

THE AGENCE FRANÇAISE DE DÉVELOPPEMENT AND THE MEDITERRANEAN



Promoting Sustainable
and Shared Development

AFD AND THE MEDITERRANEAN



The Agence Française de Développement (AFD) group is authorized by the French government to operate in the following countries: Algeria, Morocco, Tunisia, the Palestinian Autonomous Territories, Egypt, Jordan, Lebanon, Syria and Turkey. Between 1992 and 2005, AFD financing in the region exceeded two billion euros.

THE ORIENTATION OF OUR OPERATIONS

AFD, which is a public development institution, is an important component in the French mechanism for international cooperation. It funds economic and social projects that are undertaken by local authorities, public businesses and the private sector. These projects deal with human development (education, health, professional training), infrastructure and urban development, the environment and natural resources, rural development, industry, financial systems and micro-finance.

The Agency's operations contribute to achieving the Millennium Development Goals, where the need for economic growth, the reduction of poverty and the protection of the environment come together. Sustainable development is the lodestar for AFD strategy. It is developing financial and intellectual partnerships with other donors and is contributing to developing public policy.

AFD and Proparco's Operational Instruments

AFD has developed a set of financial products that are geared toward the situations in the countries that the Agency supports:

- In the region the subsidies target in particular the Palestinian Autonomous Territories, but can also be used for certain intellectual services (studies, technical assistance),
- Loans: since 2004, AFD has provided a chart of financial products that are broken down according to market rates, concessionality adapted to the nature of the project to be financed and which makes it possible for sovereign and non-sovereign borrowers to choose a fixed-rate loan according to payment period or a variable rate loan.
- Guarantees: the Agency will underwrite operations that seek to mobilize local resources,
- Ariz guarantee fund (insurance for investment risk) partially covers the economic risk linked to loans or provision of equity for local businesses by foreign countries.

Proparco, a subsidiary of AFD, is specialized in promoting and financing the private sector. Corporate support is at the heart of the strategies. Proparco operates under the form of minority participation, medium or long term loans, including subordinated loans and mandatory loan guarantees or interbank guarantees in local currency. Proparco also offers to arrange and provide financial engineering services. In the Mediterranean region, Proparco has made to date some 115 loans for a total of 327 million euros.





Post Earthquake project Boumerdès

POST EARTHQUAKE PROJECT IN ALGERIA

Fifty million euros' worth of financing after the Boumerdes earthquake on May 21, 2003 went to the Algerian Ministry of Housing, making it possible to participate in an infrastructure reconstruction program and to improve basic services, bringing them up to earthquake-code standards.

The project deals with preparing construction sites for 20,000 new social housing units, rebuilding urban infrastructure (roads, various networks) damaged in the earthquake, refinancing work for collective housing.

• Algeria

In Algeria, the Agency is contributing to the modernization of operational methods used by public services, all the while stressing the improvement of the populations' living conditions (housing, water sector, public transportation).

The Agency also supports the government's policy on basic education.

• Morocco

In Morocco, main operational orientations are:

- Protecting the environment through sustainable water management (managing drinking water, sanitation),
- Social cohesion by increasing rural and urban infrastructure (improving unhealthy living conditions, better neighborhood planning, providing electricity to rural areas),
- Bringing businesses up to speed with a view to an association agreement signed with the European Union (professional training).

• Tunisia

In Tunisia, funding focuses on the following actions:

- Strengthening the competitiveness of businesses (updating, professional training),
- Improving populations' living conditions (sanitation and neighborhood equipment),
- Strengthening the role of local authorities and local actors,
- Promoting sustainable development.

• Turkey

In Turkey, the AFD group has been supporting productive investment and sustainable development. It works:

- For the financial sector, especially in support of SME's, by trying to promote the ideas of social and environmental responsibility,
- For local authorities to finance their economic and social equipment.

For Proparco, Turkey presents a number of important operational opportunities, in equity and in loans, in banking intermediation as in direct action to the benefit of businesses.

• Jordan

In Jordan, the Agency is preparing for operations in the following areas:

- Regional and municipal development,
- Managing water resources,
- Environment and energy economies.

• Lebanon

Targeted sectors in Lebanon deal with water and sanitation, urban recovery and support provided for developing the private sector. In terms of cross-cutting actions, the Agency is supporting basic education.

• Egypt and Syria

AFD has been authorized to operate in Egypt and Syria since 2004-2005. With its partners, it has been examining the scope of activities both in favor of public authorities and institutions and in favor of the private sector.

PROJECT HERITAGE IN LEBANON

Financing 12 million euros for the Lebanese Republic for improving the value of cultural heritage and urban development of historical centers of the regional capitals of Baalbeck, Byblos, Saida, Tripoli and Tyr.

The project's objectives are:

- Renovating buildings important in terms of cultural heritage and public areas for community and tourism purposes,
- Establishing the conditions necessary for better preservation and better use of these sites,
- Investing in job creation in tourism and cultural sectors.

AFD's involvement in the project deals with:

- A series of operations to improve public areas, routes and road networks at the heart of the two cities Tripoli and Tyr,
- Institutional support for the five municipalities (assistance in terms of project management and developing practices and maintenance) and the implementation of a geographical information system.



Expanse of waste water in Gaza (before the project)

• Palestinian Autonomous Territories

Since 1998, the Agency has been striving to maintain a balance between continuing heavy infrastructure projects and local actions that have a large impact in terms of creating jobs and supporting the local private sector. More than 650,000 people, or 20% of the population, have benefited from these achievements done consistently despite environmental difficulties.

PROJECT FOR CLEAN DRINKING WATER IN THE PALESTINIAN AUTONOMOUS TERRITORIES

Ten and one-half million euros in March 2004 to finance providing the south of the West Bank with water. The organization in charge of the project is the Palestinian Water Authority, an agency that answers directly to the Palestinian Authority. The purpose of the project is to improve access to clean drinking water in the area of Hebron.

In order to achieve the desired results, it will be necessary to build a 21-kilometer water line, from the existing regional reservoir of 25, 000 cubic meters at Halhul to the north of Hebron to Yatta (40,000 inhabitants) by going through Dura (30,000 inhabitants), where a 5,000 cubic meter reservoir is to be built. The overall program is being financed by USAID and the World Bank.

A EURO-MEDITERRANEAN PARTNERSHIP

The Barcelona Process, begun ten years ago by the European Union, provides structure for the relations between Europe and the countries on the southern and eastern banks of the Mediterranean. A Euro-Mediterranean free trade zone is progressively being set up.

Upgrading the economies has contributed to sustainable growth, improved productivity and created local employment.

In keeping with the priorities of international politics that France is promoting in the region—peace and stability, preserving and developing French influence, tackling migration issues—AFD has been organizing actions linked to the Barcelona Process along three lines: providing support for economic openness and corporate development, reducing regional inequality and imbalance by promoting job creation and professional training.

Supporting economic openness is part of the process of bringing these regions and Europe closer together. It is concretely reflected in actions that seek to underpin modernization of the economic fabric of the concerned countries in order to allow them to be able to contend with international competition. Approximately 15% of the commitments are dedicated to this and are backed by corporate funding and public financing that seek to strengthen the competitiveness of the economies.

Modernizing basic services and infrastructure in the framework of improving living conditions for populations is also a priority. It concerns rural areas: roads, clean drinking water, electricity, providing basic health care. It also concerns urban areas: improving disadvantaged neighborhoods, modernizing sewer systems, cleaning up unhealthy living conditions, urban public transportation and restoring items of historical heritage.



Pasméd Oued Selouane Project—Morocco (before the project)

WATER AND SANITATION PROJECT-MOROCCO

Twenty million euros worth of funding for the Office National de l'Eau Potable (ONEP) in November 2004 to finance a program to repair and extend water and sanitation networks in semi-urban areas.

The goals of the project are to sustainably improve the living conditions of populations through better access to services that provide clean drinking water and sanitation and also improve the quality of water resources, through better a capturing rate and treatment of waste water.

Project components:

- Providing a supply of clean drinking water through individual hook-ups for a population of 560,000 inhabitants.
- Work on water treatment plants either in the hydraulic basin in Sebou or in the area in Al Hoceima.
- Additional measures: advice and follow-up for carrying out the work, training for water hygiene, follow-up evaluations, operational and accounting audits.

This program is part of a long-term partnership between AFD and ONEP for which six loans, totaling 92 million euros, have been signed since 1992.



Professional training/public works – Tunisia.

AFD'S PRIORITIES IN THE MEDITERRANEAN

The Agency's goal is to promote stable economic growth that creates employment. It is part of the Barcelona Process, defined by European governments and those of the eastern and southern shores of the Mediterranean.

AFD's involvement in the Mediterranean focuses on three priority axes: establishing economic links with Europe, urban development and water issues.

Action in favor of cities deals with improving infrastructure and living conditions in urban environments, urban transportation and encouraging the modernization of financing mechanisms for local public authorities.

Water issues receive about 45% of the funding. Water issues exist in many forms: drinking water, sanitation and irrigation, resource preservation and demand management. Long term management of water resources is a major stake for all these countries and already presupposes arbitration on the competitive use of water.

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