Palestinian territories

Opportunities and challenges
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THE PALESTINIAN TERRITORIES

Media coverage of the Palestinian territories is usually linked with war and conflict. And it is true that, for decades, the lives of people in the Palestinian territories have been dominated by the unresolved Israeli-Arab conflict.

Under Ottoman rule, the region between the Mediterranean Sea and the Jordan River was part of Greater Syria; in 1920, it came under British mandate. The region has always been home to Muslims, Jews and Christians. The region’s multi-religious history plays a significant role in the current conflict. The founding of the State of Israel in 1948 and the Arab-Israeli wars in 1967 and 1973 forced many Palestinians to flee the country. Today, more than 4.5 million live as refugees in Jordan, Syria, Iraq and Lebanon. 4.4 million people live in the Palestinian territories, 1.7 million of them in the Gaza Strip and 2.7 million in the West Bank and East Jerusalem.

After the declaration of a Palestinian state by the Palestinian National Council in Algiers in 1988, a number of countries recognized Palestine’s independence. Germany has so far refrained from doing so. The German government holds the view that the recognition of a Palestinian state is contingent on the realization of the two-state solution on the basis of negotiations between Israel and the Palestinian leaders.

The German government has strongly been calling for the resumption of negotiations, their aim being to see the State of Israel and a sovereign, independent, democratic, contiguous and viable State of Palestine living side by side in peace and security.
Providing safe drinking water for the people is one of the most important goals of Germany’s development cooperation.

THE SITUATION IN THE PALESTINIAN TERRITORIES: A DIFFICULT POLITICAL AND ECONOMIC ENVIRONMENT

The relations between Palestinians and Israelis, which had been conflict-ridden from the start, deteriorated even further when peace negotiations failed again in the 1990s and the Second Intifada broke out in 2000. Since then, violence and retaliation have become part of people’s everyday lives, particularly in the Gaza Strip. Rocket attacks are launched from the Gaza Strip at Israeli cities at regular intervals and Israeli settlers repeatedly carry out assaults in the West Bank. The Israeli military operations in the Gaza Strip in late 2008/early 2009 and in November 2012 caused a high death toll among Palestinians and exacerbated the humanitarian and economic situation.

The Palestinian Authority has been working to introduce sweeping reforms and enhance transparency. Since the radical Islamic Hamas came to power in the Gaza Strip in 2007, however, there has been a major political divide between the West Bank and Gaza. The process for Palestinian reconciliation that was launched in 2011 has so far not succeeded in overcoming the division.

The efforts undertaken by the Israeli government and the Palestinian Authority to build peace in the region have been unsuccessful as well. There is still controversy over the pre-
cise line of the border, the status of Jerusalem, the future of Israeli settlements in the occupied territories, the Palestinian demand that refugees have the right to return to their homes, security issues (these are known as “final status issues”) and the distribution of water resources.

The difficult political environment has been impeding economic development in the Palestinian territories. The closure of Gaza imposed by Israel in response to Hamas’ coming to power meant that imports and exports came to a standstill, which had a negative impact on the private sector in particular. Consequently, the social and economic situation in the Gaza Strip has deteriorated, and the private sector has hit rock bottom. Supplying the population with drinking water, food and electricity is often impossible. In the West Bank, restrictions on free movement, which make it difficult for people to access their farmland or travel from one village to another, are a heavy burden on the population.

There has been some progress thanks to the Palestinian Authority’s committed reform efforts. The security situation in the West Bank has improved. Restrictions on movement have been eased to a certain extent. Yet economic development still lags far behind what could potentially be achieved, partly due to restrictions as a result of the political situation. The financial situation of the Palestinian Authority continues to be very difficult. Notwithstanding the impressive
progress made on state-building, the international financial institutions paint a gloomy picture. If tangible and sustained improvements are to be made to the living conditions of the Palestinian population, there is an urgent need for swiftly lifting the restrictions on movement and exports.

Population growth in the Palestinian territories is high; more than one in two Palestinians is under 18 years old. Therefore, one key objective of the cooperation between the Palestinian Authority and Germany is to open up opportunities for the many young people in the region to experience financial and social security in their lives.

*Recess in the schoolyard of a girls’ school that was built with German funding*
The Palestinian territories have significant development potential. However, it can only be tapped if progress is made toward a political solution to the conflict. With their rich history and good geographical location, partly on the Mediterranean coast, the Palestinian territories could develop into an attractive destination for travelers with an interest in history and culture. In this context, the region’s geographic proximity to Europe is an asset — and this does not only go for tourism but also for economic development. The large number of Palestinians living in exile is also a great source of potential. Many of them are highly skilled experts who have forged close networks among fellow exiles. The level of education among people in the Palestinian territories is above
average compared with other Arab countries, with literacy rates of over 94 per cent. So the Palestinian territories’ people are their greatest asset.

Development cooperation is an important element of Germany’s involvement in the Palestinian territories. In addition to providing concrete support to the local population, the German government, together with its partners in the European Union and in the Middle East Quartet, is working intensively on achieving a political solution to the Middle East conflict. Such a solution requires the serious willingness of all stakeholders to come to the negotiating table, and it also requires support from outside.

In the long term, only a two-state solution with a viable Palestinian state will be able to bring lasting peace and sustainable development to the Middle East. Therefore, both parties in the conflict have to fully comply with their respective obligations under the road map for peace in the Middle East.

PALESTINIAN-GERMAN DEVELOPMENT COOPERATION

In terms of German funding per capita, the Palestinian territories are among the top recipients of German development cooperation funds. Improving the living conditions of the Palestinian population and further strengthening Palestinian institutions at the central and local levels are key prerequisites for achieving a long-term solution to the Middle East conflict.

Since the early 1980s, Germany has been providing very continuous and reliable support to the Palestinian territories in a difficult, frequently changing environment. Such support can only bear fruit when flexible approaches are used and all those involved quickly adapt to new challenges. One focus of this development cooperation is on quick-impact measures that are aimed at stabilizing the economic and social situation. But there are also German-Palestinian cooperation activities that are geared toward long-term impact. State building, that is, building institutions for an independent,
democratic and viable Palestinian state, is to be facilitated by putting in place infrastructure that is suitable for sustainable use, strengthening state institutions at national and local authority level, and supporting civil society. The German government is also helping to encourage a dialogue on technical and project-related issues between the Israeli and the Palestinian side, for example in the water sector.

Germany and its Palestinian partners have agreed on three priority areas based on the Palestinian Authority’s reform and development plan:

→ Water/sanitation/waste management

→ Sustainable economic development/promotion of employment/education

→ Institution building and promoting civil society (governance)

Water/sanitation/waste management

The Middle East is one of the most arid regions in the world. There is great potential for conflict over the use of the overstretched water resources by the different parties. The issue of water supply is closely intertwined with the political parameters of the Israeli-Palestinian conflict. Israel has been controlling the water resources since 1967.

The scarcity of water in the Palestinian territories has very serious consequences: not only is drinking water scarce but the agricultural sector is also suffering from water shortages and increasing soil salinity. Due to the difficult economic situation, particularly in the Gaza Strip, wastewater disposal has become a problem with serious consequences for humans and the environment, for example in terms of the spread of infectious diseases and increasing contamination of soil.
The new Nablus West wastewater treatment plant was built with German development cooperation funding.

Protecting scarce water resources is therefore a key focus of Palestinian-German cooperation. Germany and the U.S. are the largest and most important bilateral donors in the water and sanitation sector.

In order to promote more efficient water use and safe wastewater disposal, Germany is giving practical support to the Palestinian territories by providing advisory services in the area of water management and through the rehabilitation and new construction of water distribution and sewerage networks and wastewater treatment plants. A particular focus is placed on the social sustainability of the reforms. The goal is for all population groups to have access to a functioning water and sanitation system in the long term. Germany is one of the leading donors in the water sector and has achieved great progress.
in this area. For example, thanks to Germany’s development cooperation support, some 1.5 million people will be connected to the central wastewater disposal network. As the quality of groundwater is closely linked with the disposal of waste, the German government is also providing know-how and funding to support the establishment of an effective waste management system in the Palestinian territories. So far, Germany has made available more than 250 million euros for the Palestinian water sector and will continue its activities, coordinating them with those of other donors.

Nablus – a focus of Germany’s development cooperation with the Palestinian territories

The city of Nablus is the Palestinian territories’ economic powerhouse. Just like in all parts of the West Bank, water is scarce in the Nablus region. Since the end of the Second Intifada, water supply has been improved for about 200,000 people. Local residents are very pleased about this, especially people in the higher parts of Nablus, who are now receiving water on a regular basis again, for the first time in many years.

In parallel, efforts are under way to improve the wastewater system for about 250,000 people. Previously, the city’s wastewater was collected and then discharged into local wadis untreated. This polluted the environment and the region’s scarce groundwater resources, and it resulted in health hazards for the people, not to mention unpleasant odors. The city of Nablus is situated on a watershed, so wastewater from the city’s western part flows toward the Mediterranean, whereas wastewater from the eastern part goes to the Jordan Valley. The sewerage network is being expanded in both parts, with one treatment plant being built for each. Nablus West, the very first treatment plant in the city’s history, which goes back thousands of years, will become operational in 2013. And in 2013, a wastewater treatment plant project will be started for the eastern part of Nablus and a number of neighboring communities.
SUSTAINABLE ECONOMIC DEVELOPMENT AND EMPLOYMENT PROMOTION, EDUCATION

Since the late 1990s, the economic situation in the Palestinian territories has been deteriorating. Not only has the industrial sector shrunk significantly, farming is also an uphill struggle due to problems such as restrictions on Palestinian farmers’ access to their land, water shortages, and the scarcity of arable land.

The negative effects of this development are hitting large swathes of the Palestinian population. Unemployment is high, and the share of people below the national poverty line was between 18 per cent (West Bank) and 38 per cent (Gaza) in late 2010. There is a need for modern training programs that are in line with the needs of the private sector and for sufficient numbers of jobs in order to give young people prospects for a better future.
In cooperation with Palestinian partners, the German government has introduced large-scale job creation programs aimed at bringing about sustainable improvements in the lives of the population. One of the programs provides for the construction and rehabilitation of more than 100 schools for approximately 80,000 pupils. As construction contracts are awarded exclusively to local contractors, they benefit small and medium-sized Palestinian companies, creating more than 6,000 temporary jobs. With the expansion of primary and secondary schools, poor people in particular will gain better access to education and social infrastructure. In addition, a program aimed at strengthening the vocational training system is set to improve access to quality vocational training for young people from all segments of the population. In addition, the German government is working with four other European donors to support the development of functioning administrative institutions for the education system and, specifically, the improvement of basic and in-service training for teachers.
Better opportunities for small businesses: the European-Palestinian Credit Guarantee Fund

Because of the curfews and restrictions in the West Bank, the movement of goods and persons and financial flows have been interrupted or, in the Gaza Strip, virtually cut off. Unless adequate liquidity is provided for many essentially healthy companies, there is a risk that jobs will be lost and the Palestinian economy will suffer further destabilization. The European-Palestinian Credit Guarantee Fund gives small and medium-sized companies access to loans and helps counteract the disintegration of market structures. Since the inception of the program, more than 2,500 loans with a total volume of 86 million US dollars have been guaranteed through six partner banks. The Credit Guarantee Fund thus plays an important part in revitalizing the economy and protecting existing companies and jobs.

For instance, the owner of an aluminum workshop was able to expand his business thanks to a credit guarantee. Now he is not only producing aluminum doors and windows but also, thanks to the additional machines he purchased, a variety of other aluminum products. As a result of his company’s growing turnover, he is now able to employ as many as 10 workers. And a young woman who got a loan that was guaranteed by the Fund was able to expand her daycare services for the children of working mothers in Gaza and to hire additional staff.
Involving the people in the political process and ensuring that they are legitimately represented by the state are key prerequisites for stability. In principle, democratic structures are already in place in the Palestinian territories. However, the state institutions’ ability to act has been curtailed by internal conflict and the difficult political and economic environment.

Action must be taken in order to enhance the legitimacy, transparency and effectiveness of central and local government institutions. That is why state building and the principles of good governance are further central elements of Palestinian-German development cooperation. The various projects address the national and local government levels. Moreover, projects are coordinated and implemented jointly with local nongovernmental organizations with a view to strengthening civil society.
Good governance in cities and municipalities

The municipalities are the backbone of public administration in the Palestinian territories. Consequently, they bear special responsibility for delivering services to the population. Through its development cooperation, Germany helps to build the capacity of the municipalities and their association, the Ministry of Local Government, and the Municipal Development and Lending Fund (MDLF). The Fund is the central financing instrument for municipalities. Support under development cooperation is being provided to the Fund and to civil society organizations with a view to making the provision of important public services more effective and efficient. Administrative and financial management structures in the partner municipalities are being modernized in line with the principles of good governance so as to improve the quality of their services. Local government representatives and civil society players are receiving training in planning and decision-making processes at the local level. German support in the area of municipal development is a good example of the close dovetailing of technical advisory services and financial cooperation, laying the foundations for a donor-coordinated approach to promoting municipal development. The MDLF is implementing some 700 individual projects to repair water and wastewater systems, power supply systems and urban access roads. In addition, administrative staff in more than 75 towns received training on financial management, and participatory urban development plans were drafted in more than 40 towns on the basis of community meetings.

Comprehensive support and close cooperation at all levels

The Civil Peace Service (CPS) was established by the German government in 1999 as a new instrument for peacebuilding and crisis prevention. The tasks of the specially trained CPS experts include, for example, mediating in situations of conflict, representing the interests of disadvantaged groups, and
working with traumatized victims of violence. With 26 peace experts currently on the ground, the CPS program in the Palestinian territories is the largest in the world.

For some years now, the Federal Ministry for Economic Cooperation and Development (BMZ) has also been working closely with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Germany is supporting UNRWA with financial contributions and advisory services. The BMZ has played a major part in supporting UNRWA's Camp Improvement Initiative, which is aimed at fostering participatory and systematic development in the region’s refugee camps.

There are also numerous other organizations and institutions that are involved in development cooperation in the Palestinian territories and receive German support for their activities. In addition to the German Churches and numerous private development agencies, all the German political foundations are actively engaged in the Palestinian territories.

**German development cooperation**

The Federal Ministry for Economic Cooperation and Development (BMZ) is responsible for the planning and management of development cooperation on the German side. However, the Ministry does not implement any programs or projects itself. Instead, it commissions the implementing organizations with doing that and directs and coordinates their work.

The implementing organizations for Technical Cooperation in the Palestinian territories are Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Physikalisch-Technische Bundesanstalt (National Metrology Institute, PTB). Financial Cooperation is carried out by KfW Development Bank.

GIZ and KfW have local offices in the German House for Development Cooperation in Al Bireh/Ramallah.
The key players in German development cooperation

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The priorities of German development policy

More effectiveness
More visibility
More commitment
More private sector
More education
More democracy

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