

AFD Group and Europe in the Middle East




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#MondeEnCommun

The power of European partnership


14
years
of partnership

.....


60
countries supported

Guided by shared convictions, AFD and the European Commission (EC) have worked together since 2008 to boost the impact of their funding and the effectiveness of development aid. They form a key partnership for achieving Sustainable Development Goals (SDG).

AFD has been authorized to manage European funds since 2008. In those fourteen years, it has become a leading partner for the Commission. During the last European financial framework (2014-2020), the Commission entrusted €2.8 million to AFD. In so doing, it improved the impact of more than 220 projects supporting citizens in some sixty countries.

The strength of this partnership lies in the impressive similarities in the institutions' strategic visions and the productive dialogue between their teams. In Brussels and on the ground, AFD and the EC benefit from a network of local representatives that is unparalleled in the European family.

A wide range of tools and a leverage effect

The partnership takes the form of a wide range of funding arrangements adapted to the situations and needs of the counterparties. This includes the delegation of grants, including through trust funds, backing AFD loans with European grants, and the roll-out of a portfolio of operations benefiting from European guarantees.

Whenever possible, the two institutions seek to structure their interventions through blending facilities, which help make the most of European grants due to the leverage effect for donors' loans. Between 2014 and 2020, €9 billion in AFD loans and grants were thus mobilized alongside nearly €1.6 billion from the European Commission to fund development efforts in nearly 60 countries in Africa, the Mediterranean region, Asia-Pacific, Latin America, and the Caribbean. AFD's level of involvement has positioned it as the leading bilateral partner of the Commission in the area of blending facilities, and the number two partner behind the European Investment Bank.

In 2017, AFD was also keen to participate in the launch of the European Fund for Sustainable Development (EFSD) aimed at using innovative guarantee mechanisms to support investment in Africa and in the EU's neighboring countries to achieve sustainable development goals, particularly the goal of ending poverty. AFD was once again among the Commission's first partners in the design of these new tools and ranked second in terms of liquid guarantees to benefit developing countries.

In order to further support its positions, AFD Group has created alliances through inclusive platforms, including the strengthened partnership of bilateral financial development institutions (AFD, KfW, CDP et AECID), the network of

The "Water Banking and Adaptation of Agriculture to Climate Change in Gaza" project, in partnership with the Irish Aid and the Green Climate Fund. ©Manar Shweik

European Development Finance Institutions (EDFI), the International Development Finance Club (IDFC) and the Practitioners' Network, which was chaired by Expertise France from 2018-2019. Proparco also helps develop European tools that benefit several development finance institutions.

#TeamEurope: an even stronger partnership

Building on this experience and network, AFD Group will expand this partnership strategy with the #TeamEurope approach, aimed at reinforcing synergies and involving all stakeholders in the implementation of the European development agenda, in keeping with the principles of coherence, coordination and aid effectiveness.

With the integration of Expertise France, accredited by the EC as of 2011, the range of AFD Group's tools has expanded in order to better support counterparties in their efforts to achieve the targets set by Agenda 2030 and the Paris Agreement.


€ 2,8
billion

.....


220
projects




AFD Group and Europe in the Middle East


For the past twenty years, AFD Group has positioned itself as a capable platform for mobilizing expertise and financing. In our crisis-ridden geography, the mobilization of the European Union and the Member States has proved necessary to maximize the impact of our efforts. Together, we provide adequate solutions to our local partners' problems; solutions that are aiming at reducing inequalities, preventing and addressing crises and fragilities, in view of achieving the Sustainable Development Goals (SDGs).




The Gaza Solid Waste Management Project in partnership with the European Union and the World Bank.
©Municipal Development and Lending Fund


Our joint operations have three strategic objectives: 1) strengthening the social links, both vertical (relationship between institutions and citizens) and horizontal (relationship between different communities). 2) Managing public shared spaces and resources in a sustainable and inclusive manner. 3) Supporting public and private actors in their investments and local economic development, seeking equitable and sustainable growth. In a region subject to high water scarcity, adaption to climate change is at the heart of our cross cutting actions, as is the governance of institutions and the promotion of gender equality, which are cornerstones of our projects.


€ 1,05 Bn
of AFD Group - EU and/or
Member States co-financing
between 2014 and 2021


€ 291 M
of EU delegated funds to
AFD between 2014 and 2021


75,3 %
of AFD's commitments
are related to the water
sector


38
projects in delegation,
co-financing or Team Europe
format between 2014 and 2021


53%
of our commitments
have climate
co-benefits



How important is AFD Group and the European Union partnership?

Working with the European Union and the EU Member States has become a French priority to put forward creative development solutions using a wide range of financial instruments. Via such joint investments, Europe is gaining increased visibility.

For the sake of actions efficiency, complementarity and coordination,

AFD Group maintains continuous dialog on country level with the European delegations and the EU Member States cooperation services. The identified synergies maximize projects impacts and their scalability, allowing for a reinforced sectoral dialog advantage. AFD's participation in joint programming and Team Europe Initiatives contributes to the development of ambitious and innovative result oriented projects.

What are your preferred partners and your main areas of intervention?

For effective cooperation to address the root causes of crises in the region, AFD Group advocates for partnership reflexes aimed at jointly designing solutions capable of producing systemic effects. Our European counterparts such as DANIDA, Irish Aid, GIZ, KFW or EIB are our privileged partners in sectors as diverse as crisis response, water resources management, energy, governance and economic dynamism.



The Hebron Regional Wastewater Treatment Plant's construction funded by the EU, AFD and the World Bank. ©Ahed Izhiman

Can you give us an example of an iconic project in the region?

Together with the European Delegation, since more than five years, we are contributing and supporting the construction of the waste water treatment plant in Hebron, Palestine, with a capacity of 22 500 m³/d, using activated sludge technology. This facility will improve the living conditions for a population of approximately 190,000 by 2027 in Hebron and its surrounding villages as well as preserving the natural environment along the 40 kilometers valley protecting the water aquifer. Hence, treated effluents released, meeting quality standards, will allow their reuse in agricultural.

Catherine Bonnaud
Regional Director for AFD Middle East





ACCESS TO WATER FOR EVERYONE

Two billion people do not have access to good-quality drinking water services and more than one in two people in the world do not have access to adequate sanitation. Water-related interventions affect numerous other issues: health, food security, biodiversity, gender equality, and living conditions of disadvantaged individuals.

In light of these realities, AFD Group and the European Commission are mobilizing to improve the delivery of water and sanitation services for communities, both in major urban centers, rural areas, and regions affected by crises. These interventions are designed taking into account climate risks, such as flooding, and can propose the development of innovative solutions, such as reusing wastewater for agriculture



@GIZ

Improving Access to Water and Sanitation for People in Northern Iraq

This project, co-financed by the German government (BMZ) and AFD, for €7M and €15M respectively, is implemented by GIZ. It aims to upgrade water and sanitation infrastructure in Dohuk Governorate in Iraqi Kurdistan, where one in four inhabitants was a refugee or internally displaced person at the start of the project, by ensuring a transition from emergency measures to sustainable management. The project contributes to the operation of existing facilities, will build five additional priority infrastructure and provide equipment. It promotes energy optimization and the development of renewable energies to reduce the cost of sanitation. It also supports the capacity building of governorate teams to plan, manage and maintain infrastructure and equipment.

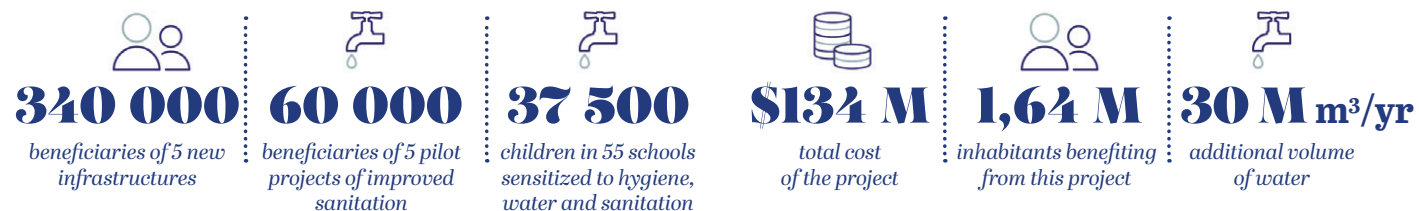


@EIB

Wadi Al Arab II– Increase access to water for populations in the North of Jordan

Jordan is one of the most water stressed countries in the world and, in particular, the northern governorates of the country suffer from acute water scarcity. This situation has been exacerbated starting 2008 by the Syrian crisis and the high population inflow to the northern Governorates, representing nearly 10% of the population.

As a response to the crisis, the Government of Jordan decided to implement the Wadi Al Arab II project to extract from the King Abdullah Canal treat, pump and transfer an additional volume of 30M CM/year, reinforcing the water supply of the northern governorates. The project was implemented from 2017 for a total cost of \$134M, and has been in operation since July 2020. It was co-financed by AFD (€ 59M), the European Union (€14M) and its bank, EIB (\$ 54M), and is benefiting directly a population of 1.64M inhabitants.



TOWARDS ACCESSIBLE, EFFICIENT, LOW-CARBON ENERGY

Over one billion people do not have access to electricity. Fossil fuels, which are responsible for two-thirds of greenhouse gas emissions, remain the primary energy source consumed worldwide. At the same time, energy access challenges continue to hinder development and prevent basic needs from being met.

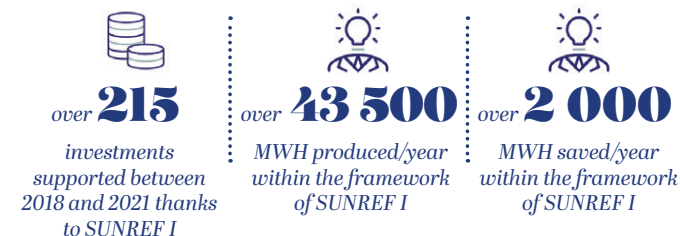
Massive and concerted investment in favor of universal access to efficient, low-carbon energy is crucial. The AFDxEU partnership approach is embodied through joint interventions focused on key areas: access to quality services, including in rural areas, the regional interconnection of electricity networks, funding for renewable energies, both directly and through green finance programs, and energy efficiency.



@Ahed Izhiman

SUNREF Palestine - Supporting Green Finance

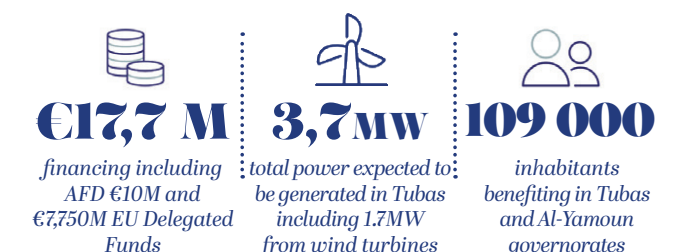
Launched in 2018, SUNREF Palestine is a joint green finance program of AFD Group and the EU, which supports the Palestinian banking sector to accompany the country's energy transition by creating favorable conditions for the development of green investments and projects. The program has three main components: lines of credit for businesses and individuals, investment incentives for project developers and technical support to strengthen the capacities of the various stakeholders. Following the success of SUNREF I (co-financed by AFD and the EU), Proparco, the EU, Bank of Palestine and Cairo Amman Bank launched the second phase of the program in 2022. SUNREF II will allow the two banks to continue their expansion in the field of green finance and support their clients in the field of energy efficiency.



@Palestinian Wastewater Engineers Groups

Nexus North - Renewable Energy for better water access

The Nexus North project aims to support public water operators of Tubas and Al-Yamoun, located in the northern West Bank and provide equitable and sustainable access to clean water, sanitation, while reducing energy costs for these operators, as part of a joint strategy of AFD and the European Union. Nexus North is a pilot project that combines an innovative approach to investment in the water and renewable energy sectors and the first project where the project owner is directly delegated to the water operators. It is also through this project that the first wind turbines in Palestine should be installed. Investments in renewable energies in the Tubas governorate will ensure that the operator has greater energy autonomy, favoring a more efficient management of its infrastructure.





COORDINATING CRISIS RESPONSE

Whether linked to security, politics, health, food or the environment, crises often stem from difficulties in sharing power or resources. They are also fueled by internal conflicts in the countries, which threaten progress that has been made and development opportunities. AFD Group is therefore committed to intervening in crisis situations to build lasting peace.

Using an integrated approach, AFD Group seeks to prevent crises by addressing their structural causes, as well as their effects, with the aim of enhancing the resilience of countries and citizens in the short, medium and long term. Its interventions combine emergency work with social and economic development projects. In these high-pressure situations, more than anywhere else, it prioritizes a partnership approach, especially with its European partners.



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Shabake – Capacity-building program for Lebanese Civil Society Organizations

A flagship project of the Minka Middle East Initiative, the Shabake program, funded by AFD and the Danish Cooperation and implemented by Expertise France, aims to strengthen the capacities of Lebanese NGOs. The latter are vital players in crisis prevention and response. Thirteen partner civil society organization (CSOs) are receiving training in order to strengthen their capacities, and ensure the implementation of projects in the fields of economic recovery, digital training, protection of vulnerable populations, vocational training and civic engagement. The project also aims to strengthen the integration of partner CSOs into the aid ecosystem through the establishment and consolidation of coordination networks among these CSOs, connecting them with donors.



Strengthening the protection of children affected by the Syrian crisis in Jordan and Lebanon

AFD supported, with the financial contribution of the EU MADAD fund, a project led by Terre des Hommes (TdH) to protect vulnerable children affected by the Syrian crisis in Lebanon and Jordan from violence, exploitation, abuse and negligence through equitable access to quality child protection services. The project included psychosocial support to children through educational and recreational activities as well vocational training to facilitate the professional integration of the youth. It also allowed to raise awareness among children and their families, to prevent child-related risks and to build the capacities of local partners and communities for long-term impact. The project thus responded to the bottlenecks in public services caused by the crisis, and reduced tensions that threaten social cohesion between refugees and host communities.



BUILDING A DEVELOPMENT-DRIVEN ECONOMY

High unemployment rates, especially among women and youth, as well as the mismatch between available education and trainings offer and the labor market demands are considered as sources of insecurity and social instability in the region.

Challenged by these facts, AFD Group and the European Commission are mobilizing on several fronts by supporting the skills-building and vocational training schemes tailored to the labor market demands, along with the provision of adequate schemes facilitating the establishment of enterprises by providing access to finance solutions vital for their development.



©Expertise France



Yanhad – Promoting youth civic engagement, youth entrepreneurship & economic empowerment

Implemented in Iraq, the Yanhad project aims to strengthen employability, civic engagement and the promotion of entrepreneurship of Iraqi youth, especially in the Nineveh Plain, which has been particularly impacted by the presence of Daesh. Through this program, Expertise France and its partners support the socio-professional integration of students from the Universities of Nineveh and Mosul, through the launch of student initiatives and career orientation workshops. The project also works on building the capacity of young entrepreneurs and supporting the launch of nine start-ups. Finally, 12 local civil society organizations (CSOs) benefit from capacity building as well as funding to implement projects to access basic services and strengthen social cohesion et promote civic engagement in the Nineveh Plain.



©Julia Lefebvre



Line of credit to Capital Bank of Jordan, in support to SMEs

Proparco and its German counterpart, DEG, support Capital Bank of Jordan to finance and develop its SME portfolio, especially women-led businesses, start-ups and FinTechs, youth-owned businesses and SMEs located outside the capital, Amman. Proparco's loan (\$50 million) and DEG's (\$25 million) will help Capital Bank of Jordan finance those segments that have difficulty accessing traditional financial services but are considered to have a significant impact on economic development. In parallel, an impact premium financed through the MENA Facility launched in 2021 by AFD Group with the support of the European Union, was granted to the bank, with the objective of incentivizing it to further finance high-impact SMEs.





TOWARDS A FAIR AND EFFECTIVE PUBLIC ACTION

By taking into account all society actors and by pursuing different factors on several levels, the governance activities have a greater impact, with wider and longer-term effects in development of countries.

AFD Group and the European Commission have set themselves the objective of contributing to the development of efficient institutions, transparent and accountable, using an inclusive process, supported by a robust and sustainable capacities and resources. In the region, projects aim to support governance that promotes the rule of law, support effective and efficient public administration, as well as promote open and equitable societies.



Support to the Rule of Law - a holistic approach to achieve justice in Jordan

The European Union and AFD have put their financial tools at the service of the reform of the judicial system and to consolidate the rule of law in Jordan.

The funds delegated by the European Union to AFD aim to strengthen the independence and specialization of the judiciary. Together, the two institutions also contribute to a more transparent and efficient judicial case management, strengthening international cooperation, effective access to justice for all, and improving civil and commercial justice. The program, which is part of the roadmap of the Royal Committee on Justice, mobilizes several technical partners and operators: AEICD, UNODC, GIZ and Expertise France.



ACT - Anticorruption & Transparency Project

Funded by the European Union and implemented by Expertise France, the ACT project aims to address corruption and promote transparency by strengthening public accountability, supporting oversight bodies, and advancing transparency in order to prevent corruption.

Act relies on supporting national authorities in charge of combatting corruption, and advancing their technical capacities and resources to ensure they are able to perform their responsibilities. Act also focuses on the implementation of the Right to Access Information Law as a key tool to transparency in the public domain, by supporting a pilot administration in its aim to have the needed operational tools and experience to fully implement the law. The project also works on raising public awareness through several activities that aim to provide better knowledge on corruption in the country.



Interviews

More coherence, more funding solutions, more flexibility: based on these shared convictions, AFD Group and the European Commission have been strengthening their partnership since 2008 to increase the effectiveness of their inclusive investment. Katarina Mathernova share her perspective on AFD.

The Directorate-General for Neighborhood Policy and Enlargement Negotiations (DG NEAR) is one of AFD Group's main partners on the European level. Katarina Mathernova, its Director-General, shares her feedback on the occasion of the French Presidency of the European Union.



Partnerships with financial institutions have always been a priority for you. What lessons have you learned from the one with AFD?

AFD Group is a key stakeholder in the Neighborhood and Enlargement regions, especially south of the Mediterranean and in Turkey, but also in the East and the Balkans. DG NEAR helps Europe open up to the world. We provide support for candidates for EU membership and build strong ties with our immediate geographical neighbors. From Rabat to Yerevan, to Cairo, Kiev and Belgrade, we face a wide range of challenges! Since 2008, our partnership has produced a volume of activity amounting to roughly €800 million covering the areas of energy, transport, urban development and the social sectors. AFD Group has therefore been our second largest partner in southern neighborhood countries. In addition to blending facilities, AFD Group is leading a new guarantee instrument for the European Fund for Sustainable Development (ESFD), which includes, among others, an operation signed in December 2020 in the agricultural sector covering the NEAR region.

How do you see the future of this partnership?

The pandemic we are facing reminds us that we must work together to overcome challenges. Mobilization around the Team Europe initiative now amounts to €36 billion, of which €11.7 billion earmarked for DG NEAR. And that was from only a few months!

To effectively roll out operations on the ground, we must act pragmatically by attracting all the necessary resources, both public and private. We are calling on AFD Group to join us in supporting the Economic Investment Plans we have established with our partner countries in the South, East and in the Balkans.

AFD Group's strong presence in the countries in this region is a considerable asset. Its expertise in financial innovation is also valuable in this context. We hope to enhance the leverage effect by confirming the potential of the "guarantee" tool to support climate, environmental, digital and social transitions.

In creating the EFSD, the Commission entered the guarantee market, with over €1.5 billion signed in December 2020. With the FEDD+, we are seeking to become a key player in this field. The Multiannual Financial Framework for 2021-2027 and the new Neighborhood, Development and International Cooperation Instrument (NDICI) provide us with the necessary resources, with a total volume of guarantee coverage amounting to €53 billion. Together, we will make an impact and achieve the desired political results.



Towards a world in common

AFD Group implements France's policy in the areas of development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector and NGOs, as well as research and education in sustainable development; its subsidiary Proparco, which is dedicated to private sector financing; and Expertise France, a technical cooperation agency. The Group finances, supports and accelerates transitions towards a fairer, more resilient world.

With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 4,000 projects in the field, in the French Overseas Departments and Territories, in 115 countries and in regions in crisis. We strive to protect global public goods – promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common.



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