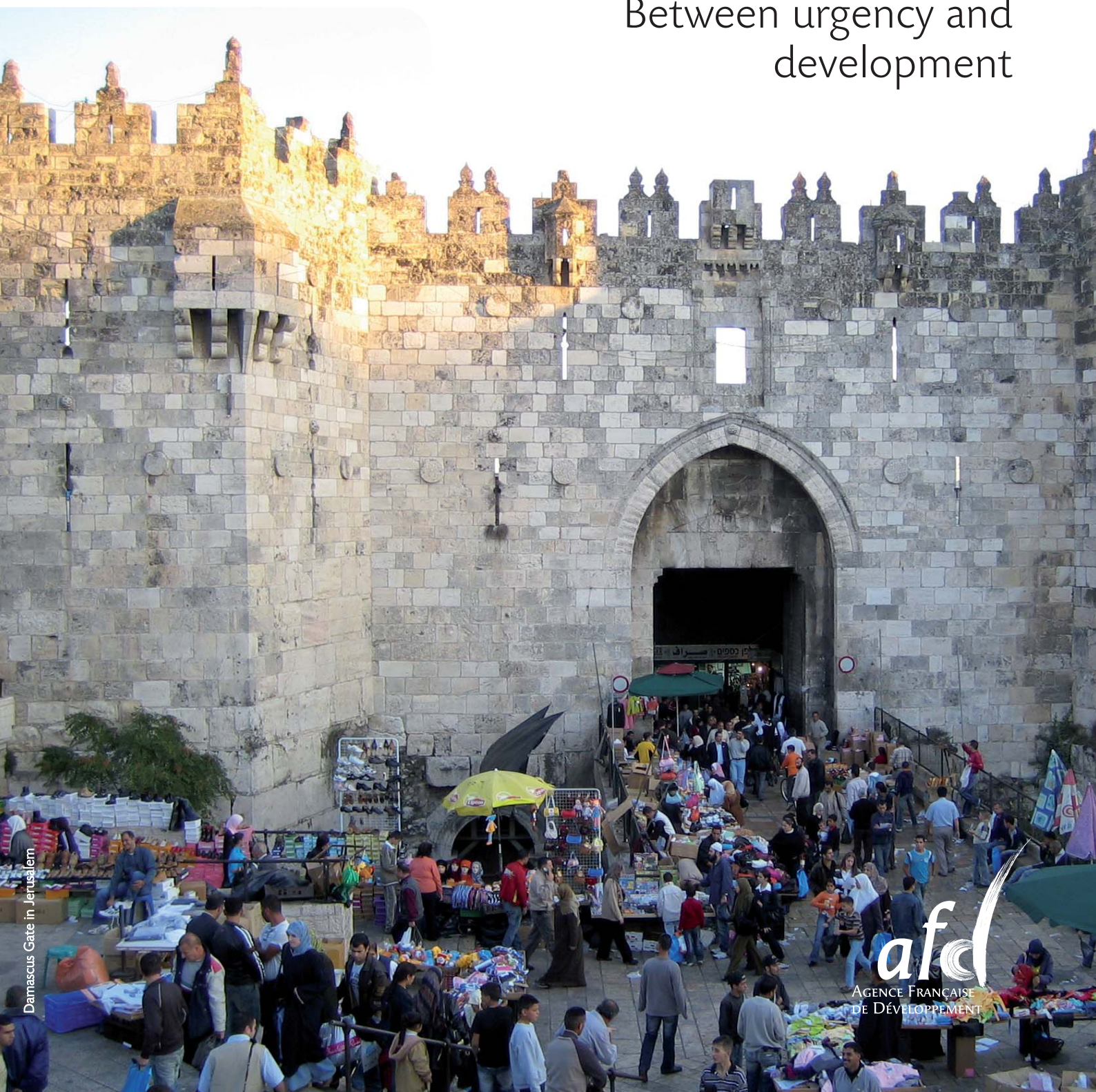


# AFD AND THE PALESTINIAN AUTONOMOUS TERRITORIES

Between urgency and  
development



Damascus Gate in Jerusalem



Downtown Bethlehem

## THE CASE OF THE PALESTINIAN TERRITORIES AND EAST JERUSALEM IS UNIQUE AMONG THE COUNTRIES WHERE AFD OPERATES:

- This fragile political and geographical area with a population of over 3.7 million inhabitants is not run by a State.
  - The Gaza Strip is isolated which means its population suffers from harsh living conditions. Poverty has reached record levels and the overwhelming bulk of vital needs is increasingly met by international organizations.
  - In the West Bank the separation barrier and drastic restrictions on the movement of goods and people are a huge brake to the economy and economic growth and add further to the population's reliance on international aid.
- Such conditions cannot be found anywhere else in the world. At the 17 December 2007 Paris Conference the international community made a huge commitment to provide aid to these populations. During the conference France announced it would considerably scale up aid to the Palestinians with a 200 million euro contribution over 3 years.
- France's aid, particularly via AFD operations, will support the Palestinian Government's three-year Palestinian Reform and Development Plan (PRDP) for 2008-2010. AFD will provide 75 million euros of support in the form of project aid over 3 years.
- France's aid is based on continuity despite the difficult hazardous context. It supports the peace process, the priority to create a Palestinian State as well as social and economic development and humanitarian aid.

## A LONG-TERM PARTNERSHIP

AFD has been active in the Palestinian Territories since November 1998. The opening of an agency in Jerusalem in August 1999 and initial operations fell within the framework of the Oslo agreements which aimed to resolve the Israeli-Palestinian conflict. Project implementation became increasingly difficult in the aftermath of the second Intifada in 2000 and 2001, then with the political crisis which followed the 2006 elections, and finally when Hamas assumed power in Gaza in mid-2007. These events also deeply worsened the social and economic situation.

AFD financing was partly redirected towards more decentralized operations to create local employment as a result of these conditions. It also continued to finance heavy infrastructure which is essential to sustainable development. AFD's Palestinian partners and local enterprises showed remarkable versatility in meeting their targets and commitments and, thanks to efforts on all sides, AFD was able to pursue activities in the Territories. New projects were implemented to sustainably improve living conditions for populations. Over 650 000 people, i.e. 20% of the population, benefited from these projects.

It was also a major concern for AFD to maintain high levels of financing in Gaza which was badly affected by the worsening political situation.

A focus for project implementation is to involve civil society and city-to-city cooperation stakeholders which are very active in Palestine. Partnerships have been established with both Palestinian NGOs, such as Welfare Association, and international NGOs (MDM France, Green Cross France, ACAD...). Partnerships have also been built with French local authorities, in particular Greater Lyon Urban Community, the City of Dunkerque and the Adour-Garonne water agency.

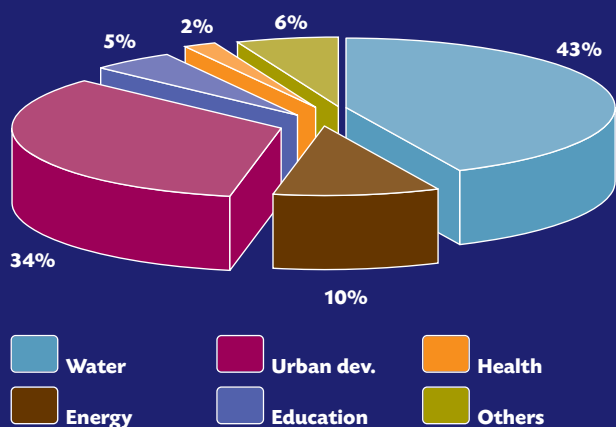


Signing of financing agreements with the Minister of Planning

## 120 MILLION EUROS IN GRANTS

AFD has allocated a total of 120 million euros in grants since it began its operations in the Palestinian Territories.

AFD Jerusalem commitments



AFD's operations in the Territories meet two major issues: i) they contribute to the emergence of a viable Palestinian State by strengthening institutions and creating conditions for sustainable development, and ii) they contribute to preserving cohesion and social peace.

Future operations will focus on three sectors in order to meet these targets: i) water and sanitation, ii) municipal and community infrastructure development and iii) health. Support to the Palestinian private sector also remains a cross-cutting concern for all AFD projects.

## WATER AND SANITATION

AFD financing for major infrastructure projects now focuses on this sector. It contributes to improving supply in undersupplied regions and saving rare resources by reducing losses on existing networks. It also provides an initial response to the issue of wastewater treatment. In addition, projects strengthen the management capacities of the Palestinian Water Authority (PWA) and support institutional reform in the sector.

AFD projects also focus on sanitation which is a key sector for environmental and water resource preservation because of the groundwater pollution risks which exist in certain areas, Gaza in particular. A 12 million euro project was launched at the beginning of 2006 to contribute to the construction of a new wastewater treatment plant in Beit Lahia in northern Gaza.

Total AFD commitments in the drinking water and sanitation sector account for 43% of total commitments in the Territories. These financings meet the priorities of the National Water Plan which mainly targets i) preserving and optimizing water resources, ii) improving basic services for populations and iii) increasing water supply autonomy.

### ENERGY, WATER AND SANITATION PROJECTS FINANCED BY AFD

- Construction of a wastewater treatment plant in Beit Lahia in northern Gaza (12 million euros) as part of a global project cofinanced by the World Bank, the Swedish cooperation and the European Investment Bank (EIB) to reduce health risks from wastewater treatment facilities.
- Drinking water supply in the Maythalun region (10.6 million euros) in six villages in the Jenin district including the equipment of wells in Maythalun and the construction of five reservoirs.
- Rural electrification in the north of the West Bank (11.5 million euros) by connecting 29 remote villages to the network and renovating public lighting in these villages.
- Drinking water supply in the Hebron region (10.5 million euros) within the framework of a program cofinanced with the US development agency (USAID) and the World Bank. It includes the construction of a pipeline to connect the town of Yatta (in the south of the West Bank) to a water reservoir in the north of Hebron as well as a regional reservoir.
- Drinking water supply around Jerusalem and Gaza (10 million euros) with the construction of a water supply network and support to the WBWD (West Bank Water Department) which is in charge of drinking water production and transport in the West Bank.

## BASIC URBAN AND COMMUNITY INFRASTRUCTURE

The local administration is faced with difficulties stemming from a weakened central government and movement restrictions which split the economy. AFD consequently focuses on local development by supporting urban development, financing municipal infrastructure and supporting community initiatives.

These projects mainly use local enterprises to carry out works and therefore create employment and distribute income. This is essential in view of the current humanitarian crisis and the collapse of the Palestinian economy. They also support efforts made by the Palestinian Government in terms of investment planning and rationalization. An expertise fund was set up alongside the Paris Conference and finances periodic support to capacity building for local authorities.



*Water supply in Hebron*



*Renovating Gaza's water networks*

## IMPROVING THE HEALTH SYSTEM

An initial project in the health sector aimed to improve community mental healthcare services. Implementation was entrusted to the United Nations Development Programme (UNDP). Reflection on new operations in this sector has been scheduled and AFD has consequently financed technical assistance to the Ministry of Health.

## SUPPORTING PALESTINE'S PRIVATE SECTOR

AFD also supports the private sector which is itself severely hampered by movement restrictions. One of the priorities of the PRDP is to revive the sector but this cannot be achieved without the easing of movement restrictions in the West Bank and the blockade imposed in Gaza. France is involved in the preparation and follow-up of the Bethlehem Conference on the private sector (Palestine Investment Conference).

Infrastructure projects financed by AFD, particularly job creating programs, provide an initial response to the problem of unemployment since the bulk of projects financed are implemented by local enterprises. AFD is also involved in a program to support Palestinian exports via the olive oil industry development project implemented by the local agency of the Palestine Trade Center (PALTRADE). Finally, an initiative will be launched in the microfinance sector with the aim of implementing an initial project, as early as 2008, in consultation with the Palestinian Monetary Authority which has recently taken charge of supervising this sector.



*Olive mills*

## COMMUNITY AND MUNICIPAL INFRASTRUCTURE PROJECTS FINANCED BY AFD

- Municipal development support program (12 million euros). It involves implementing urban infrastructure in 21 West Bank and Gaza municipalities under the supervision of the Municipal Development Fund which receives donor support for urban project management.
- Community infrastructure and job creation programs (1) in Gaza (5 million euros) and (2) in the West Bank and Gaza (6 million euros). It involves 93 community infrastructure microprojects implemented through two programs by local NGOs under the supervision of the Palestinian Welfare Association. The aim is to create temporary employment and distribute income.
- Construction and renovation of schools (5.5 million euros) including eight schools in the West Bank and six schools in Gaza (150 classes – around 6 500 pupils).



*A school in Gaza*

- Community development programs (1) in the Hebron region and around Jerusalem (7 million euros) and (2) in the north of the West Bank (3.5 million euros). It involves 101 microprojects to construct or rehabilitate small infrastructure (school extensions, drinking water networks, health centers, road rehabilitation...) implemented through two programs by small municipalities under the supervision of the Palestinian Economic Council for Development and Reconstruction (PECDAR).
- Renovation of quarters in Gaza City (6.5 million euros). It involves rehabilitating water and sanitation networks and access roads for six quarters (some 60 000 inhabitants) and modernizing the municipal geographical information system.

## HEALTH PROJECT FINANCED BY AFD

- Support to community mental health services (2.74 million euros). It involves improving healthcare quality by rehabilitating three health centers in Napluse, Jenin and Hebron and training doctors and psychologists in the West Bank and Gaza.



*Nabi Moussa Monastery*

Agence Française de Développement is a public establishment with a mission of general interest: to finance development. As a specialized financial institution, AFD supports projects with economic or social impacts in both public and private sectors: infrastructure and financial systems, urban and rural development, education and health.

AFD today operates in over sixty developing countries and in all France's Overseas Local Authorities via a wide range of financial instruments from grants to market condition loans. It also contributes, in collaboration with its supervisory authorities, to public policy design and France's influence in the development world.

AFD commits, in all its activities, to promote the Millennium Development Goals, at the crossroads of imperatives such as economic growth, poverty reduction and sustainable development which are priorities for France's official development assistance. AFD commitments in 2007 totalled 3.5 billion euros.

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