

Reducing inequalities and promoting inclusion

ACTIVITY REPORT

2024



One of the 2030 Agenda's seventeen Sustainable Development Goals (SDGs) is focused on reducing inequality (SDG 10), viewed as one of the most effective strategies for eradicating poverty and ensuring sustainable and inclusive development.

While global inequality had declined before the Covid-19 pandemic, its aftermath has seen the largest increase in three decades. In 2024, 93%¹ of the world's population was living in countries with high-inequality economies (with a Gini coefficient² above 30). Estimates suggest that, in 2030, over 600 million people, primarily in sub-Saharan Africa (80%), will still be living in extreme poverty³.

These inequalities, in today's context of economic, social, and climate polycrises, as well as conflict, threaten social cohesion and seriously jeopardize prospects for improving living conditions. If current trends continue, SDG 10 ("Reduce inequality within and among countries") and SDG 1 ("End poverty in all its forms everywhere") will not be achieved by 2030⁴.

1 • Poverty, Prosperity, and Planet Report, World Bank Group

2 • The Gini index (or coefficient) is a summary measure that captures the level of inequality for a given variable and population. (<https://www.insee.fr/en/metadonnees/definition/c1551>)

3 • Ending Poverty, United Nations

4 • Development Co-operation Report 2024 | OECD

AFD Group strategy for reducing inequality and promoting inclusion

The Group's new 2025-2030 Strategic Orientation Plan demonstrates its commitment to promoting fairer and more inclusive societies. This goal is implemented across all operations and is embodied through **two key objectives**:



Reducing multidimensional inequalities and promoting inclusion



Promoting gender equality through a "transformative feminist approach"⁵

The Group's goals related to multidimensional inequalities and inclusion will be pursued through **three main levers**:



Financing and supporting inclusive and redistributive public policies.



Driving fair ecological transition policies.



Systematically incorporating equality and inclusion issues in all sectors.



And one crosscutting priority:

To focus our efforts on regions particularly vulnerable to climate change, crises and conflicts.

The term "**multidimensional inequality**" refers to a combination of several forms of inequality whether experienced by a single individual or group of individuals:



Vertical inequalities

Inequalities in income or wealth between individuals or households.



Horizontal inequalities

Inequalities between groups who share the same identity, such as ethnicity, religion, gender, disability, or age.

5 • A structural approach which aims to achieve profound and lasting transformation by challenging existing systems and power dynamics between men and women, as well as the social norms that perpetuate gender inequality.

Our commitments to reducing inequalities and promoting inclusion



The “equality and inclusion” indicator measures and incorporates SDG 10 into all projects financed by AFD Group.



This indicator is also aligned with the European Commission Inequality Marker (I-Marker), which now applies to all European funding, including financing from the European Fund for Sustainable Development (EFSD+).

AFD Group contribution

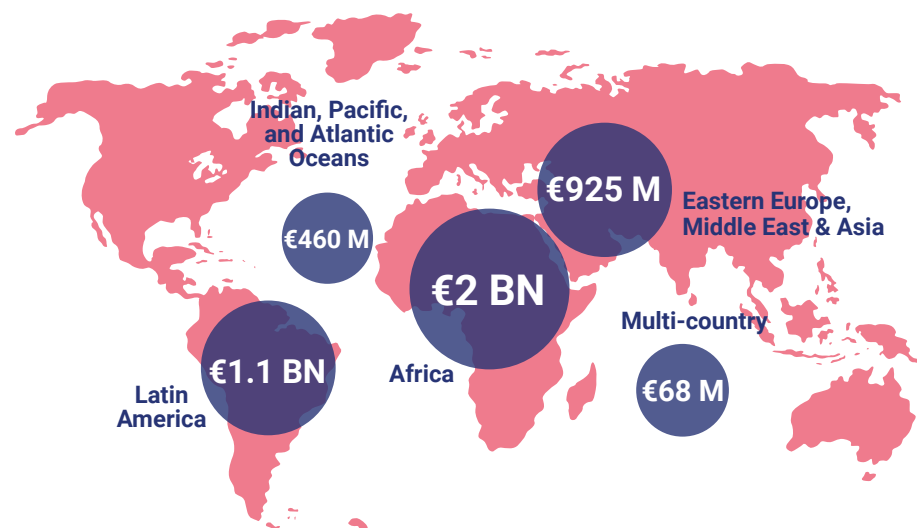
49%

of the 224 projects approved⁶ by AFD in 2024 aim to reduce inequalities and promote inclusion.



Breakdown by region of AFD's commitments

Amount of financing committed to reduce inequalities and promote inclusion



6 • Scope of AFD's sustainable development analysis and assessment, i.e. 224 projects analyzed and approved in 2024.

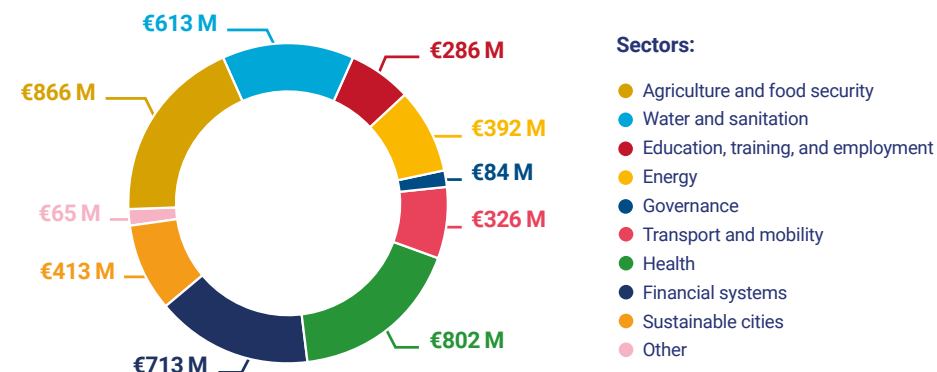
AFD's commitments

to reduce inequalities and promote inclusion



Breakdown by sector of AFD's commitments

to reduce inequalities and promote inclusion (in €M)



Sectors:

- Agriculture and food security
- Water and sanitation
- Education, training, and employment
- Energy
- Governance
- Transport and mobility
- Health
- Financial systems
- Sustainable cities
- Other

Contributions of Proparco and Expertise France

35%



of the new projects (in number) committed by Proparco in 2024 contribute to the reduction of socioeconomic or spatial inequalities.⁸

45%



of the new projects (in number) signed by Expertise France in 2024 aim to help reduce inequalities.⁹

7 • Scope of AFD's sustainable development analysis and assessment, i.e. a total commitment of €9 BN in 2024 and €8.7 BN in 2023.

8 • Projects rated +2 or +3 on the “Social” dimension of Proparco's sustainable development rating system (version applicable in 2024).

9 • Assessed according to Expertise France's Sustainable Development rating (2-3 Social Ties rating).

Reducing inequalities in access to essential services

In 2024, AFD Group invested significant financing in projects aimed at improving access to essential services for disadvantaged communities (such as education, health care, drinking water, electricity and transport) and promoting more inclusive regional development.



Colombia

Combating gender, social and regional inequalities in access to higher education

This project aims to reduce social, economic, and gender disparities in access to higher education in Colombia, via a €100 million credit facility granted to the financial institution ICETEX, that will be used to support the financial inclusion of students who are disadvantaged due to their gender, socioeconomic status, ethnicity, or sexual orientation. A €500,000 grant will finance technical support, thus building ICETEX's capacity to tackle gender, diversity, and inclusion issues, and to define services tailored to the needs of vulnerable groups.

AFD loan: €100 M – AFD grant: €0.5 M

Other SDGs targeted by the project



Brazil

Investment program targeting health care and drinking water

The loan granted to the state of Bahia aims to mitigate the effects of climate change on water quality and availability, and to prevent waterborne diseases, in a region where 20% of the population does not have access to drinking water or healthcare services. This loan will be used to finance drinking water supply networks and sustainable water resource management, and strengthen the primary healthcare system, while prioritizing rural areas to reduce the stark inequalities in access to essential services.

AFD loan: €132 M

Other SDGs targeted by the project



Reducing environmental inequalities

AFD Group invests in projects that help drive a just environmental transition, and reconcile ecological and social issues, in particular through job creation, social protection, and sustainable access to essential services.



South Africa

Public policy loan for a just energy transition

In response to climate change and the country's economic and social challenges, AFD's loan will help finance South Africa's energy transition. It supports the "just" dimensions of the transition, including job creation, social justice, and equitable access to electricity – particularly in Mpumalanga province. The loan is the result of public policy dialogue informed by research supported by AFD since 2021, and aims to address the triple challenge of poverty, unemployment, and inequality in South Africa.

AFD loan: €400 M

Other SDGs targeted by the project



Republic of the Philippines

Support to implement the National Climate Change Action Plan (NCCAP)

With the Philippines particularly impacted by the effects of climate change, this program aims to drive the implementation of priority reforms and set ambitious national goals to mitigate climate change and promote social inclusion. These reforms will improve access to low-carbon energy and transport, and build a more climate-resilient agricultural sector.

AFD loan: €250 M – AFD grant: €1 M

Other SDGs targeted by the project



Reducing economic inequality and improving social cohesion

AFD Group supports projects that create jobs and economic activities for disadvantaged communities, thus facilitating their socioeconomic integration and strengthening social cohesion.



Benin



Boosting the socioeconomic integration of young people and women and improving social cohesion

Led by the nonprofit Humanity & Inclusion, this project aims to foster social cohesion and ramp up local economic development in northern Benin. 17 local authorities will be supported to implement Communal Development Plans (CDP) and 50 civil society organizations will be assisted in the peaceful resolution of disputes and conflicts. At least 2,240 disadvantaged young people will also receive support with training and professional integration.

AFD grant: €8.6 M

Other SDGs targeted by the project



Uzbekistan



Financing the development of Micro, Small and Medium Enterprises (MSMEs) in disadvantaged regions

Uzbekistan has the second-largest economy in Central Asia. However, significant regional disparities remain between the more prosperous central and urban regions and marginalized rural and remote areas. 40% of the loan awarded to the Uzbek bank Ipak Yuli will facilitate access to financing for MSMEs operating in the most disadvantaged regions. This financing will help reduce economic and regional inequalities by creating more than 5,200 jobs, with support being provided to over 120 Uzbek MSMEs over the next five years.

Proparco loan: €26 M

Other SDGs targeted by the project



Reducing inequality through inclusive and redistributive public policies

Through the projects it finances, AFD Group helps strengthen public policies aiming to reduce inequality and promote inclusion, including in the fields of social protection and healthcare access for deprived communities.



Morocco



Program to support universal access to mandatory health insurance

Financing has been granted to the Kingdom of Morocco to provide universal access to mandatory health insurance in the country, with a particular focus on marginalized groups, including informal sector workers and domestic workers, the majority of whom are women. The goal is to increase the number of beneficiaries from 27 to 30 million by 2027. In addition to the loan, a €2.6 million grant is implemented by Expertise France to strengthen the capacities of the institutions running the program.

AFD loan: €100 M – AFD grant: €2.6 M

Other SDGs targeted by the project



Latin America



Team Europe Initiative (TEI) on Inclusive and Equitable Societies

This program aims to reduce social and regional inequalities in Latin America by strengthening public policies in two key areas: equitable access to basic services (social protection, education, and public health) and support for inclusive social and fiscal policies, based on participatory processes involving women, young people, Indigenous peoples, civil society representatives, local authorities, universities, and the private sector.

European Union grant: €43 M, including €14.6 M implemented by Expertise France

Other SDGs targeted by the project



Structuring partnership initiatives



Mobilizing research to support inequality-reduction policies



Since 2017, AFD has been delegated by the European Commission to implement **the EU-AFD Research Facility on Inequalities**, which continued to fund research on inequalities in 2024, particularly in Indonesia, Mexico, Colombia, and South Africa. In 2024, several key milestones highlighted this approach:



The 16th International Development Research Conference, under the theme “From research to action”.



The publication of **“Inequalities in Sub-Saharan Africa: Multidimensional Perspectives and Future Challenges”**, a book produced in collaboration with the African Centre of Excellence for Inequality Research.



The publication of several papers on inequalities, inclusion, and poverty.

Examples of research papers



Senegal

An analysis of fiscal and social spending impacts – conducted with the Senegalese Ministry of Economy, Planning, and Cooperation – highlighted the effectiveness of income tax, spending on primary education, and family allowance schemes in reducing inequality.



Colombia

A similar analysis of fiscal and social spending impacts was also conducted in Colombia. Furthermore, another study – carried out with the University of the Andes – examined the impact of the ecological transition on the Colombian labor market.



Mexico

Several studies have been conducted in Mexico, including an analysis of the impact of energy taxes and subsidies on inequalities, in collaboration with the country's Ministry of Finance and Public Credit. Another study, carried out with the Centro de Estudios Espinosa Yglesias (CEEY), focused on the link between social mobility and social protection.

For more information

[The Extension of the EU-AFD Research Facility \(2021-2025\)](#)



A common framework on inequalities



In December 2023, AFD and the OECD signed an agreement to support **the Community of Practice on Poverty and Inequalities (CoP-PI)**. This partnership resulted in:



The publication of the **2024 Development Cooperation Report** on a just green transition.



The launch of work on **guidelines on poverty and inequality** in development cooperation, which will be published in 2026.

The Development Cooperation Report 2024

The Development Cooperation Report 2024 (Tackling Poverty and Inequalities through the Green Transition) highlights the need for official development assistance to be more precisely directed toward reducing poverty and inequalities, including through climate financing.

Cooperation must play a wider role in driving a just environmental transition in low- and middle-income countries through support for collective initiatives and local solutions.

The report highlights three key areas for action:

1. Raise ambition and focus on ending poverty and reducing inequalities with better targeting, good practice standards and updated tools.
2. Increase budgets and the accessibility and effectiveness of development and climate finance.
3. Promote inclusive, rights-based approaches.

To find out more

[Development Co-operation Report 2024](#)



Toward a world in common

AFD Group finances and drives the transition to a fairer, safer and more resilient world, working with its partners to support communities all over the world. Drawing on the complementary strengths of its entities — Agence Française de Développement for public financing, Proparco for responsible private investment, and Expertise France for technical expertise — the Group is ideally positioned to meet all sustainable development challenges. Working in over 160 countries, including France's Overseas Territories, the Group adapts its operations to the realities on the ground, actively supporting local initiatives.

With over 4,000 projects, whose objectives are aligned with the Sustainable Development Goals (SDGs), AFD Group works on behalf of the French people, together with all stakeholders committed to economic development and the preservation of common goods: climate, biodiversity, peace, gender equality and global health. Working by your side, toward a world in common.



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