company's investment programme, programme to convert buildings into social housing,
- financing of specialised financial institutions or banks through credit lines: building renovation operations, mixed housing construction programme, access to home financing for households,
- grants to NGOs involved in habitat improvement, construction or assisted reconstruction, particularly in precarious settlements or in cities in crisis.

In the housing sector, AFD will also work to mobilise the private sector notably through joint intervention with PROPARCO. For this, the feasibility of operations will be analysed partly on the basis of criteria relating to the nature of the private operators. Priority will be given to:

- existing cost-effective operators who are experts in their field,
- operators who have a diversified model for their activity (development, rental, sale, asset management) and segments (social housing, intermediate housing),
- operators who are moderately dependent on public subsidies, and in countries with a relatively robust regulatory framework.

FOCUS - PROJECTS

Ecuador, Manabí and Esmeraldas (\$100M – sovereign loan):

financing of the national banks CFN and CONAFIPS for post-earthquake housing construction and reconstruction, compliant with the norms for natural hazards management, and for the development of a housing credit offer for the most fragile populations.

South Africa (€30M – non-sovereign loan):

financing of the Gauteng Partnership Fund to develop a programme of social rental housing with social housing companies and private operators.

1.4. SUPPORT ACCESS TO EMPLOYMENT AND LOCAL ECONOMIC DEVELOPMENT

Cities are the main source not only of economic and employment opportunities but also social and territorial inequalities that affect new city dwellers more particularly. It is therefore essential to put in place specific strategies to achieve a form of economic development that will benefit all.

Pro-employment actions in sustainable urban development projects

Given the concentration of areas for the production and exchange of goods and services, cities have the potential to become economic engines. It is therefore strategic to develop actions to promote employment in the city.

AFD promotes the economic development of cities and the support to local food supply chains. In each of its thematic interventions in urban areas (construction, waste

management and treatment, water and sanitation, mobility, food supply and distribution, heritage districts for tourism), AFD will encourage the structuring of supply chains with a potential for job-creation.

To maximise the economic benefits that these projects bring to the inhabitants concerned, AFD will ensure that priority is given to the integration of small, often informal economic operators working in the sector. This will imply support to structuring all these value chains on a territorial scale and to coordinating their actors in order to enhance the economic benefits of the projects.

Mechanisms to create economic activities and sustainable employment are in strong demand from counterparties but are not always clearly identified within the projects. To provide an adequate operational response, AFD has launched the Jobs & Cities reflection (cf. box).

FOCUS

JOBS&CITIES, a reflection

Jobs & Cities is a reflection on the steps to be taken in order to reinforce local employment in urban projects. It approaches the subject from three angles of local economic development:

1. How to develop economic sectors locally to generate decent employment?
2. How to develop inclusive economic activities connected to operations in urban areas?
3. How to support project infrastructure work to generate decent employment locally?

The challenge is to integrate the question of local employment right from the design stage of urban projects and thus strengthen project impact on this aspect:

- conduct a diagnosis of local employment supply and demand at the time of the feasibility study,
- integrate all local employment stakeholders into steering the project,
- integrate tools to support professional integration, which are adapted to the inhabitants' needs and to the local economic and social context (vocational training, support to develop entrepreneurial activities, etc.).

The high-intensity labour (HIL) approach also has a direct impact on employment by enabling public investment (in road networks, drainage, public spaces, mobility, access to electricity, water and sanitation, etc.) to generate direct benefits for employment. However, as the jobs linked to the different phases of these works are not permanent, other actions will be sought to improve the inhabitants' professional integration and support local initiatives and the creation of sustainable jobs, whether via entrepreneurship or wage employment.

Development of business parks and commercial areas

AFD also accompanies the development of local employment by supporting projects for business and commercial areas. These projects can involve creating new business and commercial areas in the existing or expanding urban fabric, while also ensuring that these areas are well integrated into the rest of the city. Regarding the latter point, this means curbing urban sprawl by connecting the business areas to populated urban areas. Within the project framework, this implies facilitating the establishment of a dialogue between different types of stakeholders: local authorities, developers, private actors, inhabitants. Business parks are important employment sectors and can

potentially contribute to creating wealth and sustainable jobs. Depending on the project scale, the beneficial effects can be local since neighbourhoods are revitalised but may become region-wide by bolstering the economic fabric on a metropolitan scale and stimulating private investment.

FOCUS - PROJECTS

Urban policy support programme (PROVILLE 2) (€83M – sovereign loan):

financing of PROVILLE 2, which aims to improve living conditions for the inhabitants of disadvantaged urban areas by helping to improve access to basic services and the residents' socio-economic integration. The scheme integrates a component for the creation of community facilities and premises for business activities. The objective is to promote job-creation and economic activities in these working-class neighbourhoods.

Réunion – SPLA Grand Sud (€22.5M – non-sovereign loan):

financing of the economic and commercial activity zone of Pierrefonds in Saint-Pierre, with a view to economic re-balancing in the south of the island and to support business creation through low-rent premises.

Food supply to cities: a lever of socio-economic development and urban-rural connectivity

With respect to developing urban food supply and distribution infrastructure, AFD is active on different levels: either directly on the infrastructure of a given neighbourhood or more broadly on the commercial structure citywide. In the first case, AFD supports the upgrading or construction of facilities, particularly those with a high concentration of tradespeople: retail, semi-wholesale and wholesale markets, slaughterhouses, bus stations, logistics centres. In the second case, AFD supports the improvement of the commercial structure by deploying simultaneous or successive interventions targeting several markets in a city.

AFD intends to continue its support for projects to develop commercial facilities, be it through dedicated projects or as part of integrated urban projects. It will renew its operating modes to better support the local contracting authorities in defining and implementing this component of local public policy. Indeed, setting up projects on agri-food value chains aims to address a number of issues: i) the inhabitants' food and nutritional security, which may deteriorate under the impact of demographic growth and lifestyle changes in urban areas, ii) the best possible connectivity between production and consumption areas so as to improve urban food supply and the overall functioning of the food supply chain, iii) the impact on climate by

reducing food wastage, equivalent to 3.3 Gt CO₂ per year – of which 210 kg CO₂ per year in sub-Saharan Africa⁵ – and above all, iv) the creation of business opportunities due to an increased demand for all actors in the chain. It is particularly important to grasp these opportunities in Africa: the food economy is the leading provider of jobs in West Africa, with 66% of total employment, and is set to remain that way in the coming years.⁶

Some key intervention principles have been drawn up⁷ to guide diagnosis and promote the design of projects for “cities and sustainable agri-food systems”. These principles are organised around three main aspects: infrastructure positioning (geographic or within the network of distribution system actors), local economic development and sustainability, and finally the governance of agri-food systems.

FOCUS - PROJECTS

Côte d’Ivoire (€90M – sovereign loan):

financing the reconstruction of the main market in Bouaké and the surrounding area, and construction of the central market of Yopougon (10,000 stallholders in all).

Niger (€15M, estimated – sovereign loan or grant):

potential financing of a food platform for wholesale and semi-wholesale fresh agricultural produce (feasibility study underway): support to the city of Niamey on a strategy to improve the city’s commercial facilities.

⁵ FAO (2013) *Food Wastage Footprint: Impacts on Natural Resources*, Summary Report; FAO (2014) *Food Wastage Footprint: Full Cost Accounting*, Final Report.

⁶ According to the World Bank, agri-food systems covered 50% of African business activity in 2013 and could generate a food economy market of one billion dollars – and more jobs – by 2030 <http://www.worldbank.org/en/topic/food-system-jobs>

⁷ At the end of a four-year research and co-construction programme, the subject of an internal doctrine note: “Cities and agri-food systems: rethinking the role of markets. Intervention principles”.



**STRATEGIC
OBJECTIVE 2:
PROMOTE SUSTAINABLE
URBAN DEVELOPMENT
WITHIN TERRITORIES**

2.1. PROMOTE INNER-CITY RENEWAL AND ENHANCE URBAN HERITAGE

Accountability indicators strategic objective 2

- Number of people benefiting from an improvement in basic services (water, sanitation, energy, waste management).
- Number of people benefiting from better access to sustainable transport (indicator shared by AFD's Transport and Mobility division).
- Number of people whose living conditions and access to public spaces or to socio-collective urban facilities have been improved.
- Number of people whose income-generating activities or employment have been supported.
- Number of people for whom urban living conditions have been secured post-crises.

In order to limit the use of new natural spaces and curb the phenomenon of pauperisation in old inner-cities, AFD will support urban regeneration strategies making use of disused land in already built-up areas and favouring their densification. These urban regeneration operations aim to set up strategies to restore the quality of urban areas in order to accommodate new inhabitants and make city centres more attractive. AFD wishes to make this a key focus of its strategic prospectation, especially in emerging countries.

AFD's intervention in inner-cities will be deployed primarily from the angle of the urban renewal of deteriorating built-up areas and urban fabric. More specifically, these projects aim to consolidate and revitalise inner-cities experiencing deterioration and pauperisation. AFD's action will aim to keep these areas alive by supporting the provision of inner-city housing, which represents a virtuous alternative to urban sprawl in the outer suburbs. These urban renewal operations are a key low-carbon vector in the long term, if only because they create greater urban density and improve the thermal comfort of buildings. It means promoting a new supply of housing and rehabilitating degraded existing buildings in order to improve the inhabitants' living conditions. This approach can be coordinated with actions for the enhancement of historic, cultural and natural heritage with a view to making the territory more attractive, in conjunction with the development of tourism. In addition, the development of secondary hubs in outlying districts that are often underdeveloped and unconnected will contribute to reducing inner-city congestion.

FOCUS

Make territories more attractive by enhancing their heritage

The notion of urban heritage is constantly changing; it is related to the history and identity of a city, and may include buildings (historic monuments whether classified or not), "ordinary" heritage (architectural elements constitutive of a culture), natural heritage (sensitive natural spaces in the city), and immaterial heritage (knowhow and traditions). AFD intends to pursue and develop its interventions in support of the protection, safeguard and enhancement of urban heritage since these interventions, which contribute to making cities attractive and to creating employment, also have a strong potential to transform these areas and can constitute the basis of a collective identity.

The action of AFD and its partners involves reconciling the conservation of historic districts with a more attractive territory and long-term development.

In order to optimally control the risks of museumization and the property speculation and gentrification associated with this type of project, AFD encourages its partners to ensure a diversity of functions (shops, habitat, services, tourism...), preserve existing usage and ensure the inhabitants of the targeted neighbourhoods access to housing. AFD-funded heritage protection projects combine investments and activities in three fields:

- Protection and rehabilitation of public heritage, including the rehabilitation work itself but also the drawing-up of protection plans, interpretative plans and the museographical and scenographic design. On account of the technical risks involved, these actions call on actors specialised in heritage architecture, archaeology or specific building techniques.
- Local economic development and promotion of tourism, including support to heritage- and tourism-related sub-sectors (commerce, handicrafts, hotels, traditional building techniques), the elaboration of tourism positioning strategies as well as improved access and signposting of heritage sites.
- Improvement of the living environment in heritage areas and/or the surrounding areas to ensure that the urban regeneration benefits the inhabitants first and foremost. This includes the renovation and creation of public spaces and facilities, the modernisation of networks and streets in heritage areas and, under certain conditions, support to housing renovation.

Capacity building operations aimed at national or local authorities and the population complete the range of interventions. In addition, given the challenges of social cohesion and the strong identity dimension of heritage, the participation of civil society, inhabitants and users is central in designing the projects. Moreover, French public and private expertise in the field of heritage is internationally recognised: governance, museums, development of remarkable sites, conservation and restoration, archaeology, archives, training, etc.

These neighbourhoods can also be enhanced by creating road networks and core infrastructure that improve mobility and connect them to the other parts of the city. These lines of thinking are complementary to the interventions in precarious settlements, insofar as it is often these same settlements that are in dire need of being opened up. It is thus important to support partners and local authorities in order to integrate projects targeting specific urban areas into opening-up strategies.

FOCUS - PROJECTS

Lebanon, Tyr and Tripoli (phase 2 – sovereign loan: €21M):

Tyr, revitalisation of commercial activities and stimulation of coastal tourism via the renovation of the fishing port, rehabilitation of the souks and development of a coastal walk. Tripoli, revitalisation of the historic centre, enabling restoration of the Saint-Gilles citadel, construction of a trading platform on the Abou Ali river, giving a unity to the city centre, rehabilitation of the central souks, harmonisation of the façades of buildings on the river front, and rehabilitation of a historic caravanserai.

China, Qixian (sovereign loan – €70M):

contribution to the balanced development of the territory, at the service of the inhabitants and visitors, by (i) protecting and enhancing the urban architectural heritage of the old centre of Zhaoyu; ii) contributing to the elaboration of a tourism project for the territory of Qixian; and iii) making the old centre of Zhaoyu a vibrant, welcoming and innovative city to improve its inhabitants' living conditions.

2.2. ENCOURAGE THE IMPROVEMENT AND INTEGRATION OF PRECARIOUS SETTLEMENTS

The number of inhabitants in precarious settlements rose from 689 million in 1990 to over 881 million in 2014. In light of current trends, 1.4 billion inhabitants are expected to be living in precarious settlements by 2020 and 2 billion by 2030 worldwide. AFD will pursue and scale up its support of strategies aimed at integrating precarious settlements into the urban space in order to improve the inhabitants' living conditions. Upgrading actions must result not only in the successful spatial integration but also in the social and economic integration of precarious settlements.

The first guiding principle of AFD's intervention in this field is to prioritise as far as possible in situ rehabilitation, to minimise the rehousing of populations and their displacement. Less expensive, with no need for new land reserves and quicker to implement, this pragmatic approach enables the inhabitants' expectations to be addressed more precisely. This means investing in services, facilities and public spaces as levers to open up these areas, while maintaining existing social links and the proximity of areas of employment and exchange. The displacement of inhabitants is sometimes inevitable, particularly when these settlements are in areas at risk: priority is then given to rehousing them locally. While the interventions must be adapted on a case-by-case basis, AFD encourages an

integrated urban approach for each situation: this means considering precarious settlements as essential components of the territory. As wellsprings of multiple innovations requiring little means, these settlements do indeed harbour great potential; informality can for example be a significant vector of production and economic vitality.

In each situation, AFD will strive to strengthen the role of the public authorities by fostering the link between the authorities and the inhabitants. AFD will also encourage the contracting authorities to take the inhabitants into consideration upstream of and throughout the project: beyond integration itself, the inhabitants must be actors in their own right when it comes to choices for project development and implementation, and the upkeep of the built facilities. Many tools can be used to involve the inhabitants: consultation, surveys, putting an urban and social contractor in place⁸, or organising a community-based contracting authority, including neighbourhood committees, the companies in charge of the works and the public authorities.

AFD can intervene equally well through project-based approaches on the scale of a targeted city (Antananarivo, Djibouti) as through "programmatic" approaches on a national multi-city scale (Morocco, Tunisia). Depending

⁸ Social operator who plays a role of intermediary between the beneficiaries.

on the level of facilities in a given territory, AFD can finance local infrastructure: standpipes, sanitation that is individual, semi-collective or connected to the collective sanitation network, street paving, carriageways, toilet blocks, washhouses, street lighting, refuse bins, etc. Over and above access to services, the reclassification of common spaces helps to lastingly modify the appearance of these settlements and their inhabitants' living conditions – for example, by establishing or improving public amenities, embellishing neighbourhoods with squares and parks which have a significant social impact, and by developing cultural and sports facilities. Through the preservation or development of natural areas and rainwater and waste management, AFD operations also aim to increase the settlements' resilience to climate change. Finally, in some contexts, particularly in post-crisis situations or in the framework of a dedicated policy, AFD is also in a position to finance housing construction or reconstruction via self-build housing, with technical, financial, legal and social supervision.

AFD has been present on projects of this type for many years and is continuing to pursue an iterative approach inspired by critical assessments and experiences that allow intervention methods to be modified: experiences in post-crisis projects, new approach to project phasing and also digital integration for a more granular diagnosis.

FOCUS - PROJECTS

Dominican Republic, Santo Domingo (\$210M – sovereign loan):

financing the Dominican government's investment programme for the development, rehousing and urban mobility of a flood-prone neighbourhood: displacement-rehousing of inhabitants in another neighbourhood, restructuring the flood-prone area, setting up a waterway transport line, extension of an underground line.

Madagascar, Antananarivo (€36M – grant and sovereign loan):

in the most precarious settlements in the conurbation, investments in alleyways, carriageways, standpipes, toilet blocks, washhouses, refuse bins, public spaces, for example; community management of amenities (organisation and training of resident committees); capacity building for the authorities (municipalities and ministries).

2.3. SUPPORT TERRITORIES IN POST-CRISIS RECOVERY

Parallel to its interventions targeting precarious settlements, AFD is increasingly called on to intervene in urban crisis contexts particularly characterised by a loss of territorial control and a breakdown in the link between the affected territories and the institutions. These territorial fragilities and the difficulties of restoring social cohesion among the different strata justify AFD's adoption of a well-adapted, more flexible and partnership-based approach and operating modes so as to bring together all the actors operating in crisis territories.

Indeed, following on from the diplomatic/military actions ("3D" approach: Diplomacy, Defence and Development) and complementing the humanitarian operations that intervene more in response to crises and specifically target vulnerable populations, AFD is using an integrated approach to contribute to the gradual recovery of urban territories affected by a wide range of vulnerabilities. This injunction to act rapidly while addressing core crisis issues implies a phased commitment to achieve rapid

effects and prepare more structural actions for the longer term in order to durably restore basic urban services that have been seriously degraded by the crisis.

These challenges call into question the methods of appraising and supervising projects. Considerable efforts in capitalisation and expertise-sharing on the subject of "cities in crisis" have enabled AFD to redesign its tools and intervention methods and make them more flexible and easier to deploy in the geographical areas concerned.

In the field, AFD's operational response to a crisis implies not only providing support for reconstruction, but also and above all the deployment of strengthened social engineering efforts that rely primarily on the inhabitants and civil society organisations, as these are key actors in the reconstruction process and ensure the permanence of urban management. AFD also assists in recreating the link between inhabitants and public authorities. Interventions in the affected areas are seldom a priority for the

authorities, whose already low capacity and legitimacy are weakened even further by the crisis. For example, AFD facilitates organising community involvement in providing a service or managing a facility. On the one hand, this makes the community more resilient and, on the other hand, it creates strong links not only among the inhabitants but also between the neighbourhood and the public authorities (a better readability of the public service delegated to the community). The efforts to (re-) create these two-tier links mainly involve setting up participatory mechanisms designed to prolong these links beyond project duration. AFD also proposes interventions to support risk prevention and management in an identified area, together with the existing institutions and the involvement of the population living there (establishing a risk prevention plan, participatory mapping, developing an early warning system, etc.).

Lastly, following a rationale of sustainable urban development, AFD's involvement in disaster risk reduction over the past few years has led to progress on the strategic aspect (support for territories in analysing their vulnerabilities

and for their disaster risk reduction policy) and on the operational side (creation of new intervention tools such as contingency loans).

FOCUS - PROJECTS

Haiti, Port-au-Prince (€30M – grant):

urban reconstruction of two districts affected by the earthquake, infrastructure, public spaces and facilities, habitat and housing, security of tenure, social development; support to Port-au-Prince city hall; support to the Inter-ministerial Territorial Planning Committee; recourse to high-intensity labour.

Central African Republic, Bangui (€11M – grant):

the *Projet de reconstruction économique et sociale en milieu urbain* (PRES – Economic and Social Reconstruction in Urban Areas); reconstruction programme in a social and political post-crisis context; implementing structuring actions and local actions in partnership with emergency actors; support to the Central African authorities; dividing the project into 2 phases: emergency and development.

2.4. SUPPORT MAJOR URBAN PROJECTS

The urban growth dynamics of emerging countries also lead to urban extension, the creation of new sections of a city and even the emergence of new towns. These dynamics frequently come up against issues of integration (private-city programmes of the gated-community type) and sustainability (monofunctional areas far from urban centres) that limit AFD's intervention capacities. However, in some cases, this may be the opportunity to support flagship urban development projects that integrate the principles of sustainable development and enable the production of new urban areas to respond massively and quantitatively to the needs for housing, facilities and activities. AFD will be particularly attentive to ensuring that urban extension policies correlate with and are complementary to urban renewal policies.

The integration of sustainable urban planning principles into major urban projects is a key prerequisite for AFD's intervention. In this respect, development of eco-reference frameworks and certifications to support the design of such projects will be encouraged. This implies promoting the values of sustainable development and taking into account the functioning and usage of urban areas right

from the design phase: location and service connections, programmatic and social diversity, public infrastructure programming, environmental approach to urban planning (compactness, limitation of soil-sealing through nature-based solutions...). It also involves promoting innovative approaches to urban development (nature in cities and biodiversity, risk management, smart cities...). Finally, an urban planning model that calls on French expertise for design methods and financial models will be encouraged, as it offers a response adapted to these issues.

From an operational standpoint, AFD will continue to support these approaches in a variety of contexts: urban renewal projects (regeneration of Johannesburg city centre), projects for the extension and development of new districts (Pierrefonds joint development zone in Réunion), and even, in some contexts, the creation of new cities (Wuhan in China, Zenata in Morocco, Dumbéa-sur-Mer in New Caledonia). AFD can support public or semi-public development operators as well as large landowners working to transform or enhance their land. AFD is in a position to intervene in all the stages of a development operation by relying on French expertise in the area of sustainable

cities, from the financing of design and programming studies through to implementation: preparation of land, servicing, creation of road networks, then the construction of public facilities and housing. AFD will also pay close attention and give support to the promoters of projects targeting governance issues and operating methods for major urban projects, in line with the project's financial and institutional arrangements. AFD can also finance eco-responsible pilot projects, such as a zero- or low-energy street block (Al Omrane in Morocco).

FOCUS - PROJECT

Réunion, Renaissance III joint development zone (€6M – non-sovereign loan):

financing the development operation "Savane des Tamarins" backed by the Réunion department's infrastructure company. Located in Saint-Paul municipality, the operation aims to develop an eco-neighbourhood (habitat, activities and shops) while preserving the savannah landscape characteristic of this part of the island.

2.5. SUPPORT THE DEVELOPMENT OF INTERMEDIATE CITIES

The urban growth underway in low- and middle-income countries and some emerging countries implies a redefinition of the pre-existing territorial balances, which raises a challenge for the territory's development policy. In fact, at territory level, urban growth and the distribution of investments made to respond to this growth are most often uneven. Whereas most existing megacities (over 10 million inhabitants) are becoming saturated, it is the intermediate cities – with at least 100,000 inhabitants – that are experiencing the highest growth rates, more particularly in Asia and Africa. These cities play a key economic role at regional level but are more often than not faced with a deficit of services and facilities, particularly when compared to the investments deployed in the economic and political capitals of the countries concerned. These intermediate cities also provide an opportunity to reduce the quantitative and qualitative pressure on water resources by spreading the urban population over different watersheds. The challenge for central governments is thus to encourage the emergence of intermediate cities as vital hubs that can bring dynamism and rural-urban connectivity with a view to rebalancing the territory's urban network.

To support a country's evolving urban structure, AFD increasingly finances national programmes targeting a number of intermediate cities (in Madagascar, Cameroon, Jordan, Lebanon). It intends to develop this type of approach aimed at creating a more balanced urban network for the country by promoting the rapid expansion and prestige of intermediate cities and by counterbalancing the influence of the country's major cities, the economic and/or political capitals. Backed by national-level policies in favour of territorial rebalancing, these projects can improve the quality of the dialogue between government and local authorities. The first objective is to bridge the deficit in services and facilities and boost the local economy in order to create jobs. Criteria other than population size are often used to select the cities concerned: first of all, these centres are regional capitals that interact strongly with other intermediate cities and/or the country's economic or political capital.

The objective of such projects is not only to address the needs of the cities themselves but also to stimulate their sub-region overall, via spill-over effects and the

structuring of development corridors, and enhance their attractiveness. AFD-funded projects comprise several types of structural investments for different urban components: roadways, commercial facilities, urban services and public spaces.

Faced with growing demands to develop these programmes and buoyed by feedback from the first operations in Ghana, Jordan and Cameroon, AFD is currently studying how to adapt its intervention methods. This new approach will make it possible to manage what are sometimes very complex projects as they target several cities and require national-level support: focus on specific structural infrastructure, phasing and, when appropriate, mobilisation of AFD's partnership with the EU for capacity building and more effective roll-out of local monitoring resources.

FOCUS - PROJECT

Cameroon, Bertoua, Bafoussam and Garoua (€65M – sovereign loan; €60M – C2D):

implementation of the priority investment programmes in three intermediate cities. Deployment of road infrastructure, commercial facilities (markets, slaughterhouses, bus stations), local urban services (drinking water, sanitation, street lighting), requalification of public spaces, capacity building.

FOCUS - LAND POLICY

Support the design and the implementation of land policies

Roll-out of a land policy is a medium-to long-term process. If no such policy exists, this has a negative impact on the contracting authorities' capacity to ensure land management within the framework of development projects and may oblige them to resort to tools that carry greater political and financial costs and social and environmental risks. Land policies respond to the public authorities' need to manage the development of their territory. They can be established on different scales (municipal, intermunicipal, national) and are not limited to "land operations" in which a local authority acquires and is responsible for land. Land operations are a component of land policies that are enabled and conditioned by the effective implementation of other tools, particularly those aimed at developing an in-depth knowledge of the territory and a medium- and long-term land management strategy. Land policies must also be able to marshal financial income from taxation. AFD can support a counterparty in implementing a land policy on its territory.



**STRATEGIC
OBJECTIVE 3:
STRENGTHEN THE
LOCAL ACTORS IN
CHARGE OF CITIES**

The two complementary lines of action developed by AFD to address this issue aim, on the one hand, to better support governments in implementing their decentralisation processes and, on the other hand, to support the more mature local authorities in financing their investment programme, either directly or by bolstering their access to funding.

Accountability indicators strategic objective 3

Number of structures operating in the urban sector which have benefited from capacity building.

3.1. SUPPORT DECENTRALISATION PROCESSES

Decentralisation is a process that varies considerably in nature, intensity and maturity depending on the country, and it is constantly evolving. Its implementation very often involves the gradual transfer of powers through changes to the legal framework, which then means that local authorities need to be provided with the financial, human and technical resources required for them to actually exercise the powers assigned to them. When the French Ministry for Europe and Foreign Affairs transferred the “governance” competence to AFD in June 2016, this led to a rethinking and strengthening of these interventions.

AFD will increasingly support the reforms aimed at reinforcing and effectively implementing decentralisation through policy-based loans. This support focuses on the key points of decentralisation: streamlining, increase and improved predictability of financial transfers from central governments to local authorities; improvement of the framework for local taxation and revenue collection; easier access to borrowing for local authorities; training mechanisms for local civil services, etc. All of these provide support for reforms enabling central governments to rely on robust local authorities as catalysts for territorial development. They also constitute the bedrock of a virtuous circle by strengthening cities’ human capacities in terms of management and project ownership to improve the sustainability of local public infrastructure and service quality for users. Insofar as possible, AFD will give preference to public policy matrices and policy-based loans favourable to local authority investments in climate change mitigation and adaptation.

Generally targeted at intermediate cities, but not excluding capital cities, these programmes will, in the medium term, enable more cities to access credit in order to pursue their development and implement their investment programme.

In order to fine-tune and strengthen these interventions, AFD will develop an in-depth knowledge of the decentralisation frameworks in the countries where it operates: the institutional decentralisation framework indeed differs from one country to another, with highly contrasted degrees of maturity. Through the methodological tool for quick assessment of decentralisation, AFD is able to acquire concrete detailed knowledge of the way decentralisation works in the field. An initial experiment was carried out in Argentina and enabled a more effective assessment of the specificities of the federal institutional framework. It also identified several provinces with sound financial and project ownership capacities which could benefit from direct loans from AFD. As a result, this tool will now be deployed in other geographic regions. This more granular knowledge of national specificities will help to enhance the quality of the public policy dialogue on decentralisation.

It will also facilitate the adoption of a more targeted approach adapted to the specific needs of each country, as well as the appropriate calibration of the requirements for the sectoral public policy dialogue.

The dialogue with central and local governments must ultimately enable more effective decentralisation processes. On the administrative side, this involves transferring powers to precisely defined local authorities, and allocating them sufficient financial and human resources so that they can exercise their powers effectively.

The public policy matrices or the indicators for disbursement of policy-based loans in this sector will set realistic and gradual objectives in order to move towards a genuine and sustainable improvement of the legal and financial decentralisation framework. A results-based approach

such as the World Bank's Program-for-Results financing instrument provides leverage at both national and local scale. It also promotes a win-win rationale whereby central government enhances the financial and human resources of local authorities able to demonstrate their capacity to perform.

In order to build a strategic dialogue with the target countries, AFD will develop co-financing with donors, first and foremost the World Bank, as well as the Asian Development Bank and the Inter-American Development Bank, depending on the country concerned.

FOCUS - PROJECT

Senegal (€80M):

after the Municipal Support project (*Projet d'appui aux communes - PAC*) from 1998 to 2004 extended by the Local Authorities Development Programme (*Programme de renforcement et d'équipement des collectivités locales - PRECOL*) from 2006 to 2013, support to the Decentralisation Act III through the Municipal and Agglomerations Support Program (*Programme d'appui aux communes et agglomérations du Sénégal - PACASEN*), which aims to strengthen the financial and human capacities of municipalities based on performance indicators concerning both government and municipalities.

3.2. SUPPORT LOCAL AUTHORITIES IN THEIR INVESTMENT PROGRAMMES AND ACCESS TO FINANCING

Aside from the earlier-mentioned transfer of powers and the allocation of human and financial resources, direct access to financing is one of the tools enabling local authorities or their sectoral operators (publicly owned local development or transport companies, operators of water and sanitation services, etc.) to implement programmes for investment in the necessary infrastructure and services.

AFD's approach aims to strengthen local authorities in their role as key actors in territorial development by helping them reach the required level of strategic maturity. This implies a management dialogue on their processes, their technical and financial leeway, but also on investment planning and budgeting tools.

In Overseas France, AFD has developed a reinforced advisory-support strategy for local authorities, in partnership with territorial actors (prefectural services, regional directorates of public finances, Caisse des Dépôts, regional audit chambers). The objective is to support local authorities in increasing the reliability of their financial management, improving payroll management, streamlining their organisation, and finding financial leeway for both expenditure and revenue. This activity aims to durably consolidate the financial situation of some local authorities in

difficulty, to allow them to access financing and reinstate their role as a funder and manager of public service infrastructure and utilities. It has been launched successfully in a number of French overseas departments and can be expanded and strengthened according to needs.

Climate approach in Overseas France

The French overseas authorities are faced with major climate challenges (rising sea levels, hurricanes, etc.).

In order to support local public actors in integrating these challenges into their public policies, AFD has been mobilising instruments dedicated to financing projects for climate-change mitigation and adaptation since 2017.

Initially limited to French overseas countries and territories (PTOM) in the Pacific, these instruments were extended to the French overseas departments (DOM) in 2018. AFD's offer combines a concessional green loan (PSP Vert) to finance infrastructure with a contracting authority assistance fund designed to finance the origination, structuring, monitoring and evaluation of projects eligible for the PSP Vert loan, and to support public policies to fight climate change with funding from the PCAET – *Plan climat air-énergie territorial* (the territorial air-energy-climate plan) of the PTOM and DOM.

FOCUS - PROJECT

Réunion, PSP Vert Le Tampon (€8M – non-sovereign, heavily subsidised loan subject to conditions – equivalent to Green Climate Fund):

partial funding of the 2018–2019 investment programme of Le Tampon municipality. The multiyear investment programme targets more particularly municipal infrastructure (rainwater drainage works, hill reservoirs, acquisition of land reserves, sports complex and gyms, community nurseries, upgrading municipal facilities), including two flagship climate co-benefit projects: renovation of the street lighting system and the construction of the state administrative district using a “bioclimatic” approach.

In foreign countries, management capacity building for local authorities also receives substantial support not only via the earlier mentioned support to decentralisation processes, but also through public finance management diagnostic tools such as PEFA (Public Expenditure and Financial Accountability), which AFD encourages local authorities to use. On the basis of a multi-country financing facility managed by Expertise France or the budget of the PPIAF⁹ trust fund, AFD wishes to revitalise local PEFA, particularly by financing post-PEFA diagnosis action plans and providing technical assistance to help the authorities involved in these actions to improve their management. Support is programmed and prioritised and should start with Burkina Faso, Mozambique, Tunisia and Morocco.

Finally, in some countries, when the decentralisation framework permits and particularly in emerging countries, AFD has the capacity to make direct loans to local authorities or their operators (without a sovereign guarantee). These loans can finance specific projects (Amman), investment programmes (Medellin) or public policy programmes (Johannesburg). They are systematically accompanied by capacity building or technical assistance programmes that may mobilise a French local authority or sectoral expertise.

It does however concern a limited market, given the restrictions on local authority borrowing that exist in many countries, the low number of bankable authorities and the currency risk (or, in some countries, even the competitiveness of AFD’s offer). Prospection, especially in new AFD geographical intervention areas, will focus more particularly on this field.

FOCUS

Broaden the spectrum of financing tools for local authorities

Medium-sized and small local authorities are unable to benefit from financing via direct loans from AFD. Yet, access to financing is just as crucial for intermediate cities as it is for large cities. To enable these authorities to gain access to funding, in local currency and with maturity dates corresponding to their needs, AFD is working to develop domestic loan markets that are accessible to the local public sector. This involves granting credit lines together with technical assistance programmes to public financial institutions specialising in funding local authorities (e.g. DBSA in South Africa, FINDETER in Columbia, CPSCCL in Tunisia, FEC in Morocco).

To complement the action of these specialised public financial institutions, it is nonetheless crucial that a market emerge for commercial bank lending to the local public sector. The political aspect and specific needs of local authorities (loans with longer maturities), and the fragility of the decentralisation framework in some countries, often leads to distrust on the part of commercial banks. In this respect, direct loans from AFD can have a knock-on effect in the banking sector. This was the case in Senegal, where the loan granted by AFD to the City of Dakar in 2008 led to two commercial banks granting loans in the wake of AFD’s loan.

To further encourage commercial banks to take the risk of working with local authorities and enable authorities of all sizes to benefit from loans on favourable financial terms, AFD, jointly with European Union, is developing a dedicated guarantee instrument, CITYRIZ, which could be deployed in sub-Saharan Africa and extended to South America.

⁹ Public-Private Infrastructure Advisory Facility



**THE THREE
ACCELERATORS
OF THE
SUSTAINABLE
CITIES STRATEGY**

The only means of producing compact and dense cities to limit their climate impact while rebalancing social inequalities and of housing growing urban populations will be through greater urban concentration. Local leaders will have to manage the paradox of improving the quality of cities while increasing their compactness and more effectively integrating the different categories of population. It will not be possible to address this challenge without recourse to new innovative tools, such as new practices giving civil society a voice and calling on its participation (collaborative mapping, transitional urban planning), as well as new financing modes (crowdfunding, participatory municipal budgets).

These dynamics and vectors of innovation are a source of inspiration for AFD's strategy, which places support to innovation as one of the priorities of its intervention, be it technological, industrial, social or vis-à-vis operational methods.

Three urban development accelerators have been identified: (i) innovation translates into the deployment of mechanisms and laboratories empowering urban innovation and improving civil society participation, (ii) digital technology – a factor of acceleration to achieve SDG 11 by enabling the transformation of local public action – supports public urban actors in their initiatives for digital transition, and finally (iii) the mobilisation of partnerships increases the impact or the wealth of content of urban projects benefiting from financing.

ACCELERATOR 1 – URBAN INNOVATION LAB: SUPPORTING CIVIL SOCIETY IN PRODUCING THE CITY

In response to the societal transformations underway and faced with the ecological urgency, new approaches are putting inhabitants at the heart of the urban landscape.

Initiatives fostering the emergence of new modes of public action are not limited to Paris, Madrid or Portland. Although the challenges are very different in the African or Asian cities facing strong demographic growth, residents' expectations for an improved living environment and the emergence of new actors, driven by the digital revolution, call for similar changes in terms of city governance.

The fact of placing civil society at the heart of its projects leads AFD toward structures that bring inhabitants together (NGOs, associations, collectives, etc.). Recognition of the structural role of collectives and neighbourhood associations in ensuring the management of a water or waste service and even the upkeep of urban infrastructure in the event of failings by the public entity acts as an incentive to better integrate them into funded projects. This implies

not only identifying the actors by mapping them at the time of diagnostic studies, but also strengthening these same actors by involving them in the construction of their neighbourhood so as to generate positive externalities (ownership by the inhabitants, creation of social cohesion, mutual aid and training, no deterioration of facilities, etc.).

New intervention modalities are therefore being deployed, aimed at better integrating inhabitants in the construction of urban projects. This means directly addressing the needs of users and citizens, in parallel with AFD's traditional (long-term) interventions and a thrust to encourage rapidly actionable initiatives able to test the programming (upstream), new usages (downstream), and new forms of citizen participation. This approach was first tested in territories in crisis, more specifically in Bangui (see *supra* "cities in crisis" under Strategic Objective 2).

FOCUS

Urban incubators (€5M – grant)

Following this experience, AFD is testing a new urban incubator scheme, inspired by the debates and lessons learned on new ways of “making the city” in France and driven by actors such as the Caisse des Dépôts, local authorities (calls for “Reinvent...” projects, regional incubators, FabLab) and experiments led by collectives and associations. The objective is to design, together with AFD’s institutional partners, frugal innovation schemes which encourage and support urban micro-projects that require little financing, focus on residents’ initiative and skills, and are rapidly actionable, upstream of the larger operations financed in parallel by AFD.

Tested on two pilot projects, these citizens’ initiative laboratories delivered their results in 2019: via a participatory project, support for the design of street furniture linked to an urban roads project in Ouagadougou, improvement to the design of

a space to temporarily host artisans and entrepreneurs in a warehouse in the heart of the Greater Tunis area.

The objective is not to replace one approach by another, as these projects are complementary to AFD’s usual tools. While continuing to target structuring effects on the physical framework of habitat, the urban environment or mobility, the aim is to take better account of the need for tangible results in the short term.

Through such user-centred initiatives, AFD will aim to support its partners on the path toward more collaborative governance, following the example of the first discussion workshops initiated in Tunis and Ouagadougou, which enabled public actors, civil society representatives and urban planning experts to co-construct the framework of their scheme.

ACCELERATOR 2 – SMART CITIES: SUPPORTING THE DIGITAL TRANSITION OF CITIES

In recent years, the rapid spread of digital technologies and services has caused economic and social disruption. Digital technology encompasses a range of tools and solutions based on information and communication technologies (ICT): connectivity infrastructure, sensors and other connected objects generating data, operation and control centres and databases, interfaces for exchange and data-sharing (platforms, open data, social networks, portals and applications). It generates the exponential production of data and an increasing number of new actors, uses and services. Cities are at the forefront of this digital transition, as evidenced by the rapid dissemination of the term “smart city”. The image is appealing but often coupled with a technicised, “solution-based” vision, promoted and sold by the ICT operators and experts themselves. The enthusiasm it triggers nevertheless reflects the vast array of digital opportunities for cities, such as a digital land register, participatory mapping carried out with neighbourhood residents or artisans to serve as a basis for projects, direct consultation tools, optimised local tax collection, real-time monitoring of the quality of urban services, etc. One of the challenges for emerging and developing cities is to take advantage of digital technology, which is a factor that can accelerate the achievement of the Sustainable Development Goals.

For AFD, Smart City actions should not be considered as a one-step digital solution disconnected from reality and practices. On the contrary, a truly smart city has a mayor who engages with his municipal departments and the local ecosystem following an approach based on local practices and problems, who analyses demand, searches for adapted technical and organisational digital solutions and who provides simple accessible responses. Faced with the risk that local public authorities could step back given the current plethora of private and civil society initiatives, AFD is convinced that digital technology is a lever for the transformation of urban public action in four main areas covered by municipal competence: (i) optimisation of urban services, (ii) improvement of urban planning and of risk and crisis management, (iii) upgrading of the management of local finances and municipal government transparency and, finally, (iv) creation of opportunities and innovation in terms of local economic development.

While the challenge is to begin by integrating digital tools into the cities’ existing projects, the other priority is the digital transformation of the public authorities themselves. In this internal shift, digital tools can help a city to become more effective in its services, drive new collaborations and an innovation agenda, and define a corpus of urban data to be digitalised then shared internally for agents’ needs, as well as externally so that economic actors can usefully

exploit these data. Reflecting the French position on digital technology, AFD fully supports a concept of urban data as “digital commons” for which public authorities must establish common standards (data format, exchange protocols...) to enable interoperability and reutilisation.

Beyond its role of promoting a “smart city serving the community”, AFD wishes to finance more urban projects involving digital technologies. It has already allocated financing for this new theme (Smart Cities in India, Zénata in Morocco, Samarkand/waste management in Uzbekistan, etc.). The digital aspect of AFD funding intended for cities has a twofold dimension. On the one hand, once a project is identified, AFD can use its dialogue with a beneficiary authority to encourage the timely integration of ICT into the investments to be financed. On the other hand, AFD can finance support for a local authority’s digital transition: encourage innovation on their territory, regulate and define norms and standards, create a database, mobilise data in the framework of public action, promote data-sharing and, finally, achieve more democratic transparency and organisational effectiveness.

FOCUS - PROJECTS

Samarkand, solid waste management and digital tools:

setting-up of a monitoring and optimisation system for the collection of Samarkand’s solid waste with on-board GPS and of a geographic information system, setting-up of an entry-pass monitoring system on the waste treatment eco-site and of an automated monitoring system of unit operations.

Smart Cities programme in India:

call for proposals integrating a theme on digital tools, capacity building for the award-winning cities through mentoring on supporting the changes supervised nationally by NIUA (National Institute of Urban Affairs), capitalisation on Smart Cities projects via a digital platform (Smartnet).

ACCELERATOR 3 – STRENGTHENING PARTNERSHIPS

In line with the strategic alliance signed with the Caisse des Dépôts Group (CDC) in 2016 and with AFD’s integration of Expertise France, AFD’s action unfolds within a strong partnership framework. In light of the variety of situations and issues, the mobilisation of partners increases the strengths, impact and the wealth of content of the projects supported by the AFD Group.

AFD’s partners are very diverse: multilateral, regional or bilateral donors, French or international actors with expertise on sustainable cities, research institutes and think tanks, French authorities involved in decentralised cooperation, and international networks of cities committed to climate.

The increase in partnerships with these structures is now leading AFD to fine-tune its strategy in terms of support to international coalitions and networks.

AFD will pursue and strengthen co-financing operations with other multilateral or bilateral donors, as well as its support to networks on a regional, continental or sub-continental scale (e.g. Eastern and Central African Cities Network for Climate led by Kampala). The co-financing of interventions with other donors can strongly increase the effectiveness and impact of the support mobilised, while creating a common culture for donor operations.

AFD’s two main donor partners in this sector are the European Union (climate project preparation facility and delegated funds) and the World Bank (six co-financing projects underway, sharing of expertise on urban resilience, decentralisation and housing). Other partnerships are being developed and will be strengthened with the European Investment Bank (Urban Projects Finance Initiative – UPFI, and project co-financing), the Asian Development Bank (co-financing decentralisation projects in the Philippines) and the Inter-American Development Bank (sharing of expertise on climate and housing and identification of co-financing projects in Brazil and Haiti).

As for non-financing partnerships, AFD's strategy also aims to continue its close cooperation with the major global networks of urban authorities mobilised in favour of climate (e.g. C40, ICLEI, UCLG, Climate Chance). Developing actions in partnership with these networks of actors enables AFD to contribute strong added value through its input concerning experience feedback and technical expertise.

In the area of research, AFD is structuring a partnership on urban development with IRD, based on the changes in urban public action (innovation and risk management in particular). It is also pursuing its partnership with the think tank I4CE with regard to cities and climate.

In terms of technical assistance, AFD wishes to strengthen its positioning as a development platform by mobilising French expertise in urban planning and sustainable cities. In this framework, it intends to pursue the partnerships it has concluded with French urban planning agencies (either directly or via the FNAU – the French national federation of urban planning agencies) and with government institutes with strong expertise capacities (ANRU, ADEME, IRD).

In the urban sector, AFD endeavours not only to develop decentralised cooperation within its projects but has also drawn up a strategy designed to establish a significant network of partnerships with local authorities (Île-de-France, Greater Lyon, Lille Metropole, Rennes, Mulhouse, etc.) or their technical operators (EPLs¹⁰, urban planning agencies, etc.). The aim of this cooperation is to enhance the value of French local authority expertise and their operators and also to provide AFD with a territorial footing by sharing a strategic reflection with French authorities on city management and development. These are long-term partnerships, as for example, Greater Lyon and its urban planning agency with which AFD has had links for fifteen years. As such, 18% of the projects in AFD's urban project portfolio in foreign countries include a decentralised cooperation component, bringing into play 21 partnerships (Greater Lyon, City of Paris, Lille Metropole, the Bordeaux urban planning agency, Île-de-France region...).

The list of partnerships developed directly by AFD's Urban Development, Town Planning and Housing division is to be found in the Appendix.

FOCUS

Lille Europe and the City of Paris in South Africa

With a population of 4.4 million, Johannesburg is the economic heart of South Africa and a magnet for the rest of the sub-region. Historically, it is one of the cities with the greatest inequalities in terms of income distribution. The historical spatial segregation, related to mining and consolidated by apartheid, was accompanied in the 1960s by huge urban expansion based on the North American car-based model. This phenomenon was later exacerbated by the development of new economic hubs starting in the 1970s and by the massive post-apartheid construction of social housing on poor-quality housing estates in the outer suburbs.

Today, these large social neighbourhoods, isolated and cut-off, stand alongside closed-off and secured gated communities, with no transition between the two areas. With the exception of the city centre, public spaces are in fact almost exclusively transit areas. The sprawl and spatial fragmentation of the city have contributed to maintaining the different forms of exclusion.

In order to address these issues, spatial transformation had been the previous municipality's priority. This strategy was combined with a very ambitious public investment programme grounded on social housing projects, basic services (electricity, water, sanitation) and urban public transport. This was about reconciling local public policies targeting social priorities and emissions reduction.

AFD was called on to support this project both technically and financially. For the technical component, AFD mobilised the expertise of the Urban Morphology Institute, an entity also working on Greater Paris to support the city in drawing up its urban planning document. The cooperation programme also covers financing the partnership between Paris and Johannesburg for the preparation of a municipal climate plan.

The challenge to be taken up by the City of Johannesburg is to operationalise its planning documents on several distinct sites, while conserving the overall ambition to become operational at a districtwide scale: coherency of the different interventions will be paramount to ensuring a real effect citywide. The Lille urban area has been identified by AFD as the primary actor for this cooperation given its many similarities with Johannesburg (financial and commercial centre, industrial heritage and brownfield land, socio-spatial inequalities within the territory, rundown private housing areas, etc.). As a result, AFD has been able to fund a programme of experience-sharing between the European Metropolis of Lille (MEL) and Johannesburg.

¹⁰ Local public enterprises.



**MONITORING THE
IMPLEMENTATION OF
THE SUSTAINABLE
CITIES STRATEGY AND
ACCOUNTABILITY**

Implementation of the new urban development strategy uses a new tool to monitor achievement of objectives, which enables:

- **Co-construction** of projects with the counterparties,
- **More effective monitoring** of project implementation,
- **Project evaluation** and improvement,
- **Communication** on urban development activities,
- **Accountability** to the general public and AFD's supervisory bodies.

FOLLOW-UP INDICATORS FOR THE SUSTAINABLE CITIES STRATEGY

A pilot reflection on the recasting of AFD's urban activity indicators was initiated early 2017 upstream of the broader redesign of the accountability indicators (aggregate indicators) for all AFD's technical divisions. This redesign is based on a twofold observation: firstly, that the accountability indicators (aggregate indicators) were not sufficiently representative as they only very partially cover the often cross-cutting nature of urban development. Secondly, it was noted that the increase in project indicators established on a case-by-case basis by each project leader did not give rise to any effective capitalisation. The objective was thus to take the realities of the activity and the action's end goal as a starting point not only for defining a set of relevant "operational" indicators that could fuel the accountability indicators (in relation with AFD Group's 2018–2022 Strategy), but also establishing the contribution to the Sustainable Development Goals (SDGs).

Building indicators on urban development thus comprises three levels, in a bottom-up approach:

- **Meta-indicator:** this is the topmost indicator of AFD's urban activity aimed at accountability, communication and visibility to the general public.

- **Aggregate indicators:** composite indicators focused on the number of beneficiaries per major intervention area in urban development (see the linkage with the strategic objectives detailed above). These aggregate indicators fuel the urban meta-indicator of the action and the accountability to the supervisory bodies.

- **Project indicators:** operational indicators selected at the time of project definition in order to exchange upstream with counterparties and partners on the project's final goal and priorities. The indicator tool offers a database of over 150 indicators, with their contribution to the SDGs, and distinguishes between three types of indicators:

- **impact:** measures indirect effects in order to evaluate the attainment of the project's final goal,

- **result:** measures direct effects in order to evaluate the attainment of the project's specific objective(s),

- **achievement:** measures the tangible progress of the project's scheduled activities.

STRATEGIC URBAN META-INDICATOR	Number of city dwellers and users whose quality of life has been improved
URBAN AGGREGATE INDICATORS	Number of people benefiting from an improvement in basic services (water, sanitation, energy, waste management)
	Number of people whose living conditions and access to public spaces or socio-collective urban facilities have been improved
	Number of people whose income-generating activities or employment have been supported
	Number of people whose urban living conditions have been made secure post-crisis
	Number of people benefiting from better access to sustainable transport (indicator shared by the Transport & Mobility strategy)
	Number of structures active in the urban sector which have benefited from capacity building (not aggregated within the meta-indicator)

ANNUAL REVIEW OF THE SUSTAINABLE CITIES STRATEGY

The urban development strategy will undergo an evaluation of the commitments and quantitative and qualitative annual impacts, in the interests of the accountability and capitalisation of AFD's interventions. A more consolidated review will be conducted on a five-year horizon,

integrating a synthesis of lessons learned from the main decentralised evaluations and ex-post evaluations of projects implemented over the period, with a view to making possible adjustments to the strategy.

COMMUNICATION AROUND THE STRATEGY

Close attention will be paid to communication on the strategy in order to reinforce the visibility of AFD's activities with urban development actors, political spheres and French companies, as well as its local partners and counterparties. In terms of external communication, AFD will work to continue its involvement in discussions of ideas and highlight the many knowledge production documents it publishes every year at the time of international and national conferences. AFD will continue to disseminate its strategic orientations to external partners through training, particularly the "Local Authorities" training curriculum provided regularly by the Development Campus to raise the awareness of local decision-makers on urban

development subjects. Regarding internal communication, AFD will continue to disseminate its strategy in the network via the Sustainable City training, held in Paris and the local agencies using the new digital aids. AFD's Urban Development, Town Planning and Housing division will maintain its active participation in many internal events: ID4D conferences, seminars on key sustainable city themes, new knowledge production projects, etc.

APPENDICES



APPENDIX 1

GEOGRAPHICAL PRIORITIES: ROLL-OUT OF THE STRATEGY BY REGION

“WHOLE OF AFRICA”, TAKING FULL MEASURE OF A CONTINENT

Sub-Saharan Africa, the challenges and opportunities of urban growth

The population of sub-Saharan Africa could increase twofold by 2050 and such demographic pressure results in population movements that put public authorities up against the challenge of offering economic opportunities and services. With an urbanisation rate expected to exceed 50% by 2050, compared to 37% in 2014, sub-Saharan Africa is facing opportunities but also considerable challenges. Urban expansion is transforming African economies and societies. Yet, it requires favourable conditions to turn this trend into an advantage for development. In 2014, despite a 10-percentage point drop over 10 years, 55% of the urban population in sub-Saharan Africa lived in precarious housing and the need for investment in urban infrastructure is significant (estimated at USD 20M per year). Urban poverty basically has to face four categories of risks related to: i) poor living conditions, overcrowding and no access to basic services; ii) precarious and hazardous work and discrimination in the labour market, putting livelihoods at risk; iii) external shocks/natural disasters that damage informal habitat; and iv) governance that is ineffective in addressing the needs for infrastructure and basic services. Given the strong climate and energy constraints, the environmental and social component must be core to urban development models, and encouragement given to investments that are clean (clean energy and transport, waste management) and climate-change resilient (urban planning integrating hazard zoning, building norms). Lastly, most middle classes – when they exist – are concentrated in urban areas, representing up to 20% of the urban population and 43% of total urban expenditure. The growth of this middle class is a wellspring of opportunities that need to be fully exploited in order to fuel African growth (new demand for goods and services).

To benefit from the “urbanisation dividend” while ensuring the balanced development of their territories, public authorities must engage in ambitious reforms and promote planning tailored to the specificities of each territory, both for their capitals and secondary cities (national urbanisation strategies, municipal and regional development plans). Decentralisation (transfer of powers and resources) and the strengthening of regional and local authorities as key local development actors will be major institutional concerns. This raises questions of institutional capacity, multi-level coordination, local ownership, civil society involvement, political will, but also improvements to public finances management both at national

and local levels (taxation, central government transfers to local authorities, local investment funds). The many forms of local organisation, formal and informal, public and private, must be taken into account in territorial planning and management, particularly regarding the management of natural resources (as in the case of “commons”-type participatory organisations). Moreover, urban growth will be significant, more particularly in secondary cities, and will require that national support programmes be developed for these cities.

AFD’s approach targets territorial development in sub-Saharan Africa: the aim is to tackle urban and rural issues in a complementary manner by supporting the strengthening of decentralisation processes and local development (development of economic sectors and transport infrastructure). In addition, AFD Group’s interventions will aim to support urban actors in promoting and supporting the expansion of sustainable cities that are accessible, job-creating and socially inclusive. AFD will pursue its capacity building actions for local authorities and its support to participatory and inclusive territorial planning exercises, as well as to processes for co-constructing projects. A focus will be set on support to the digital transformation of African cities repositioning municipalities at the centre of governance, and on innovation processes involving start-ups, civil society and the private sector. It will more particularly support projects that anticipate demographic growth and internal migration through planning, acquisition of territorial management tools and preventive development, especially via a dialogue on land management. AFD will continue to support strategies and projects for more resilient, low-emission urban development (investment programme, climate strategy), notably by mobilising the Cities and Climate Change in Africa initiative (CiCLIA, a facility for preparation of projects with climate co-benefits in sub-Saharan Africa). Moreover, it will support urban public policies aimed at improved and lasting access to basic services (housing, transport, water and sanitation, electricity, education, healthcare, waste management). On this count, its financing will prioritise the improvement of living conditions for the most vulnerable populations, starting with the residents of precarious settlements located in cities and on their outskirts (upgrading, land rights, extension and improvement of water and sanitation services, waste management), which will thus reinforce their inclusion. Special attention will be paid to urban areas vulnerable to climate change (coastal areas, precarious settlements in areas prone to flooding or unfit for construction) in order to establish sustainable access to basic services and enable better adaptation to shocks. AFD will intervene in rainwater management

projects, especially in large cities where flooding can cause serious health problems. Finally, AFD will encourage policies designed to boost urban economies (housing policy, markets, train stations, commercial and industrial zones) and stimulate formal or informal employment, while respecting the environment.

Tools and partnerships

- NGOs
- European Union
- World Bank
- African Development Bank
- URBACT programme for capacity building of local authorities
- CICLEIA - facility for preparation of resilient urban projects with climate co-benefits
- AFD tools dedicated to crisis and conflict situations (cities in crisis)

The Sahel Alliance, fragile priority cities on the African continent

The Sahel Plan identifies six countries requiring specific intervention modes: Senegal, Mauritania, Mali, Niger, Burkina Faso and Chad. AFD benefits from a historic presence in these mainly Francophone regions. Three major challenges have been identified and justify the specific treatment of the Sahel in AFD's interventions. Firstly, this is a fragile, complex and rapidly changing region: adaptation to climate change is vital in the region, which experiences alternating periods of drought and flooding, as well as chronic food insecurity. Cross-border economies are factors of resilience to be supported and taken into account to tackle these challenges. Moreover, although economic growth has strengthened in recent decades, the uncompleted demographic transition absorbs its benefits. The economies are still of limited size, weakly diversified and generate marked inequalities. The mainly young population is facing particularly severe issues due to lack of employment and good-quality training. What's more, these disparities are fuelling a questioning of public action and heightening pressure on social contracts. Entrenched poverty creates frustrations and a growing mistrust of institutions. Peripheral territories and vulnerable populations are left on the wayside of national development trajectories. The growing number of conflicts and violence is fuelling society's perception of injustice and marginalisation.

In this region, AFD's ambition is to identify and contribute to strengthening the factors of resilience in all of the territories in these six countries. Their comparative advantages can help to bolster a logic of regional stabilisation. AFD thus wishes to promote more inclusive, sustainable and job-creating development, while contributing to national cohesion and more balanced territorial development.

The urban strategy revolves around this notion of a more balanced development for territories and secondary cities. It aims to develop small, attractive secondary urban centres and pays particular attention to city outskirts. AFD's intervention will be two-pronged: support for access to basic services (access to effective water and sanitation services, addressing needs for urban infrastructure), and the development of urban-rural connectivity to improve territorial stabilisation, particularly through food security and agricultural outlets, consistent with a logic of local development and decentralisation. Given the reality of violence, it is essential to avoid doing further harm and to offer rapid ways of easing crises and disasters and facilitating recovery (small-scale urban planning projects, take-over by NGOs, rebuilding the link between populations and local authorities).

Tools and partnerships

- European institutions: EU's Emergency Trust Fund (EUTF) for Africa
- World Bank (on the rural sector)
- AFD tools dedicated to crisis and conflict situations ("Cities in Crisis")

North Africa, a region with multiple urban contracting authorities

North Africa is characterised by stable, robust operators that are well-known in the urban development sector: the Holding Al Omrane (HAO), the Caisse de dépôt et de gestion (CDG, deposits and management fund) and Tanger Med Zones (TMZ) in Morocco; the Agence de réhabilitation et de rénovation urbaine (ARRU, urban rehabilitation and renovation agency) in Tunisia, etc. There are also sound financial intermediaries: the Micro, Small and Medium Enterprises Development Agency (MSMEDA) in Egypt, the Fonds d'équipement communal (FEC, municipal equipment fund) in Morocco, the Caisse des prêts et de soutien des collectivités locales (CPSCL, loans and support fund for local authorities) in Tunisia, etc. – which provide a basis for a substantial share of AFD's interventions in the region.

The Mediterranean region is facing the consequences of steady demographic growth over the last few decades: a large fraction of the population is young and has no access to employment. This is the first issue identified by AFD in the region. The hurdles to job-creation are linked to three factors: (i) the public sector absorbs a smaller workforce than it did previously; (ii) there is still a hefty informal sector; and (iii) the SME sector is particularly fragile. Migration toward cities has heightened territorial disparities with the rise of disproportionately large cities that capture economic flows. At the same time, many rural workers have migrated into cities and end up in

“urban” areas which are poorly equipped (particularly in housing and transport) and offer no employment given the low level of industrialisation. The attractiveness of rural territories and the development of secondary cities are therefore crucial issues.

The second issue is environmental: the quality of life in this region will depend on the ability of public and private actors to fight pollution, manage the scarcity of natural resources and repair the effects of vulnerability to climate change. An increase of 2 to 3 degrees in sea surface temperatures by 2100 would expose up to 25 million people living on the coast to a rise in sea level (source: CMI). Between 2010 and 2030, Alexandria, Casablanca and Tunis could each bear a possible economic loss of USD 1 billion due to flooding, soil instability, lack of water, and earthquakes (source: CMI). The Arab Springs brought to light the territorial imbalances that had been concealed for years by excessive institutional centralisation. Decentralisation has thus emerged as a means whereby central governments can address their citizens’ aspirations. In practice, implementing it effectively is a difficult task in all the countries on the southern shores of the Mediterranean and decentralisation appears to be a future prospect rather than an on-the-ground reality. Only rarely do local authorities have the legal and financial autonomy enabling them to contract external debt. Morocco, with its advanced regionalisation, and Tunisia, have paved the way in introducing reforms that foster the emergence of decentralised institutions. Apart from enshrining decentralisation in the Tunisian Constitution and adopting a local authorities code, Tunisia, like Morocco, has organised direct municipal elections.

In North Africa, AFD is well-recognised in the field of urban development and enjoys long-term relationships with many urban operators in the region. The full palette of financial tools is already used and sub-sovereign or non-sovereign financing to local authorities or operators is real. AFD must therefore adapt and work with the most relevant actor, be it with ministries, urban development companies, financial intermediaries, specialised urban operators or even local development companies, provided that these actors have a coherent vision of the urban territory and its public policy.

Two priorities stem from these concerns: at the level of each territory, redress the inequalities in access to economic opportunities and manage the scarcity of natural capital. AFD’s intervention pursues four end goals in North Africa: (i) promote sustainable and job-creating growth (companies that create jobs, women’s access to the labour market, attractive territories with satisfactory levels of facilities and services); for example, AFD supports the drive to create local jobs under the programme to rehabilitate residential areas in Tunisia, (ii) manage constrained natural capital and adapt to climate change (energy security, managing scarce natural capital),

(iii) strengthen social cohesion (unemployment, migration, forced displacement) and (iv) support decentralisation and better urban governance. Projects to support decentralisation processes are still timid, but pilot projects do exist in Morocco and Tunisia. Integrated urban projects and intermediate cities are classical sectors and will remain the cornerstone of AFD’s interventions in this geography. In the framework of its partnership with European institutions (European Commission and European Investment Bank) and regional institutions (Union for the Mediterranean), AFD has developed tools for the preparation and study of projects to support the emergence of sustainable and resilient cities in the Mediterranean region (North Africa and Middle East). On this count, a dedicated fund, Urban Projects Finance Initiative (UPFI), will support the preparation of integrated urban projects until 2021. Obtaining loan approval from the public authorities has been identified as a significant issue in the region, given that investments in cities often fail to yield short-term gains. The themes of heritage and tourism associated with Mediterranean cities are gaining ground, especially the upgrading of old rundown inner-cities and coastal management. For this region, tourism is a resource but the sector has undergone changes since the Arab Springs as there has been a drop-off in international tourism and a shift towards domestic and regional tourism. Digital technology holds potential for improving the region’s urban services. The concept of development corridors could be relevant in the context of conurbation, for example, in Morocco or Egypt. The theme of housing has high potential and should be developed, at the same time avoiding the pitfall of non-sustainable new towns – to which AFD does not wish to commit itself. Eco-cities on the other hand offer the region a potential for low-emission, climate-resilient urban development (case of the eco-city, Zenata, in Morocco, supported by AFD). Local tax management (property tax/land registry/tax base) is recognised as having potential despite a good deal of internal resistance from the civil service.

Tools and partnerships

- Partnerships with the CDCs of Morocco and Tunisia to be explored
- European Union, with increased involvement
- European partners, both bilateral (KfW, AECID, Dutch Cooperation) and multilateral (European commission, EIB, EBRD), as preferred partners
- Deauville Partnership

THE AMERICAS AND THE ORIENT: PARTNER CITIES FOR REGULATED GLOBALISATION

The Americas: a broadening partnership between AFD and cities

With urbanisation at 80%, Latin America remains the world's most unequal region, alongside southern Africa (Gini coefficient) and the most violent (homicide rate). The informal sector employs 55% of the workforce, while 25% of the population live in precarious settlements. Half of the women are excluded from the labour market. Large cities face a housing deficit and pronounced socio-spatial segregation. Ecological heritage is made fragile by urban sprawl, which also plays a part in heightening the cities' vulnerability to the effects of climate change (undiversified carbon models that depend on external demand) and natural hazard risks. However, environmental awareness is increasing, as reflected by the NDCs integrated into national strategies and some countries are taking the lead on climate issues (Peru, Brazil, Mexico). The main challenges identified in these contexts are: (i) decarbonisation and diversification of economic models, (ii) energy transition (renewable energy), (iii) sustainable management of natural resources and ecosystems, and (iv) investment in adaptation and resilience (including risk management). AFD's presence in the region is recent, under differentiated mandates (fragmented region), and is continuing to expand to new countries (Cuba, Argentina). However, the activity of direct municipal financing (long-term direct loans at market conditions) is constrained not only due to the limited number of bankable and easily identifiable local authorities, but also to local regulations, particularly in Brazil. Despite this, there seems to be a possible opening for non-sovereign financing, which is currently under study. Moreover, the geometry of decentralisation is highly variable on the continent: be it in Peru, Brazil, Bolivia, Mexico or in the Dominican Republic, AFD operates solely through sovereign loans.

Pursuance of major multi-component urban projects and support to urban regeneration public policies are priorities for AFD, particularly in flagship geographies such as Brazil or Argentina. However, the foremost objective is to support strategies designed to fight climate change and biodiversity loss by developing projects for energy-efficiency in buildings and urban mobility. The territorialisation of public policies is a new avenue of intervention that could combine environmental and governance themes (decentralisation, dialogue with federal states, multi-level dialogue). AFD's contribution to reducing economic, social and territorial inequalities and to institution-building is

also one of the priorities in the region in order to address the particularly salient issues of urban and gender-based violence. Three key intervention themes emerge for the region's urban sector: (i) resilience (adaptation of cities, and climate and environmental risk management), (ii) cities' food supply and distribution infrastructure and (iii) waste management (climate-related and economic issue). The theme of access to housing and support to national and regional housing production programmes for the poorest populations is also one of AFD's recent avenues of intervention. To better understand the actors and challenges and thus build up the Agency's portfolio, it would be useful to study the status of decentralisation in those countries in the region where AFD operates.

Tools and partnerships

- Opportunities to work with the IDB – via possible co-financing – so as to move onto decentralisation topics:
 - metropolitan governance (bearing in mind that, for this theme, IDB foregrounds the French approach)
 - metropolisation
 - strengthening decentralisationNonetheless, the countries able to finance decentralisation themes via borrowing are few and far between.
- Public banks and local authorities, either via direct loans or via regional banks or policy-based loans
- French local authorities and CDC

The Orient: accompany the scaling-up of urban growth

Under the combined influence of rural exodus, natural population growth and the reclassification of cities, urban Asia (48%) will soon overtake rural Asia, with an urban growth rate of 2.3% per year. The urban population represents 2 billion people; more than 200 cities have over one million inhabitants while the region accounts for 15 of the world's 31 megalopolises, including 7 with over 20 million inhabitants. Some Asian countries, especially the emerging countries, are already facing – and others soon will be – uncontrolled, perverse exponential effects: uncontrolled urban development and sprawl strongly impacting the quality of city life, territorial imbalance accentuating the inequalities within populations, very high pollution with 17 of the 20 cities having the planet's most polluted air, etc. This region is also under severe threat from climate change: risks of flooding are considerable in many cities, as 6 of the 10 Asian megalopolises – Jakarta, Shanghai,

Manila, Karachi, Bangkok and Mumbai – are located on the coast and three-quarters of the world's population living in the most vulnerable coastal areas are in Asia. This means that it is crucial to optimise the functioning of cities to ensure their sustainability and overall territorial balance. On this continent, however, cities tend to be managed by central government and its devolved offshoots, with still limited local devolution of the competence for urban planning. Factoring in the individual and the need for an enhanced quality of life is emerging as a general societal trend, in place of mass policies based primarily on economic development at whatever social, cultural and environmental cost. Access to services and their reliability are vital issues for city dwellers: driven by emerging urban middle classes and the leverage of local actors, demand is booming for better quality water, food and air, better-connected transport and electricity, and more effective and accessible social services. There is also an increasing demand for climate change adaptation integrated into the broader framework of urban ecosystem protection, as well as support for a low-carbon urban transition in countries (China, India, Vietnam, etc.) that have understood the risk of destabilisation they may run due to climate change and its threats. In parallel, there is a general aspiration to decentralise triggered by the expectations of local populations and the need to find local responses to climate change. While countries' requests are still mainly sectoral, their demands increasingly involve multisectoral or territorial issues that require institutional as much as strictly technical solutions.

In Asia, AFD's strategy has three main lines of action. The first is the promotion of sustainable urban development to address issues of air pollution, environmental risk and natural resource management, and an improved quality of life for inhabitants. This goes hand in hand with support for low-carbon economic trajectories, which entails (i) developing renewable energies, energy efficiency and controlling demand, with specific emphasis on innovative initiatives (e.g. ocean thermal energy in conjunction with water management) and training human capital in these technologies, and (ii) more generally developing national or local climate policies. A cross-cutting objective has been set to reach 70% of climate co-benefit projects in the region, consistent with the resolute pro-climate orientation that AFD has given to the focal sectors of its activity. Support to territorial development and decentralisation can encompass projects designed to improve connectivity in

maritime and rail transport and accompany public decentralisation policies, thus contributing to reducing inequalities between territories. The protection and enhancement of urban heritage are also themes on the rise. Territorial planning, improved connectivity and decentralisation are all key subjects, particularly in archipelagic countries. The promotion of sustainable urban development and better public services concerns the whole of Asia, especially China, India, Vietnam, Sri Lanka and Uzbekistan. As for the protection of heritage, this is part of the cooperation work in China, Laos and Pakistan (cultural heritage) but also in India and on regional projects.

There are still scant opportunities for a direct dialogue with local authorities and non-sovereign financing remains difficult mainly due to political obstacles: as a general rule, local authorities are not authorised to contract debt with international financial institutions. The partnership with the Asian Development Bank (ADB) will remain a priority, operating under the new Partnership Framework Agreement signed with AFD in 2016. This fixes more ambitious co-financing objectives for the two institutions by defining concrete themes for cooperation: climate change, air pollution, urban transport, sustainable cities and social protection. Under the AFD-ADB partnership, the tools for preparing and studying urban projects with climate co-benefits are strengthened through a dedicated facility: CICLASIA (led jointly with the Manila-based CDIA). The constructive dialogue with the EU will be strengthened, both in terms of sectoral priorities and strategies and the implementation of common tools. European resources will be increasingly mobilised to support our operations, through both the EU's blending facilities and its delegated funds in support of national programmes (limited to specific countries). The collaboration with the World Bank and KfW will continue, with an emphasis on public policy dialogue.

In the Near and Middle East, development issues are mainly based on (i) the social and political integration of youth and women, (ii) the reduction of inequalities and addressing the aspirations of the middle classes, and (iii) the transition toward low-carbon, climate-resilient development trajectories, by supporting the emergence of sustainable cities. Like the North African countries, countries in the Near and Middle East are facing steady demographic growth and issues of young people's access to employment. The rural exodus to cities has created territorial disparities and imbalances on a country scale, whilst investments

in urban infrastructure and basic services have not kept pace with urban growth. An adapted response to the issues of demographic growth and the prioritisation of urban investments is to enhance the attractiveness of rural areas and rebalance territories by consolidating or creating regional urban hubs. As on the southern shores of the Mediterranean, the southeastern shores and the Near East are also facing climate change and territorial vulnerability issues (global warming, scarcity of natural resources, pollution, droughts, coastal erosion and rising sea level, etc.). The Arab Springs have also affected the Near Eastern and Middle Eastern countries, revealing pronounced territorial disparities, social inequalities and issues of political representation of the populations. With the exception of Turkey, local authorities in the region do not yet have, despite the decentralisation processes underway, the resources and means enabling them to finance and implement adapted policies for managing resources, territorial facilities and urban development.

In line with the strategy developed for the North Africa region, AFD's intervention in the Near and Middle East aims to (i) promote sustainable, job-creating growth by enhancing the territories' attractiveness; (ii) manage the scarcity of natural resources; (iii) strengthen social links and social cohesion, particularly in crisis regions impacted by migration and forced displacement; and (iv) support decentralisation, as in Jordan and Lebanon. At a cross-cutting level, AFD also supports decentralisation processes and more substantial means and resources for local authorities, as for example, in Jordan (via policy-based loans and sectoral budgetary aid) and Palestine. The dynamics of territorial attractiveness and local economic development are also boosted by tourism and heritage conservation. These objectives can be combined with approaches to promote the economic resilience of secondary cities and territorial rebalancing, as is the case for projects supported by AFD in Lebanon.

Finally in the Balkans, characterised by countries of a relatively small size and EU pre-accession status in some cases, AFD will initiate a dialogue with the stakeholders in charge of urban development. Being attentive to needs will serve thereafter to structure operations. At this stage, the Cities and Climate approach, but also the Cities and digital accelerator, can be the subject of dialogue to enable future financing emerge at national or regional levels. Finally, the issues of connectivity between cities

and between countries are a possible area of cooperation (transport infrastructure). In terms of tools and partnerships, AFD has just joined the members of the Western Balkans Investment Facility managed by the European Union (DG Regio).

Tools and partnerships

- Reinforcement of the AFD-ADB partnership
- Collaboration with the World Bank
- Facilities for preparation of resilient urban projects with climate co-benefits (UPFI, CICLASIA)
- European Union (blending facilities and delegated funds), with greater involvement
- European partners, both bilateral (KfW, AECID, etc.) and multilateral (European Commission, EIB, EBRD)
- Deauville Partnership
- AFD tools dedicated to crisis and conflict situations ("Cities in Crisis")

THE THREE OCEANS: FRENCH OVERSEAS CITIES, BRIDGES BETWEEN FRANCE AND THE WORLD

AFD is a long-standing partner of the local authorities and housing and development operators in Overseas France. AFD's action is characterised by the magnitude of its interventions making it a leader in financing the local public sector alongside the CDC. However, the development and implementation of Overseas urban projects are sometimes hindered as the contracting local authorities dispose of insufficient resources given the challenges faced and the investments needed to address them. In fact, these authorities are often too indebted to kick-start the ambitious territorial dynamics that drive economic development, and this at a time when the social situation remains tense (a 60% unemployment rate for under 25's in Martinique and Réunion).

In these regions, AFD's intervention takes the form of budget support designed to promote local investment programmes (sustainable urban development strategies or sectoral programmes), as well as project financing for housing and urban development operators. AFD recently modified its intervention modalities by strengthening its role of advisory-support and technical partner for overseas local authorities, particularly on the theme of climate. With its proactive positioning on climate in its missions abroad, AFD wishes to intensify its climate-related activities in Overseas France, in collaboration with the relevant French public actors in this field. Consideration is being given to setting up an offer with ADEME and/or CDC to support the authorities technically and financially, beyond support to their investment budgets. Partnerships based on complementary positioning (including with technical operators such as Météo France, for example) could be developed.

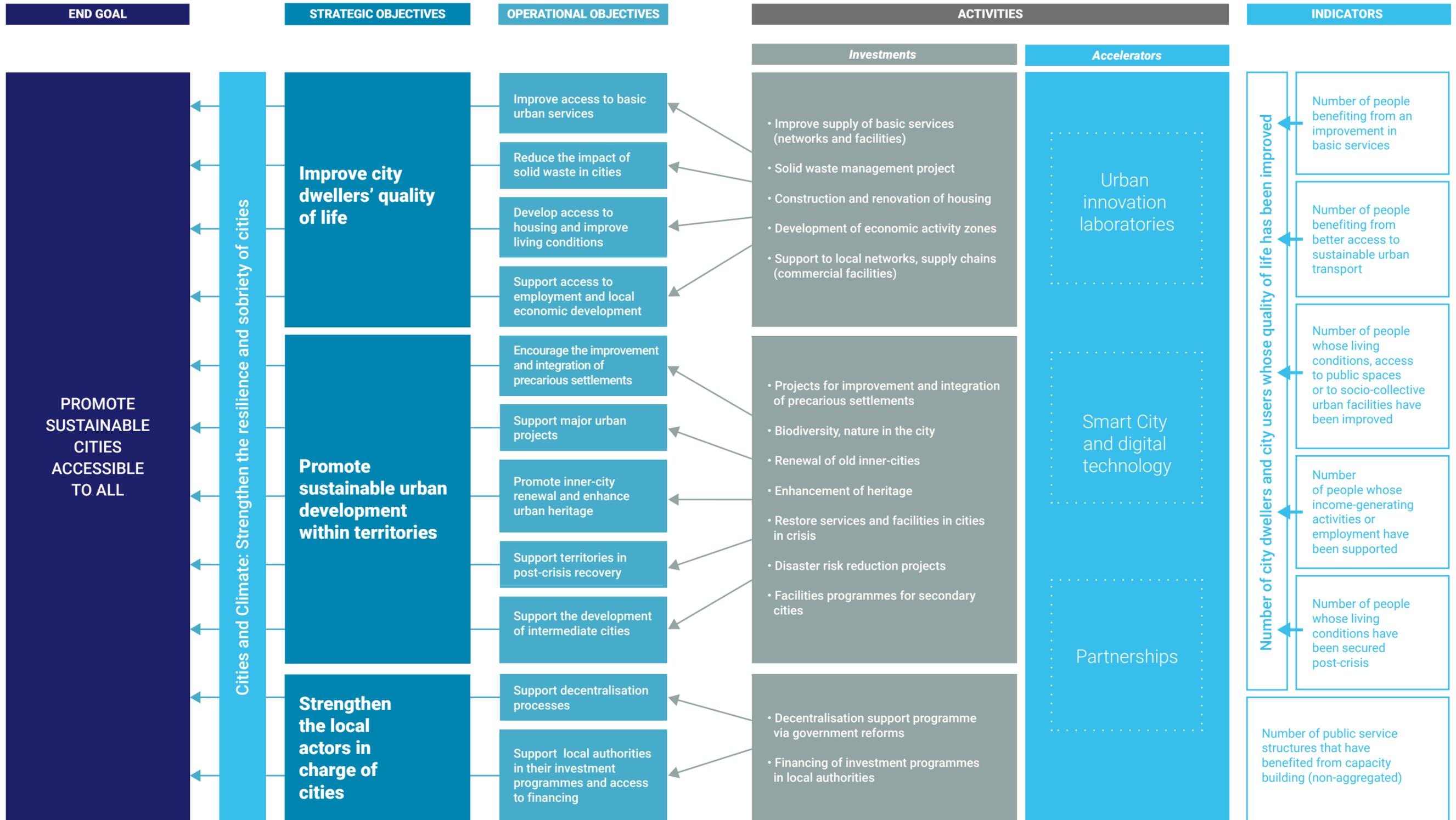
Tools and partnerships

- In the urban sector in Overseas France, AFD's main intervention tools are direct budgetary loans to the authorities and direct loans to housing and urban development operators. This approach was renewed in 2017 with the introduction of three grant processes: for local authorities on local finances; in Mayotte (support in structuring projects for EU funding) and in the Pacific. The major hurdle to these policies is the lack of local capacity.
- AFD will also consolidate its role of financing concessionaires, public operators (state and local semi-public companies, public land agencies...) and private operators who steer major urban projects (ANRU projects in particular) in coordination with the contracting authorities. It will further develop its interventions to finance housing, in complementarity and subsidiarity with the actors in this field, notably CDC.



APPENDIX 2

LOGICAL FRAMEWORK OF THE SUSTAINABLE CITIES STRATEGY





APPENDIX 3
PARTNERSHIPS

The list of key partnerships developed directly by the Urban Development, Town Planning and Housing division (VIL) is provided below. AFD's strategic partnerships, some of which are also implemented in the urban development sector, are developed and steered by AFD headquarters.

French technical partners:

- ADEME - Agence de l'environnement et de la maîtrise de l'énergie (French Environment & Energy Management Agency)
- ANRU - Agence nationale pour la rénovation urbaine (National urban renovation agency)
- Les Ateliers de maîtrise d'œuvre urbaine de Cergy-Pontoise (association organising workshops on urban planning and design)
- CDC - Caisse des dépôts et consignations (French public financial institution)
- FEPL - Fédération des entreprises publiques locales (Federation of local public enterprises)
- FNAU - Fédération nationale des agences d'urbanisme (National federation of urban planning agencies)
- PFVT - Partenariat français pour la ville et les territoires (French partnership for cities and territories)
- Société du Grand Paris (Greater Paris public enterprise)
- USH - Union sociale de l'habitat (Social housing union)

Specialised think tanks and different international initiatives:

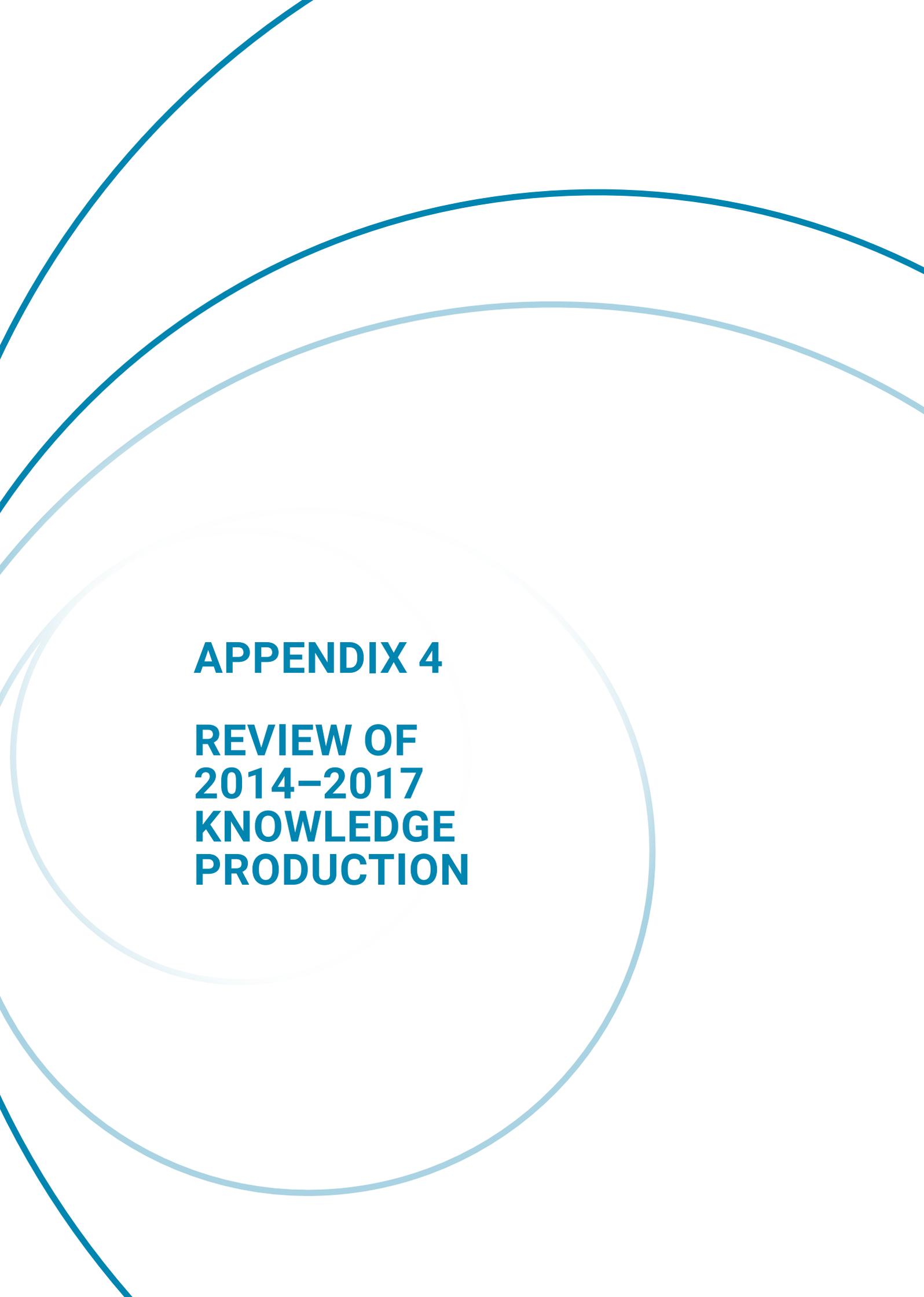
- CAHF - Centre for Affordable Housing Finance Africa
- CEREMA - Centre d'études et d'expertise sur les risques, l'environnement, la mobilité et l'aménagement (Centre for studies and expertise on risk, environment, mobility and urban and country planning)
- Climate Chance
- I4CE - Institute for Climate Economics
- IRD - Institut de recherche pour le développement (Institute of Research for Development)

Networks of cities and actors of the external action of French local authorities:

- C40 - Cities Climate Leadership Group
- ICLEI - International Council for Local Environmental Initiatives
- UCLG - United Cities and Local Governments

Donors, development banks and philanthropic foundations:

- Aga Khan Foundation
- ADB - Asian Development Bank
- CAF - Development Bank of Latin America
- EU - European Union
- EIB - European Investment Bank
- IDB - Inter-American Development Bank
- KfW - Development bank of the Federal Republic of Germany
- SECO - State Secretariat for Economic Affairs, Swiss Confederation
- The Rockefeller Foundation
- WB - World Bank



APPENDIX 4

REVIEW OF 2014–2017 KNOWLEDGE PRODUCTION

CONFERENCES

– 2014

Attendance at major conferences:

- Sustainable Cities and Climate Change Conference in Lima
- Vivapolis forum
- COP20 – CAF/IDFC side-event on cities and climate
- FMDV-UCLGA: “Financer les villes africaines, agendas, alliances et solutions” (Financing African Cities: Agenda, Alliances and Solutions)
- World Urban Forum 7 in Medellin – side-events: social vs. climate; precarious settlements; financing cities in Latin America

Organisation/participation in other conferences:

- Conference “Ville et changement climatique: effet marketing pour la COP21?” (Cities and climate change: a marketing effect for COP21?)
- 35th national forum of urban planning agencies (held at AFD)
- ID4D “La réhabilitation in situ des quartiers précaires: une solution durable?” (In-situ rehabilitation of precarious settlements: a sustainable solution?)

– 2015

Attendance at major conferences:

- ICLEI summit
- FNP/FMDV: 3rd meeting of municipalities for sustainable development
- Conference: Resilient Cities (ICLEI)
- ViTECC Club
- Forum on territories and civil society, CUF, ICLEI, Major Group, local authorities and civil society
- Bogota Climate Summit
- Franco-Chinese Sustainable Cities Forum
- Africities 2015
- COP21 – 9 side-events, an ID4D conference on the climate impact of local public policies and an AFD city booth in the pavilion for cities and regions in partnership with ICLEI city network

Organisation/participation in other conferences:

- Paris summit – COP21 side-event
- Lyon summit – COP21 side-event: Climate and territories
- ID4D conference “Microfinance et logement” (Microfinance and housing)
- Conference: “Modes de financement innovants des collectivités locales” (Innovative ways of financing local authorities)
- ID4D conference “Villes et climat” (Cities and climate) at Grand Palais in Paris
- Development conference: “Le rôle de la modélisation pour mesurer l’impact des politiques climatiques urbaines” (The role of modelling in measuring the impact of urban climate policies)
- Seminar “Regards croisés mobilité et biodiversité” (Comparative perspective on mobility and biodiversity)
- Metrolab seminar: “Métropolisation et gestion des services urbains” (Metropolisation and management of urban services)

– 2016

Attendance at major conferences:

- Climate Chance – side-events: Innovative financing; Mobilising new resources for cooperation in resilient low-carbon development; Promotion of/access to renewable energy in Africa: climate and economic development
- Habitat III – side-events: habitat policies and social rental housing; cities in crisis; finances; UPFI and the New Urban Agenda for the Mediterranean
- COP22 – side-events: summit of local elected officials; Financing Sustainable Local Action

Organisation/participation in other conferences:

- FNAU conference “Grands projets urbains” (Major urban projects)
- Workshop to launch a study on social rental housing in Latin America in partnership with IDB
- Port-au-Prince Bangui exchange on intervention in crisis contexts
- Symposium “La reconstruction urbaine post-crise: les acteurs du Nord ont-ils toujours leur rôle à jouer ?” (Post-crisis urban reconstruction: do North actors still have a role to play?)

– 2017

Attendance at major conferences:

- Climate Chance in Agadir – side-event: “Le Progrès de l’action des acteurs non étatiques” (Progress of the action of non-state actors)

Organisation/participation in other conferences:

- Development forum “En quête d’innovation: valorisation des déchets dans les villes du Sud” (In search of innovation: upcycling of waste in Southern cities)
- ID4D conference “Santé urbaine: le nouveau défi des villes?” (Urban health: the new challenge of cities?)
- ID4D conference “Slum is beautiful? Rethinking precarious neighbourhoods”
- Policy-Action Lab “Guarantees for municipal debt: Unlocking sustainable local investment in the South”
- Seminar “Étude logement locatif social en Amérique du Sud” (Study on social rental housing in South America)
- Metropolisation Seminar – development of vulnerable neighbourhoods in greater Saint-Domingue
- Urban Health Series: three forums (framing, waste, quality of air)
- Conference “Alimentation des villes” (Food for cities)
- Towards Innovative and Competitive Cities Forum
- ANRU Journées nationales d’échanges du renouvellement urbain (JERU) (National days for exchange on urban renewal): “Le Renouvellement urbain au cœur de débats participatifs” (Urban renewal at the centre of participatory debates) (VIL presentation in the international experience pavilion)
- Cycle of meetings “Villes en crise” (Cities in crisis) (project presentation and capitalisation)
- 28th AATF Congress: round table “Métropoles mondiales” (Metropolises worldwide)
- FNAU conference: Smart Cities
- Conference: Sustainable cities in Egypt
- Conference: “Promesses et réalités des outils numériques pour la gouvernance dans les villes en développement” (Promises and realities of digital tools for governance in developing cities)

STUDIES AND PUBLICATIONS

"Linking private & public", *Handshake*, issue on Waste PPPs, IFC, WB Group

"AFD and interventions in precarious settlements: experience sharing and strategic recommendations", AFD

"Financer la ville latino-américaine: des outils au service du développement durable" (Financing the Latin American City: Tools for sustainable development), *Savoirs communs*, AFD (in French)

Cartographic Atlas Philippines, local climate plans.

"Towards Efficient Urban Public Services in India: an institutional case study", *A Question of Development*, AFD

"Climate Change Adaptation in Cities: the conditions for success", *A Question of Development*, AFD

"Integrating Marginalised Neighbourhoods into Cities: Tomorrow's Challenge", *A Question of Development*, AFD

"Les SIDOM: quels impacts sur les économies ultra-marines" (Overseas Property Companies: What impacts on Overseas economies?), AFD (in French)

"Cities in Climate Change Mitigation Policy", *A Question of Development*, AFD

"The city as an actor in social development: Johannesburg", in *A Planet for Life* 2015, AFD and IDDRI

"L'AFD et les équipements urbains marchands : 30 ans de projets de réhabilitation de marchés en Afrique" (AFD and urban commercial facilities: 30 years of market rehabilitation projects in Africa), AFD study (in French).

"Guide méthodologique pour le développement économique local, à l'usage des élus locaux africains" (Methodological guide on local economic development for African local elected officials), AFD (in French)

"Comment les villes luttent-elles contre le changement climatique ?" (How do cities fight against Climate Change?) *Question de développement*, AFD (in French)

Alexandria. Regenerating the City: A Contribution Based on AFD Experiences, AFD

"Accès à la finance climat pour les municipalités à travers l'intermédiation bancaire" (Access to climate finance for municipalities through banking intermediation), AFD study (in French)

"Capitalisation sur les expériences des PCET France/ internationale en prévision de la COP21" (Capitalisation on Territorial Climate Energy Plans in preparation for COP21), AFD study (in French)

"Guide pour créer une agence urbaine" (Guide for creating an urban planning agency), AFD-FNAU (in French)

"Support to local socio-economic revitalisation in cities undergoing crisis", *ExPost* No.12, evaluation document, AFD

"Localizing Climate Finance, Mapping Gap and Opportunities, Designing Solutions", CCFLA

"Subnational Governments around the World" (Global Observatory on Local Finance)

"Food for Cities: What roles for local governments in the Global South?" (AFD publication)

"Quel rôle pour les États dans l'action climat des villes ?" (What roles for governments in city climate action?), AFD (in French)

"Promises and realities of digital technologies in developing cities" (Issue Brief IDDRI No.06/17)

PROJECT/SECTORAL INTERVENTION EVALUATIONS

PERCCUN, Mauritania, 2013	FIDL HCMC/DaNang and Can Tho, 2017
Urban planning in Niamey, Niger, 2012	Budget aid Cape Town, 2017
Urban planning of Siem Reap/Angkor, Cambodia, 2013	Budget loan JoBurg, 2017
Lebanon, enhancement of cultural heritage and urban development, 2014	AFHCO (Africa Housing Company), South Africa, 2015
Lebanon, institutional support to the DGA (Directorate General of Antiquities), 2014	DBSA – Low-capacity municipalities, South Africa, 2015
Ex-post evaluation of the support programme for slum and shantytown clearance in Morocco	Impact evaluation of an urban renewal project in Balbala municipality (PDU), Djibouti
PNRQP3, Tunisia, 2011	Project to support BHS in financing affordable housing, Senegal, 2015
Review of decentralised evaluations – projects intervening in precarious neighbourhoods, Multipays, 2014	LGFBR – Support to decentralisation, Philippines, 2015
PRECOL – Partial funding of the Programme to strengthen government investment, 2017	PAACO, Programme to support the agglomeration of Cotonou, Benin, 2013
PADUL – Luang Prabang heritage and urban development programme with PADUL 2 midterm, 2017	District Development Fund (DDF) – Ghanaian municipalities, Ghana, 2013
Pacific waste initiative – SWMI (Solid Waste Management Initiative), 2017	Urban development project in the country's two main cities (Accra and Kumasi), Ghana, 2013
PEUL I and II, 2017	Support to the municipal development project (MDP) in Gaza and the West Bank
PNRU – PROVILLE midterm, 2017	Upgrading of agricultural and fishing distribution channels, Tunisia, 2012
Transport Rio, 2017	Evaluation of schemes to prevent cyclical downturns (Overseas France)
Minas Gerais, 2017	



**LIST OF
ACRONYMS AND
ABBREVIATIONS**

ADB: Asian Development Bank	CMI: Centre for Mediterranean Integration	MEAE: Ministère de l'Europe et des affaires étrangères / Ministry for Europe and Foreign Affairs
ADEME: Agence de l'environnement et de la maîtrise de l'énergie / French Environment and Energy Management Agency	COP: Conference of the Parties on climate change	MED: AFD's Mediterranean department
AECID: Spanish Agency for International Development Cooperation	COSEI: Comité d'orientation stratégique pour les éco-industries / Strategic Committee for Eco-industries	MOB: AFD's Urban Transport & Mobility division
AFD: Agence française de développement / French development agency	CUF: Cités unies France / French United Local Governments	NDC: Nationally determined contribution
AfDB: African Development Bank	DBSA: Development Bank of South Africa	NGO: Non-governmental organisation
AFHCO: Africa Housing Company	DOM: Département d'Outre-mer / French Overseas department	PCAET: Plan climat-air-énergie territorial / Territorial Climate-Air-Energy Plan
AFR: AFD's Africa department	DPL: Development policy loan	PEEB: Programme for Energy Efficiency in Buildings
AIF: Asia Investment Facility (EU)	EAA: AFD's Water & Sanitation department	PEFA: Public Expenditure and Financial Accountability
ALC: AFD's Latin America & Caribbean department	EBRD: European Bank for Reconstruction & Development	PFVT: Partenariat français pour la ville et les territoires / French Partnership for Cities and Territories
ANRU: Agence nationale pour la rénovation urbaine / National Urban Renewal Agency	EIB: European Investment Bank	PPIAF: Public-Private Infrastructure Advisory Facility
AOTU: Autorité organisatrice de transport urbain / Urban transport authority	EU: European Union	PROPARCO: Société de promotion et de participation pour la coopération économique / Private sector financing institution (AFD Group subsidiary)
ASI: AFD's Asia department	FEPL: Fédération des entreprises publiques locales / Federation of Local Public Enterprises	PSP: Prêt secteur public / Public sector loan (AFD financial instrument)
BDMG: Banco de Desenvolvimento de Minas Gerais / Minas Gerais Development Bank (Brazil)	FFEM: Fonds français pour l'environnement mondial / French Facility for Global Environment	PTOM: Pays et territoire d'Outre-mer / French overseas countries and territories
BMU: German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	FMDV: Fonds mondial pour le développement des villes / Global Fund for Cities Development	REC: AFD's research department
BRT: Bus rapid transit	FNAU: Fédération nationale des agences d'urbanisme / French network of urban planning agencies	SDG: Sustainable development goal
C2D: Contrat de désendettement et de développement / Debt reduction-development contract	GIZ: Deutsche Gesellschaft für Internationale Zusammenarbeit / German agency for international cooperation	SECO: Secrétariat d'État à l'économie / State Secretariat for Economic Affairs, Swiss Confederation
C40: Cities Climate Leadership Group	HAO: Al Omrane Holding	SIDOM: Sociétés immobilières des départements d'Outre-mer / Overseas France property companies
CAF: Development Bank of Latin America	HIL: High-intensity labour	SMEs: Small and medium-sized enterprises
CAHF: Centre for Affordable Housing Finance Africa	I4CE: Institute for Climate Economics	SNTA: Sub-National Technical Assistance
CAR: Central African Republic	ICLEI: International Council for Local Environmental Initiatives	UCLG: United Cities and Local Governments
CCFLA: Cities Climate Finance Leadership Alliance	ICT: Information and communication technology	UCLGA: United Cities and Local Governments of Africa
CDC: Caisse des Dépôts / Deposits and consignments fund	iD4D: Ideas for Development (AFD blog)	UPFI: Urban Projects Finance Initiative
CDIA: Cities Development Initiative for Asia	IDB: Inter-American Development Bank	USH: Union sociale de l'Habitat / Social Union for Housing
CEREMA: Centre d'études et d'expertise sur les risques, l'environnement, la mobilité et l'aménagement / Centre for studies and expertise on risk, environment, mobility and town and country planning	IDDRI: Institut du Développement Durable et des Relations Internationales / Institute for Sustainable Development and International Relations	VIL: AFD's Urban Development, Town Planning & Housing division
CICID: Comité interministériel de la coopération internationale et du développement / Interministerial Committee for International Cooperation and Development	IRD: Institut de recherche pour le développement / French research institute for development	WB: World Bank
CICLASIA: Cities and Climate in Asia (Climate co-benefit preparation programme for urban projects in Asia)	JICA: Japanese International Cooperation Agency	WUP: World Urbanization Prospects
CICLIA: Cities and Climate in Sub-Saharan Africa (facility for preparation of urban projects with climate co-benefits in sub-Saharan Africa)	KfW: Kreditanstalt für Wiederaufbau (Development bank of the Federal Republic of Germany)	ZAC: Zone d'aménagement concerté / joint development zone
	LEDNA: Local Economic Development Network of Africa	
	LGFFDR: Local Government Finance and Fiscal Decentralization Reform Program	

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