

AFD, PARTNER TO AFRICAN CITIES

Working for a
sustainable urban future

© AFD - Guillaume Josse



AGENCE FRANÇAISE DE DÉVELOPPEMENT (AFD) IS TAKING ACTION ALONGSIDE AFRICAN CITIES TO TACKLE EVER-GROWING CHALLENGES. BY SUPPORTING THE CONSTRUCTION OF LOCAL DEVELOPMENT STRATEGIES AND OFFERING A WIDE RANGE OF FINANCIAL TOOLS, AFD OFFERS A PARTNERSHIP TAILORED TO THE REALITIES OF EACH CITY.

GHANA URBAN MANAGEMENT PILOT PROJECT (GUMPP)



© AFD - Fabien Mainguy

Ho market will be refurbished under GUMPP

Faced with a phenomenon of rapid urbanization, Ghana has been engaged in an ambitious and dynamic decentralization process for some ten years now. The aim is to balance development nationwide, as it is currently polarized around the capital, Accra. AFD is supporting this process by financing the Ghana Urban Management Pilot Project, which aims to improve living conditions for residents in four secondary cities in Ghana: Kumasi, Tamale, Sekondi-Takoradi and Ho. The objective is to promote better urban management in terms of strategic planning, internal organization of local administrations, as well as planning, making and maintaining local public investments. The EUR 40m program has been designed on the basis of the demand from the cities, which are acting as the implementing authorities. It will refurbish markets and build abattoirs and waste landfill sites. It is combined with an additional EUR 0.5m of financing to build the four cities' strategic planning and project management capacities.

THE CHALLENGES FACING AFRICAN CITIES TODAY AND TOMORROW

► A particularly intense urbanization process in Africa

While Africa is still the least urbanized continent in the world, the growth rate of its cities and of the creation of new urban areas is well above that of population growth.

The United Nations estimates that by 2050 there will be 1.2 billion urban dwellers in Africa, against 450 million today.

Africa is facing a twofold urban challenge: to counter the current difficulties of urban growth, but also, and especially, to prepare for a sustainable urban future in the new cities and future metropolises.

► Decentralization policies need to meet the challenge of equipping and managing new urban areas

Over the past two decades, decentralization policies have become widespread in Africa. The transfers of competences and political responsibilities are currently being stabilized and extended. The challenge of these policies now lies in ensuring there is a balanced and efficient allocation of resources to meet the huge needs, both in terms of investment and improving the management of growing urban areas.

Indeed, while urbanization with appropriate support is a powerful driver for development and economic growth, there can be dramatic consequences if it is not sufficiently controlled (poverty, criminality, pollution...). Similarly, a well-conducted decentralization policy paves the way for strong public management able to meet the needs of communities.

A COMPREHENSIVE APPROACH TO ADDRESSING URBAN CHALLENGES

AFD promotes a strategic and organic vision of the city, based on an integration of all the urban functions: living, getting about, working and consuming. This vision replaces the traditional sectoral approaches, which are more restrictive and do not ensure effective regional coherence and a balanced and efficient allocation of resources.

Together with African local authorities and their public and private partners, AFD's actions aim to promote the model of a sustainable city that integrates economic, social, climate, environmental and heritage issues, but also the protection of global public goods. AFD's financing aims to improve living conditions and urban productivity on the basis of four key city functions:

- To provide widespread access to essential services: water, sanitation, waste management and lighting;
- To promote decent housing conditions by reducing unsafe housing;
- To foster urban mobility;
- To support economic activities and local employment.

BURKINA FASO – CUSTOMIZED PROJECTS AND FINANCING FOR THE MUNICIPALITY OF OUAGADOUGOU

Since 1997, AFD has been supporting the Municipality of Ouagadougou in its new decentralized functions, which give it responsibility for developing the city in a context of urban growth that takes up vast amounts of space.

The project to open up outlying neighborhoods (PADQP) has benefited from a EUR 20m grant which, between 2006 and 2010, financed the construction of new roads, extensive local facilities and strengthened the municipalities planning, programming and urban management skills.

AFD has also supported a Public Expenditure and Financial Accountability (PEFA) study, as well as capacity building for the Municipality's financial and budget management. The Municipality was the first Sub-Saharan African city to benefit from a direct loan for EUR 2m, combined with a EUR 3m grant, for the reconstruction of the Rood Woko central market and the development of secondary markets.

SENEGAL – DEVELOPING TOURISM IN THE CITY OF SAINT-LOUIS AND ITS REGION



Malick Gaye Bridge, Saint-Louis

© AFD – Boris Pélissier

AFD is helping the Senegalese Government to develop tourism in the City of Saint-Louis and its region, based on promoting its historical, cultural and natural heritage. The Tourism Development Program for Saint-Louis and its region aims to allow local institutional stakeholders to develop the economic attractiveness of the city and preserve Saint-Louis' architectural and ecological heritage in order to improve living conditions for residents.

A EUR 22.5m loan to the Government, partly reallocated to the Municipality of Saint-Louis – which will be the main contracting authority –, combined with a EUR 2m grant, will rehabilitate private and public built heritage, improve tourist facilities and create new uses for public spaces. It will also improve landing conditions for fishery products and solid waste management.

CEFEB – SPECIALIZED TRAINING PROGRAMS FOR LOCAL AUTHORITIES



Training cycle for CEFEB'S local authorities program

Since 2009, CEFEB, AFD's corporate training center, has been organizing an annual training program for elected officials and executives from African local authorities.

This training program comprises 3 modules (financial strategy instruments, urban planning tools and service management). It has already received over 200 participants from 21 African countries.

These training courses aim to build the managerial skills of AFD's partner local authorities by proposing customized tools and promoting experience sharing.

For further information: www.cefef.org

HELPING TO BUILD A LOCAL DEVELOPMENT STRATEGY

Building a shared diagnostic with local authorities and their partners

In order to fully grasp urban issues in all their complexity, development projects require a thorough diagnostic to be conducted on the city and local authority's urban, financial, institutional and legal challenges. This diagnostic is conducted on three focus areas:

- An analysis of the national context, in order to gain an understanding of the general operational framework of the local authority and its partners on its territory, at the institutional, political and financial levels;
- An analysis of the territory in terms of the different urban functions and existing economic potential. Socioeconomic, demographic and technical studies may be conducted within an appropriate consultation framework. AFD can, at the request of the local authority, national government or public institution which is initiating the project, finance the participation of local or international consultants in order to support them in this undertaking;
- An analysis of the local financial strategy: AFD systematically conducts an ex post and forward-looking financial analysis in order to assess the sustainability of local public policies and the local authority's leeway;

AFD supports local authorities and their partners over the long term in order to build territorial projects that are tailored to the needs of communities. These projects are based on a holistic, integrated and multi-sectoral vision of the city and rely on an appropriate financial strategy.

Defining and implementing the project

In many African cities, the sometimes inappropriate human resources and instability of public finances make it difficult to implement territorial projects.

AFD's operations aim to support local politicians in their decision-making and management of these territorial projects, based on a dialogue and partnership with the local authorities, their partners and their line Ministries.

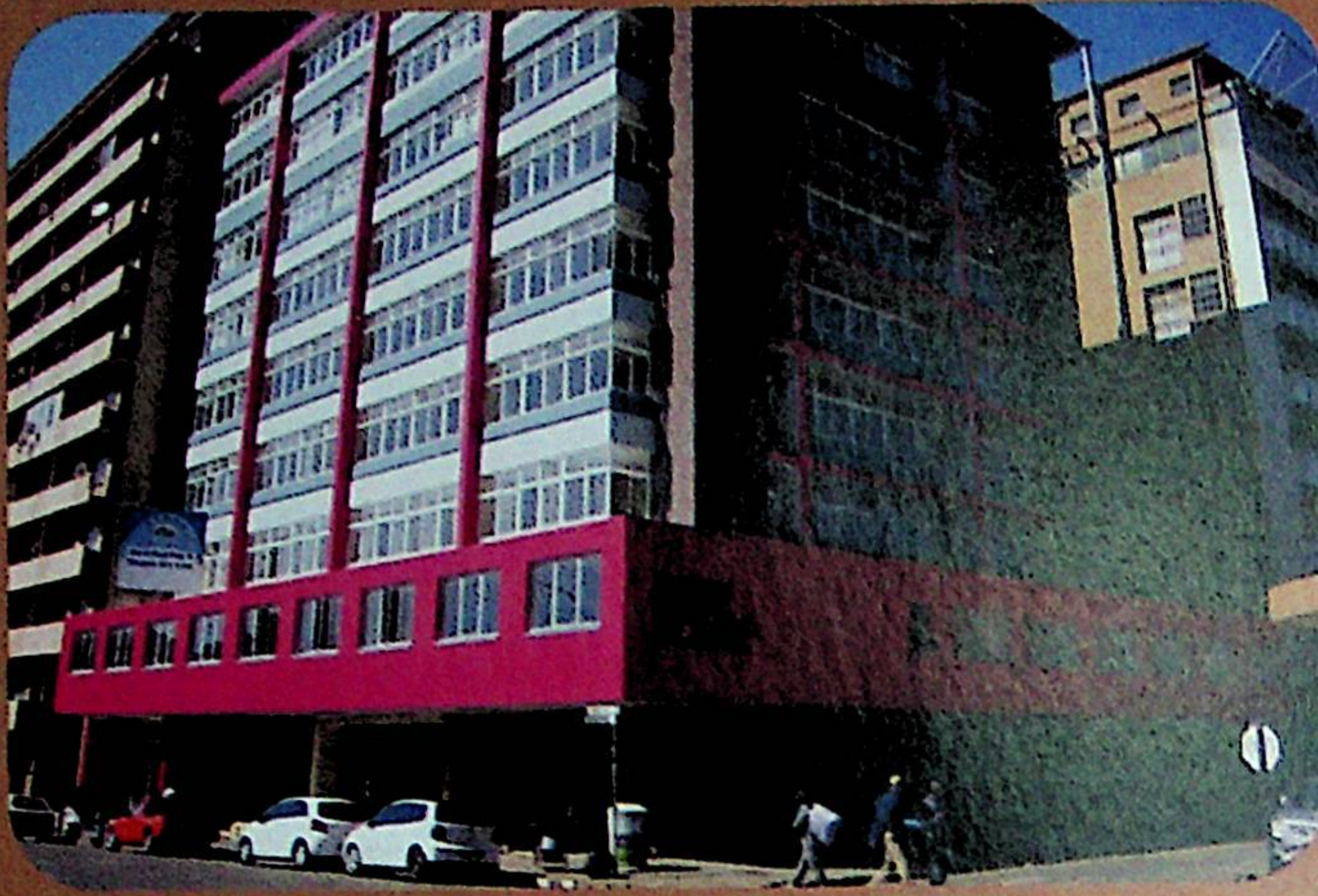
In this context, capacity building activities for the management and steering of urban public policies can be financed, sometimes in partnership with the decentralized cooperation of French local authorities.

THE PEFA INITIATIVE – A TOOL TO ANALYZE PUBLIC FINANCES FOR AFRICAN CITIES

The PEFA (Public Expenditure and Financial Accountability) initiative was launched by the donor community in December 2001 and is supported by France. It uses 31 indicators to build a performance measurement framework and define public finance management reform programs.

This self-assessment approach was initially applied to national governments, but from 2007 onwards was extended to local authorities. AFD is recognized as a forerunner in the use of this method to support African cities, which aims to help build their capacities. Together with the World Bank's PFIAP Trust Fund, it has participated in PEFA assessments in Dakar in 2009, Ouagadougou in 2010, Cotonou in 2011 and Nouakchott in 2012.

SOUTH AFRICA – ACCESS TO HOUSING FOR ALL



Lustre House social rental housing, Johannesburg

© AFHCO – Angela Louise Rivers

AFHCO (Affordable Housing Company) is a forerunner in operations to regenerate downtown Johannesburg. This operator refurbishes former disused commercial buildings and turns them into high-quality social rental housing units, close to employment areas. They provide an alternative to buildings which are squatted in deplorably unhealthy and unsafe conditions, or to housing in the remote outskirts. The approach aims to revitalize entire neighborhoods.

AFD has allocated AFHCO a loan in rand, equivalent to EUR 15m, to support the development of Communal Housing projects, which provide an innovative rental offer for poor, low-wage communities with monthly incomes of less than EUR 350 (85% of the population in South Africa). The loan will finance the production of some 1,500 housing units, which will benefit 3,000 people.

A WIDE RANGE OF FINANCIAL TOOLS TAILORED TO THE REALITIES OF EACH CITY

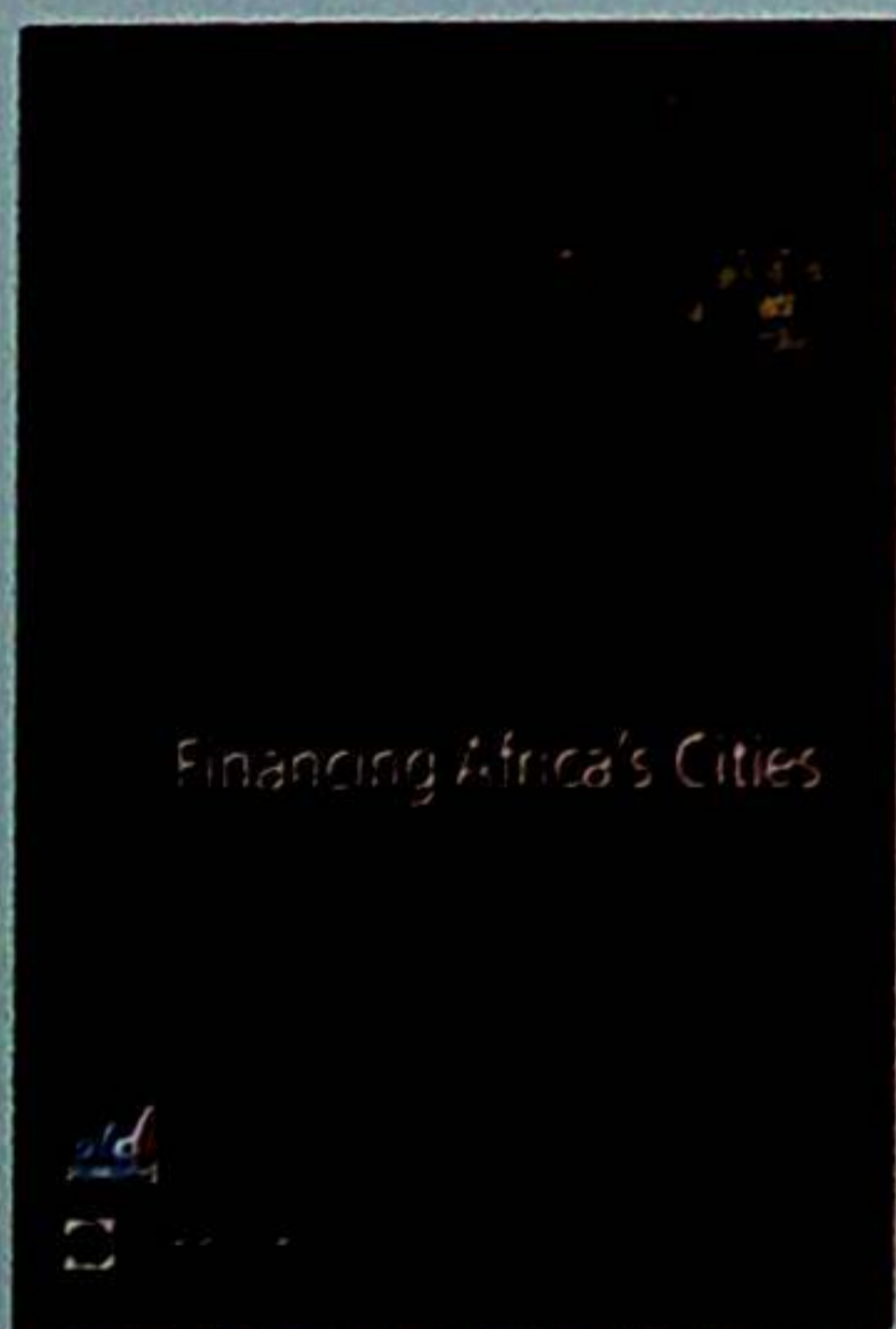
Since 2000, AFD has been constantly scaling up its financing to support urban development in the French overseas territories and foreign countries, particularly in Africa.

AFD uses several financial tools tailored to local specificities and needs and to the decentralization context in each country:

- Financing for governments for the implementation of the equipment and capacity building programs of one or several local authorities;

- Financing for governments reallocated to one or several local authorities, under city contracts, for example;
- Direct financing to local authorities, with or without a State guarantee;
- Financing for commercial or public banks, municipal funds or specialized financial institutions, reallocated to one or several local authorities;
- Support grants for local authority capacity building.

A REFERENCE WORK ON LOCAL INVESTMENT FINANCING



The topic of local investment financing falls within the vast complexes of national financial systems and regional and local authority financing. The latter itself refers to a range of topics, such as decentralization, local taxation, sub-sovereign debt supervision, urban governance, as well as sectoral policies, particularly land, development and housing policies.

Based on a series of African case studies and numerous examples from other parts of the world, in this book, Thierry Paulais proposes concrete ways to modernize investment finance systems, promote private sector involvement, adopt endogenous solutions and mobilize new sources of financing.

Financing Africa's Cities.
The Imperative of Local Investment

Thierry Paulais
349 pages

Africa Development Forum Series,
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The World Bank Publications elibrary.worldbank.org

TUNISIA – NATIONAL URBAN REGENERATION PROGRAM



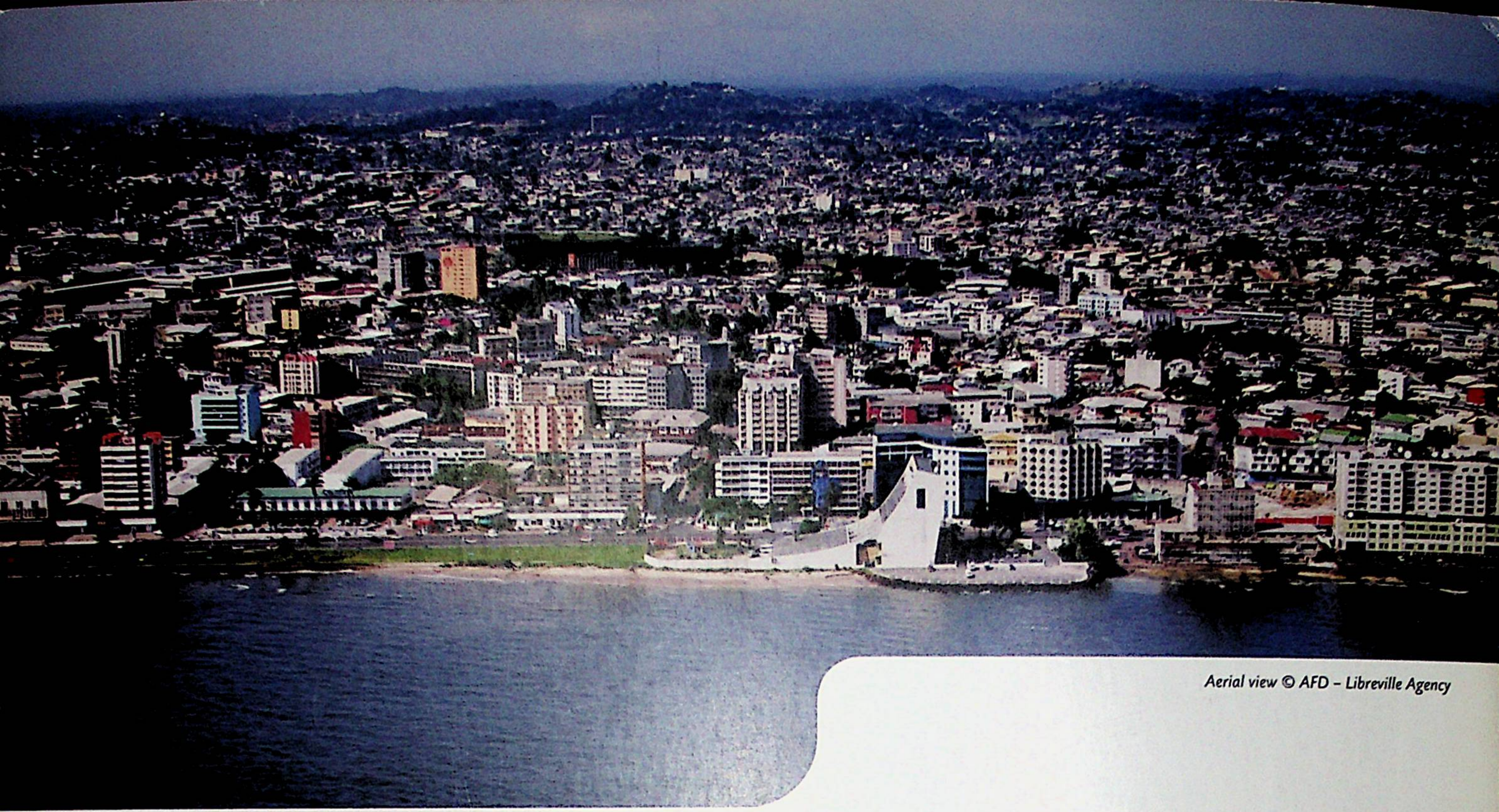
Rehabilitation of a working-class neighborhood in the suburbs of Sfax

© AFD – Mai Linh Cam

Tunisian cities need to face the continuous growth of spontaneous informal settlements, which create extensive urban sprawl, while historic centers are experiencing an advanced process of degradation and impoverishment.

The Tunisian Government has set out to more effectively meet the challenges posed by these urban dynamics by launching a National Urban Regeneration Program (PNU) in which AFD is participating via a EUR 30m loan and a EUR 10m support grant.

In addition to creating basic infrastructure in these neighborhoods, pilot operations aim to regenerate the historic centers of Tunis, Sfax, Kairouan and Souk el Atrij. A new urban extension is also under way, based on a city management based on an integrated approach to the rehabilitation of neighborhoods and the creation of new housing.



Aerial view © AFD - Libreville Agency

Agence Française de Développement (AFD) is a public development finance institution that has been working to fight poverty and foster economic growth in developing countries and the French Overseas Communities for seventy years. It executes the policy defined by the French Government.

AFD is present on four continents where it has an international network of seventy agencies and representation offices, including nine in the French Overseas Communities and one in Brussels. It finances and supports projects that improve people's living conditions, promote economic growth and protect the planet, such as schooling for children, maternal health, support for farmers and small businesses, water supply, tropical forest preservation, and the fight against climate change.

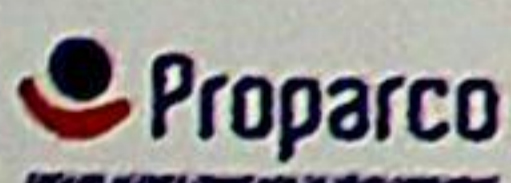
In 2011, AFD approved nearly €6.9 billion to finance activities in developing countries and the French Overseas Communities. The funds will help get 4 million children into primary school and 2 million into secondary school; they will also improve drinking water supply for 1.53 million people. Energy efficiency projects financed by AFD in 2011 will save nearly 3.8 million tons of carbon dioxide emissions annually.

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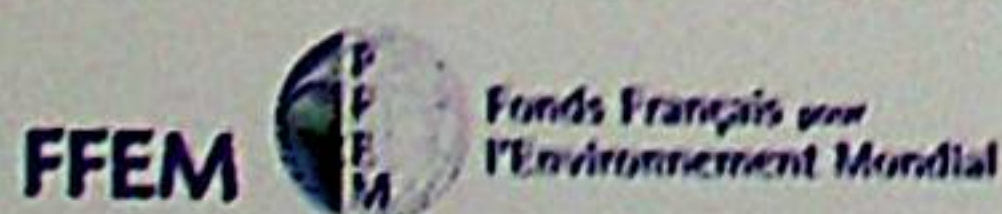
LOCAL AUTHORITIES AND URBAN DEVELOPMENT

SUB-SAHARAN AFRICA DEPARTMENT



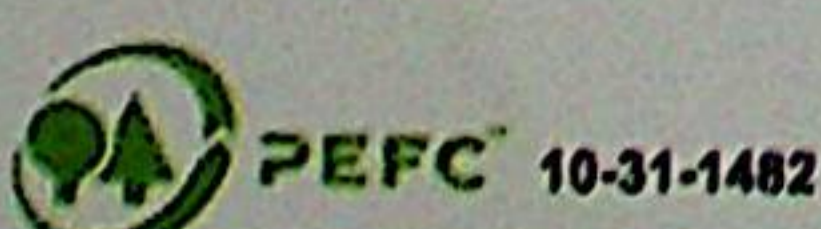
www.proparco.fr

PROPARCO, AFD's subsidiary dedicated to private investment, promotes private investment in emerging and developing countries in order to boost growth, promote sustainable development and reach the Millennium Development Goals. Its financing is tailored to the specific needs of investors in the productive sector, financial systems, infrastructure and private equity investment.



www.ffem.fr

FFEM is a bilateral public facility set up by the French Government in 1994 following the Rio Summit. It aims at promoting global environmental protection via sustainable development projects in developing or transition countries. The French Global Environment Facility supports physical projects in recipient countries. Its operations are learning-based and support experimental, innovative or exemplary approaches.



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