

- SERES -

SOCIETE EUROPEENNE DE REALISATIONS, D'ETUDES ET DE SERVICES

JAPAN INTERNATIONAL CO-OPERATION AGENCY - JICA

**PRESENTATION OF THE FRENCH
ODA SYSTEM**

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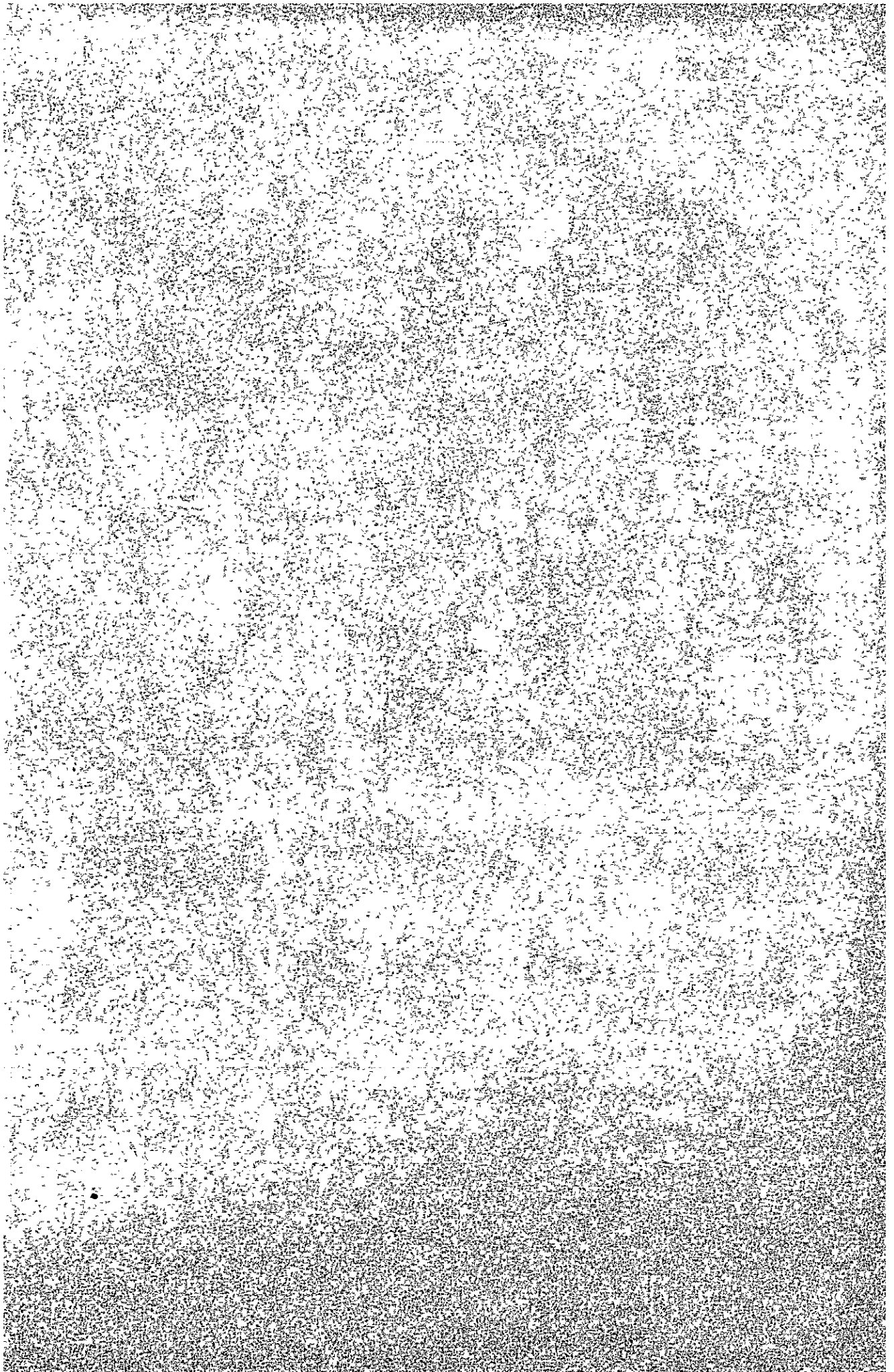


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FOREWORD

The Japan International Co-operation Agency - JICA - is willing to work strategically with partners in order to maximise the impact of co-operation by completing each other's programs. On the other hand, as one of the biggest implementing agency of technical assistance of the Japanese Government, in a lot of cases the international institutions/organisations offer JICA various possibilities of collaboration and joint co-operation.

In order to be prepared with collaboration policy towards each development partners, programs and initiatives, it is necessary that JICA understands not only the strategy of partner organisations but also of the detailed character which is drawn by analysis. Information should be customised and made available to all JICA staff for their reference.

It explains that JICA asked SERES - Société Européenne de Réalisations, d'Etudes et de Services – to realise a presentation of the French co-operation for development. In order to do this presentation, the consultants from SERES have widely used the available Internet sites (and in particularly the ones of the Ministry of Economy, Finances and Industry, of the Ministry of Foreign Affairs, of the French Development Agency (Afd)) as well as the existing documents (such as the Memorandum of France to the DAC, the report of the DAC on French Co-operation, the Tavernier report). The borrowings made from these documents have only been quoted when they were reflecting an individual's point of view. The list of all the sites and documents that have been used can be found in the annex.

The abbreviations that have been used for French institutions are the abbreviations employed in France (i.e. MAE for French Ministry for Foreign Affairs (*Ministère des Affaires Etrangères*), Afd for French Development Agency (*Agence française de Développement*)). The translation of those abbreviations can be found on the next page, in the part entitled "Acronyms and abbreviations".

NOTA : The contents of the present report are the responsibility of the authors alone and should not be considered as representing the official position of JICA

ACRONYMS AND ABBREVIATIONS

AEFE	Agency for French Teaching Abroad (Agence pour l'Enseignement Français à l'Étranger)
AfD	French Development Agency (Agence française de Développement)
AfDB	African Development Bank
ARIA	Investment Risk Insurance in Africa (Assurance du Risque d'Investissement en Afrique)
BFCE	French Bank for Foreign Trade (Banque Française du Commerce Extérieur)
CAEMC	Central Africa Economic and Monetary Community
CCF	The Cultural Co-operation and French Language Directorate
CEFEF	Centre for Financial, Economic and Banking Studies (Centre d'Études Financières, Économiques et Bancaires)
CFA	African Financial Community (Communauté Financière Africaine)
CICID	Inter-ministerial Committee for International Co-operation and Development (Comité Interministériel pour la Coopération Internationale et le Développement)
CIRAD	International Co-operation Centre of Agricultural Research for Development
CNC	National Co-ordinating Committee for Development Research
DAC	Development Assistance Committee
DCT	Development and Technical Co-operation Directorate
DGCID	Directorate General for Development and International Co-operation (Direction Générale de la Coopération Internationale et du Développement)
DOM	Overseas departments (Départements d'Outre Mer)
DREE	Department of External Economic Relations (Direction des Relations Économiques Extérieures)
ECFI	European Community Financial Intermediaries
ECIP	European Community Investment Partners
EDF	European Development Fund
EIB	European Investment Bank
EPIC	Industrial and Commercial Public Establishment (Établissement Public industriel et commercial)
ESAF	Enhanced Structural Adjustment Facility (now Growth and Poverty Reduction Facility)
FAC	Assistance and Co-operation Fund (Fonds d'Aide et de Coopération)
FASEP	Fund for Assistance to the Private Sector (Fonds d'Aide au Secteur Privé)
FFEM	French Global Environment Facility (Fonds Français pour l'environnement mondial)
FSP	Priority Solidarity Fund (Fonds de Solidarité Prioritaire)
GARI	Guarantee Fund for Private Investment in West Africa
HCCI	High Council for International Co-operation (Haut Conseil de la Coopération Internationale)
HIPC	Highly-Indebted Poor Country
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
IRD	Development Research Institute (former ORSTOM)
KfW	Kreditanstalt für Wiederaufbau
LIC	Low-Income Country
LLDC	Least Developed Country

MAE	Ministry of Foreign Affairs (Ministère des Affaires Etrangères)
MEUR	Million Euros
MIC	Middle-Income Country
MEFI	Ministry of Economic Affairs, Finance and Industry (or Finance Ministry) (Ministère de l'Economie, des Finances et de l'Industrie)
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OMT	Mid-term Guidelines (Orientations à Moyen Terme)
ORSTOM	French Scientific Research Institute for Development through Co-operation
PROPARCO	French Development Finance Institution (Société de Promotion et de Participation pour la Coopération Economique)
RPE	Reserve for Emerging Economies (Réserve Pays Emergents)
SCAC	Co-operation and Cultural Action Service (Service de Coopération et d'Action Culturelle)
SDR	Special Drawing Rights
SPE	Strategy, Planning and Evaluation Directorate
SUR	Scientific, Academic and Research Co-operation Directorate
SME	Small and Medium-scale Enterprise
TOM	Overseas territories (Territoires d'Outre Mer)
USD	United States Dollars
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union
WAEN	West African Enterprise Network
WTO	World Trade Organisation
ZPE	Economic Partnership Zone (Zone de Partenariat Economique)
ZSP	Priority Zone of Solidarity (Zone de Solidarité Prioritaire)

I - OVERVIEW OF THE FRENCH ODA

1-1- THE NEW PLAN OF ACTION SET UP BY THE 1999 REFORM

The French plan of action for public development assistance is organised by the reform adopted on February 4th, 1998 by the council of ministers, and implemented since January 1st, 1999.

This reform provoked a deep disruption of French aid and could only be implemented progressively. As a consequence, and even though the reform has been in place for two years now, the past remains an important factor to explain the functioning of the French ODA.

1-1-1- The current plan of action

ODA includes three main actors, the third one being under the supervision of the two others.

- The Ministry of Foreign Affairs - MAE (Ministère des Affaires Etrangères).
- The Ministry of Economic Affairs, Finance and Industry - MEFI (Ministère de l'Economie, des Finances et de l'Industrie).
- The French Development Agency - Afd (Agence française de Développement).

Two other organisations play a basic role:

- The **CICID** (Inter-ministerial Committee for International Co-operation and Development) that is chaired by the Prime Minister and serviced jointly by the MAE and MEFI¹. It was set up in order to ensure cross-ministry co-ordination, a weak point of the former system. The other ministers² concerned with the issue of co-operation are either members of the CICID or associated with its works. A representative of the President also takes part in the works.
- The **HCCI** (High Council for International Co-operation), that depends upon the Prime Minister and aims at involving civil society in France's development assistance policy by providing non-governmental actors with a forum for joint reflection. It has 60 members appointed for a three-year term. It should bring civil society into the debate on policy settings and contents of development co-operation and assistance.

It can be signalled finally that there remains an African Unit of the Office of the President of the Republic. Its competence is confined to Sub-Saharan Africa and it manages, in close conjunction with the government, the inter-head-of-state relations entered into by the French President. The Africa Unit, headed by a counsellor for African affairs, is associated with the processes of cross-ministry co-ordination and decision making for the countries concerned.

¹ The MAE abbreviation is usually employed in France to refer to the Ministry of Foreign Affairs (or sometimes "Les Affaires Etrangères" or "Le Quai d'Orsay"). On the contrary, the MEFI abbreviation is less employed than the expression "Ministère des Finances", or Finance Ministry.

² A dozen overall.

Two points of the reform are particularly important: the integration of the Ministry of Co-operation in the MAE, and the creation of a Priority Zone of Solidarity (ZSP). These two points will be now more developed.

The integration of the Ministry of Co-operation in the MAE

The Ministry of Co-operation has been handling relations with France's former colonies ever since their independence (which happened, for the majority of them, in 1960). It was toward these so-called "ambit" countries, most of them being African, that the French ODA was mainly oriented. The Ministry of Co-operation has then been absorbed by the MAE with effect from January 1st, 1999. As a consequence, development co-operation functions are now re-united within a single unit, the Directorate-General for International Co-operation and Development (DGCID). Nevertheless:

- The DGCID does not exactly take in charge the former attributions of the Ministry of Co-operation and the different geographical areas of competence do not exactly overlap.
- There has been an important mixing between the employees of the MAE and the former employees of the Ministry of Co-operation.
- A Minister with special responsibility for Co-operation and French-Speaking Community has been appointed.

Actually, it seems that the political authorities were afraid that a geographic amalgamation would have made the former ministry the basis of an "*Africa Directorate*" in the MAE and that this method would have been perpetuating the Ministry of Co-operation. So they decided to proceed quite differently and merged the MAE's Directorate-General for Cultural, Scientific and Technical relations (DGRCSST) with the ex-Ministry's Development Directorate and its Geographical Co-ordination and Studies Service, to form the DGCID, which has a world coverage. Similarly, the managerial departments (budget, personnel) were merged with their counterparts in the MAE.

Henceforth, the former missions of the Ministry of Co-operation, that were settled in foreign countries, became part of the embassies' services.

The creation of a Priority Zone of Solidarity (ZSP) and of a Priority Solidarity Fund (FSP)

The creation of this zone shows France's willingness to focus its development assistance bilateral means on certain countries in which its help will be meaningful. Outside of this zone, France will favour multilateral assistance, but will also be able to punctually intervene by setting up targeted partnerships aiming at technical, economic, cultural or scientific assistance.

The ZSP was defined in February 1998 as the geographic area in which ODA, "on a selective and concentrated basis, can be expected to produce a significant effect in economic terms (leverage) or political terms (French-speaking countries essentially); the area comprises the countries least developed in terms of income and without access to the capital market".

The list of countries concerned was drawn up at the first meeting of the CICID in January 1999³. Automatically included were the 37 countries within the "ambit" of the former Ministry of Co-operation and as such eligible for appropriations from the Assistance and Co-operation Fund (FAC). To these were added a good number of countries in Sub-Saharan Africa, mostly English-speaking countries in eastern and southern Africa (since the "ambit" already included the Portuguese-speaking countries). But the ZSP does not include Botswana, Lesotho, Malawi, Swaziland, Somalia, Sudan and Zambia. The ZSP also includes the Maghreb countries, Lebanon and the Palestinian-administrated territories, the three countries of the Indo-Chinese Peninsula and the Caribbean. Most of these areas

³ The full list of ZSP countries will be found in Annex II.

were already covered by the AfD but not by the former Ministry of Co-operation. Several countries have been included for regional considerations.

The list of countries covered by the ZSP is decided every year by the CICID.

The countries belonging to the zone will be covered by the Priority Solidarity Fund (FSP), managed by the MAE (which took over from the FAC on January 1st, 2000) with the exclusive assignment of financing programmes of institutional co-operation in "sovereign" spheres (justice, economic administration, rule of law, defence, police) as well as for programmes concerning social and cultural development and research. As regards to the countries that are not in the ZSP - i.e. all Latin America except Surinam and all Asia except the Indo-Chinese Peninsula - France pursues a policy of cultural, scientific and technical co-operation of a general nature.

However, within the ZSP, the French ODA is mainly based on the AfD.

1-1-2- The goals of the reform.

Among the various goals of the reform, the following ones can be highlighted:

To clarify the French plan of action of development assistance

The first criticism directed towards France by other donating countries (cf. France examination by the DAC in 1997) was the lack of clarity in its plan of action concerning development assistance, as well as the multiplicity of its tools. The reform of February 1998 answered this criticism by setting apart the tools from the areas of competence, and from the structures in charge of their setting up. It consecrates the principle of a development assistance that distinguishes the action of solidarity towards the poorest countries from the partnerships established with other countries.

To adapt co-operation to "globalisation"

The word "globalisation" is understood here in a wide sense in order to cover a new situation including:

- The end of the East-West conflict. The collapse of the Iron Curtain releases the dependence of French co-operation on strategic issues. Development problems, that can be referred to as the fight against poverty, comes at the centre of ODA's plan of action.
- The globalisation of commerce and the application of WTO rules.
- France's willingness not to limit its co-operation to African countries that are often marginalised.
- The development of multilateral co-operations.

To end the "subscription logic"

One of the criticism addressed to the French co-operation was that, before the reform, the assistance was characterised by a "subscription logic": several countries from the "ambit" considered that the assistance was renewed every year, without any relation to the results. But from now on, the ZSP can be revised every year by the CICID.

To reform the financial protocols

The protocols used to provide countries with block soft loans for subsequent allocation among different projects. The 1998 reform requires that each protocol be negotiated and signed in respect of a specified project that has been assessed by experts in the concerned sector. The protocols comply with the

Helsinki disciplines prohibiting concessional financing of commercially viable projects. The relevant appropriations have been grouped into a single fund named Reserve for Emerging Economies (RPE), which comes under the heading of ODA but is intended to "enable French firms to acquire strategic export positions". Whereas the former protocols were managed jointly by the Treasury Directorate and the Directorate for External Economic Relations (DREE), the RPE is managed by DREE only. A list of some fifteen countries⁴ eligible to benefit (essentially non-ZSP countries) is drawn up and reviewed each year. The amounts involved are steadily declining. Protocol credit in 1998 totalled Euros 412 million and was used to finance 26 projects in eight different countries.

The RPE counts as ODA in that it complies with the OECD rules that prescribe the minimum grant element for loans provided and prohibits "soft" financing of "commercially viable" projects. The financial protocols have always had two aims. Since the introduction of the RPE the emphasis is on commercial support for French enterprises, but development assistance is not neglected. The French authorities believe that the encouragement of French economic presence and corporate investment in developing countries is an effective way to help them.

The actual operation of the protocols (disbursements) is effected in the ZPE by NATEXIS, a bank formed by the merger and privatisation of the *Banque française du commerce extérieur* (BFCE – French Bank for Foreign Trade) and *Crédit national* (government-owned lending institution). In the five ZSP countries eligible for protocols, this function is performed by AfD.

To adapt the French co-operation to the development of multilateral assistance

Because of its high involvement in the African zone of influence, French co-operation has, historically, been unwilling to delegate a part of its means to multilateral institutions. Nevertheless, there has been a clear evolution since 1990, and the budget restrictions that took place so far concerned bilateral assistance and not multilateral aid. More particularly, the assistance going through the European Commission has clearly increased, France having, besides, an important influence on the use of this assistance.

To adapt the French co-operation to the growing differences among the developing countries

France considers that development assistance has now to be differentiated according to its beneficiaries, namely either LLDC or emerging countries. This differentiation has been taken into account in the Cotonoo Agreement, signed between the European Commission and the ACP countries associated to the European Union through the Lome agreements.

1-2- THE MEANS OF THE FRENCH ODA AND THEIR USE

1-2-1- Comparison with the other DAC member countries

The volume of French official development assistance - USD 5.74 billion in 1998 - makes France the third largest donor of all 22 DAC Member countries, after Japan and the United States. As a percentage of gross national product (GNP) - 0.40 in 1998 - France was still ranking first among the G7 countries (average 0.24%). Nonetheless, this remarkable performance by France should not conceal the downtrend that began in 1995, i.e. a reduction of 32% in current USD. Expressed as a percentage of GNP, the decrease - from 0.64 in 1994 - is substantial.

⁴ This list essentially includes China, Egypt, India, Indonesia, Kazakhstan, Turkey and South Africa, but certain ZSP countries may also receive protocol funding : these are the three Maghreb countries, South Africa and Vietnam (which had already been receiving such assistance prior to the reform).

OFFICIAL DEVELOPMENT ASSISTANCE FROM DAC MEMBER COUNTRIES IN 1998

Country	USD (million)	% of GNP	Share of multilateral aid	
			Including European Community	Excluding European Community
Canada	1 691	0.29	28.6	-
Denmark	1 704	0.99	40.5	34.0
France	5 742	0.40	27.1	13.5
Germany	5 581	0.26	37.5	15.3
Japan	10 640	0.28	19.6	-
United Kingdom	3 864	0.27	44.8	23.2
United States	8 786	0.10	31.8	-
Other countries	14 060	-	-	-
Total DAC	52 068	0.24	-	-

Source: OECD

1-2-2- Evolution of the French assistance

The conclusions that can be drawn from the following table are:

- The overall decrease of French ODA.
- The fact that the bilateral aid diminished more than the multilateral aid, this last one increasing its share in the total.
- The relative preservation of technical co-operation.
- The decrease of project and programme aid.
- The decrease of debt reductions that reached an all time high in 1994 thanks to the devaluation of the CFA Franc.

EVOLUTION OF DISBURSEMENTS SINCE 1994

	Gross disbursements (constant 1997 USD, million)						Total DAC 1998 (%)
	1994	%	1996	%	1998	%	
Bilateral	7 492	80	6 094	80	5 306	76	71
Project and programme aid							
Grants	611	7	551	7	498	7	13
Loans	1 583	17	1 112	15	752	12	16
Technical co-operation	2 207	24	2 213	29	2 088	30	22
Developmental Food aid (a)	72	1	62	1	52	1	2
Emergency and Distress relief (a)	121	1	85	1	89	1	5
Action relating to debt	2 035	22	1 293	17	1 236	18	6
Core support to NGOs	19	0	20	0	22	0	2
Administrative costs	273	3	268	4	272	4	5
Other grants	572	6	491	6	297	4	2
Multilateral	1 829	20	1 501	20	1 663	24	29
UN agencies	161	2	129	2	120	2	7
EC	903	10	747	10	785	11	8
World Bank group	439	5	426	6	235	3	7
Regional development banks (b)	237	3	129	2	141	2	3
Other multilateral	89	1	70	1	382	5	3
Total gross ODA	9 321	100	7 595	100	6 969	100	100
Repayments	- 971		- 1 005		- 1 209		
Total net ODA	8 350	100	6 590	100	5 760	100	100

Source: OECD

(a) - Emergency food aid included with Developmental Food Aid up to the end of 1995.

(b) - Excluding EBRD

1-2-3- Geographical area of ODA intervention

MAIN RECIPIENTS OF FRENCH BILATERAL ODA

				Gross disbursements, two-year averages	
Countries	1997-98		1992-93		
	Current USD (million)	%		%	
French Polynesia	392	9		6	
New Caledonia	381	8		7	
Egypt	302	7		5	
Côte d'Ivoire	299	6		10	
Cameroon	271	6		8	
Top 5 recipients	1 646	36		35	
Morocco	235	5		4	
Madagascar	225	5		3	
Senegal	184	4		4	
Congo, Rep.	164	4		-	
Algeria	129	3		4	
Top 10 recipients	2 583	56		53	
Mayotte	103	2		-	
Niger	95	2		2	
Tunisia	94	2		2	
Gabon	82	2		2	
Burkina Faso	73	2		2	
Top 15 recipients	3 030	66		63	
Mali	72	2		2	
Guinea	69	2		2	
Vietnam	68	1		-	
Mozambique	58	1		-	
Chad	51	1		2	
Top 20 recipients	3 349	73		71	
Total (144 recipients)	4 605	100		100	
Unallocated	943				
Total bilateral gross	5 548				

A few conclusions might be drawn from this last table, such as:

- The geographical breakdown of French aid shows that it is highly concentrated on Africa, which received 62% of gross disbursements in 1998 (average DAC Members: 36%).
- The two overseas territories (New Caledonia and French Polynesia) receive an important share of French aid.
- After Sub-Saharan Africa, North Africa is the main recipient of French ODA.
- Compared with the average DAC Member countries, Asia and Latin America receive a relatively small share. In 1998, Asia's share was 7% of gross disbursements (DAC average, 39%), while Latin America was 8% (DAC average, 13%).

1-2-4- Distribution of assistance among the main actors

DISTRIBUTION OF FRENCH ODA AMONG THE MAIN ACTORS (1998 - Million Euros - Excluding overseas territories)

	MEFI	MAE	Other ministries and adminis- trative costs	Total
Bilateral aid	1 059	872	1 089	3 020
<i>Of which :</i>				
- Debt cancellation and consolidation	636	-	-	
- Treasury grants and loans }				
- AfD }	423			
- Ministry of Foreign Affairs		872		
Multilateral aid	1 292	108	-	1 400
<i>Of which :</i>				
- EC aid	703	-		
- Dev. Banks and Funds	354	-		
- ESAF of the IMF	235	-		
- UN institutions	-	108		
Total	2 351	980	1 089	4 420
Percentage	53%	22%	25%	100%

Source : "Etat récapitulatif des crédits concourant à la coopération avec les Etats en voie de développement"
(Summary statement of development co-operation credits - appendix to finance bill) - *Quoted in DAC journal.*

It can be seen that the Finance Ministry continues to play a key role, possibly more so than in any other countries. However, this statement concerns budget allocations only, and has not yet been amended to reflect the new situation arising from the reform. In particular, the fact that in the aforementioned statement a substantial portion of AfD credits is shown under MEFI.

1-2-5- Bilateral and multilateral aid

The gross amount of French official development assistance distributed through multilateral organisations reached USD 1.66 billion in 1998, or 24% of aggregate ODA. The largest beneficiary of France's multilateral aid is the European Commission, which generally receives nearly half of France's aggregate multilateral disbursements (47% in 1998, i.e. USD 785 million). In 1997, the percentage rose to a record of 58% because of France's commitment to finance one-quarter of the 8th EDF.

France has reasserted its resolution to play a more important part in international organisations, concrete examples of which are: the hosting of annual meetings of the Inter-American Development Bank and the ABCDE World Bank Conference in Paris in 1999; the creation of trust funds; personnel exchanges between AfD and other development banks; the holding, in April 2001, of the French Meeting of multilateral co-operation in order to favour the access of French firms to multilateral markets.

France, alongside Japan, is the largest contributor of interest subsidies (SDR 250 million) to the IMF's Enhanced Structural Adjustment Facility (ESAF, or Growth and Poverty Reduction Facility as it is now called), and the second largest contributor to the loan account (SDR 750 million).

France also contributed to the capital increase of several development banks (African Development Bank, African Development Fund, the Special Operations Fund of the Inter-American Development Bank) as well as to replenish the resources of IDA. Its contributions to the concessionary funds of these institutions totalled USD 402 million in 1998.

Disbursements of compulsory contributions to the specialised agencies of the United Nations amounted to approximately USD 100 million in 1998. Voluntary contributions allocated to the general resources of six United Nations funds or programmes totalled USD 22 million in 1998 and 28 million in 1999. However, the contributions to those agencies are regularly decreasing⁵.

A detailed table of the evolution of French ODA and its breakdown can be found in Annex IV : "Evolution and breakdown of French ODA from 1993 to 1997".

⁵ The Tavernier report ("La coopération française au développement" – Report to the Prime Minister) indicated that: "Un sort particulier est fait à nos contributions, en baisse régulière aux agences des Nations unies. Il est évident qu'il convient de les ramener à leur rôle de libre et neutre fédération de financements sur la base d'associations volontaires de donateurs bilatéraux. Les agences cesseront alors de prétendre à être des opérateurs de développement, ce qu'elle ne peuvent réaliser qu'au prix de coûts de structure exorbitants et de sous-traitances mercantiles ou peu efficaces. Elles doivent retrouver leur vocation, en termes de légitimité et d'expertise. C'est dans cette dérive que la crise financière du système des Nations Unies trouve pour partie ses origines. Cela signifie également que si nous abaïssons trop nos concours à ce système, nous perdons notre place pour en inspirer la réforme et abandonnons l'ambition d'y faire entendre ou prévaloir nos idées".

II – STRATEGIC AXES OF THE FRENCH CO-OPERATION FOR DEVELOPMENT

In every country belonging to the DAC, assistance for development – and more precisely the bilateral assistance – not only includes development goals for the countries that are being helped, but also strategic, commercial, ideological aims, or goals of world-wide presence for the countries that bring the assistance.

In the case of the French co-operation, its own goals are linked to the high presence of France in the "ambit" countries, and can be explained through history. Nevertheless, a reshuffle of the strategic axes of the French co-operation for development can be witnessed. The reform that was adopted in 1999 is one of the characteristic of this change.

2-1- 1960-1999: FRENCH CO-OPERATION AND "AMBIT" COUNTRIES

2-1-1- The movement of independence

In 1946, the former "French Empire" becomes the "French Union", including:

- The French Republic: France, Algeria and the overseas departments (Guadeloupe, Guyana, Martinique, Reunion) and territories (notably the countries of occidental and central Africa), whose inhabitants are French citizens and whose electors (a fraction of the population) send deputies to the French assembly⁶.
- The "associated" countries: Tunisia, Morocco, Vietnam, Cambodia, Laos as well as Togo and Cameroon, former German colonies.

This temporary construction did not resist to the independence of Vietnam, and then of Cambodia and Laos in 1949-50, and of Morocco in 1956. The creation in 1958 of the "French Community" in which every French-speaking African countries (but Guinea) are taking part, is quickly followed by the independence of most African countries in 1960. After a war that starts in 1954, Algeria will gain independence in 1962.

The co-operation was mainly implemented in order to maintain a French presence in the African countries and bore the mark for several years of a deep attachment to the African continent. This attachment corresponded also to the requirement to keep the African countries in the zone of occidental political influence in the period of the Cold War.

In this period, the French assistance for development, was essentially the "Co-operation" ruled by the Ministry of Co-operation, the "rue Monsieur", with quite often a direct and important influence from the Republic's Presidency, that often keeps privileged personal links with African Heads of States. This period is also marked by the development of an important technical assistance and the creation of a national service in the co-operation that can, for those volunteering, replace the standard military service and will provide France with an important expertise in the field of the assistance for development.

⁶ For example, Félix Houphouët Boigny, the ex-President of Côte d'Ivoire has been a deputy in the national French assembly.

2-1-2- The questioning of a co-operation based on the "ambit" countries

Slowly, the criticism addressed to the Co-operation have increased: restriction of the assistance towards Africa and preservation of an "ambit" that does not satisfy anymore the needs brought by globalisation, creation of a mutual dependency between France and the African states without putting the emphasis on the long term needs of development, absence of distinction between strategic, economic, commercial, etc. goals.

Nevertheless, two factors can be seen as essential for the questioning of this kind of co-operation: first, the end of the Cold War greatly diminishes the strategic aspect of co-operation and second, the process of globalisation renders necessary for France not to limit itself with an African "ambit" whose share in world-wide commercial trade is limited⁷.

2-1-3- The exit from the structural adjustment period

The macro-economic assistance still has a heavy weight in the French ODA. Since 1989, the weight of ODA debt relief has progressively increased. Total macro-economic aid peaked in 1994 at USD 2 756 million (32.6% of total ODA). After the CFA franc devaluation it was possible to reduce the amount and share of adjustment assistance considerably, but implementation of the debt reduction initiative for the heavily-indebted poor countries (HIPC) will bring the figures up steeply; in 1998 the debt relief share alone stood at 18%. France is, with Japan, one of the top two creditors of the group of countries eligible for the HIPC initiative, this being largely explainable by the weight of outstanding French loans to Côte d'Ivoire and Cameroon (that amounted to USD 3.6 billion at the end of 1998).

2-2- SINCE 2000: THE NEW STRATEGIC AXES OF THE FRENCH ODA

2-2-1- The strong lines of the French co-operation

The Priority Zone of Solidarity (ZSP) and the partnerships

The suppression of the notion of "ambit" countries does not mean that the major orientation of the French ODA towards Africa is abandoned. The former "ambit" countries are part of the ZSP, among the newcomers are a number of English-speaking countries of sub-Saharan Africa but this part of Africa still plays the main part in it. North Africa is also an important region. Other countries are also part of the zone, which composition can be changed every year. The main part of the financial flows of the French assistance are addressed to this zone.

Out of this zone, the French co-operation will rather try to set up economic, technical or cultural partnerships, in order to maintain and reinforce the French presence. However, this kind of assistance represents an annual amount of more than Euros 2 billion excluding sub-Saharan Africa, that is essentially based on two tools:

⁷ The Cotonou Agreement, signed on June 23rd, 2000 between the European countries and the ACP countries, is also a consequence of these two factors. This agreement must change the relations established between the European Union and the African countries, as the agreement puts the emphasis on regional groups rather than on specific countries (WAEMU, CAEMC, SADC...).

1) **Cultural, scientific and technical co-operation**, that represents an annual amount of almost Euros 400 million, and the **co-operation in the fields of education and research** (around Euros 700 millions). An important institution is the AEFÉ (Agency for French Teaching Abroad), that finances and manages establishments in numerous countries that prepare to the examinations of the French national education system. These establishments are aiming at the education of young French people that are abroad, but their good recognised level provokes, in spite of the high price of the schooling, a high demand from nationals, that often represents up to half of the total number of pupils.

2) **Economic partnerships**, that represents more than Euros one billion. Since the reform decided on February 1998, the former system of financial protocols has been replaced by two tools of economic partnership, aiming at promoting French firms' supply, and particularly in emerging countries:

- **The Reserve for Emerging Countries (RPE)** that can bring to French firms a financing for specific projects linked to big investment projects. Interventions are limited to certain strategic countries for French interests⁸. The amount granted will be decided not according to the country, but to the merits of each project, after they have been studied and validated by an inter-ministerial council.
- **The Fund for Assistance to the Private Sector (FASEP)**, aims at sustaining French firms (more particularly the SMEs) in the starting phase of the projects. It intervenes under the shape of donations or reimbursable advances, the geographic or sectoral priorities of the FASEP are determined by an inter-ministerial orientation committee.

The French-speaking community and the training

The Minister with responsibility for co-operation (see § 3-2-1- the organisation chart of the DGCID), is in charge of the French-speaking community⁹ that is both a set of institutions and a concept. There is a High Council of the French-speaking community and also an inter-governmental agency of the French-speaking community, in which there are 55 member countries. The French-speaking community has sometimes been essentially a tool to reinforce the diplomatic positions of France, but the institutions of the French-speaking community have launched a deep change towards a real inter-governmental status.

The training is often linked to the French cultural presence, that expresses itself through the French-speaking community, but has to be completely differentiated from the institutions of the French-speaking community. The training is a main axis of the French policy of co-operation.

French universities, technology university institutes and superior professional schools are among the firsts in the world for their share of foreign students included in their training. The number of research students is increasing. Other forms of co-operation are also based on the training of people:

- The Minister of Co-operation has created in the "ambit" countries around fifteen inter-states schools in fields such as public finances, tropical agronomy, the professions oriented toward the treatment of water,...
- Grants are often delivered for additional training: in sub-Saharan countries, the Taxes School (l'Ecole des Impôts) or the Customs School (l'Ecole des Douanes in Neuilly) are considered as references.
- Almost half of technical assistants have training activities, that are often completed by outside contributors.

⁸ Some 15 countries are in the list, list that will be reviewed annually. Essentially, the countries involved are China, Egypt, India, Indonesia, Kazakhstan, Turkey and South Africa.

⁹ Called in French the "Francophonie".

The evaluation of the concrete results of these policies based on training is often difficult, as the effects can often be only felt on the long term. In a context in which the DAC member countries are focusing more and more on the "capacity building" that is necessary for sustainable development, these actions have a real interest.

The Franc zone

The zone of the CFA Franc includes 14 African states that are united in two monetary unions : the West African Economic and Monetary Union (WAEMU) that includes Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Niger, Mali, Senegal and Togo; and the Central Africa Economic and Monetary Community (CAEMC) made up of Cameroon, Chad, Central African Republic, Congo, Gabon, and Equatorial Guinea.

The zone is characterised by the free convertibility between the French Franc and the CFA Franc, the freedom to transfer (including transfers of capital) in the zone, the guarantee without any limitation of the CFA Franc by the French Treasury, that imposes rules of management as a counterpart.

For a long time, the Franc zone has constituted for France one of its bases of co-operation and a mean to privilege French firms. Currently, and even though France has made a great effort to help the countries of the Franc zone after the devaluation of the CFA Franc (almost Euros 500 million in 1994), several factors are contributing to the diminution of importance of the zone. Among those factors are the globalisation that makes it difficult to keep protected and favoured markets, and the creation of the Euro zone, that will necessarily lead to the extension of the advantages that the French firms are enjoying, to all the countries of the European Union. With this last factor, it could even be imagined that the Franc zone will be converted into a zone including a lot of other countries, notably English-speaking ones, and that will be linked to the Euro zone.

Technical assistance

France has currently around 3 000 technical assistants that do some field work and are detached from the French administration. This technical assistance is a particularity of the French ODA that is a starter of a lot of controversies.

Technical assistants were, on the morrow of independence, five to six times more numerous, and were in charge of conception as well as execution tasks, in the name of beneficiary administrations. The cost of this assistance was shared between France and the beneficiary state. Besides, a country, as Côte d'Ivoire did, may ask for the help of a number of technical assistants from private consultancy offices, but, in this case, the cost, which is generally high, is entirely on its charge.

The new reform has increased the refusal of French co-operation to take in charge substitution tasks. This can be explained by the fact that a lot of people with high abilities are citizens of the countries that are being help, and that those abilities should be used. As a consequence, the French technical assistance must only realise tasks of support or training.

Criticisms addressed to the French technical assistance are sometimes more than deserved:

- High costs and heaviness of the detachments that are made for several years.
- Reproduction of the French models without an adaptation to the local realities.
- Number of aid-workers that work exclusively abroad and have to be replace, sometimes without a perfect adaptation to the tasks asked for.

Nevertheless, and in spite of its defaults, this aid is probably a fundamental wealth of French assistance for development and especially in the countries concerned by bilateral assistance, and more particularly, in those times when it seems more and more obvious that the "capacity building" of the

administrations of the helped countries is an essential element of the assistance. It is possible to quote as examples of the role played by French technical assistants:

- What has been done in the fields of education and in the functioning of a lot of national and inter-states schools, research institutes,...
- What were the realisations in the fields of agriculture, health, transportation, water and electricity,...
- The interventions in the Ministry of Finance: installation of the VAT regime in a number of countries, support of the reforms initiated by the IMF and the World Bank.
- The support that begins in the setting up of a rule of law.
- ...

Decentralised co-operation

Anglo-Saxons and Scandinavian countries often have an important part of their help to transit through associative movements. In France, NGOs are generally less powerful, even if the trend of development of their actions is real. However, territorial communities have, most of the time, a greater importance on the international scene, than those from other countries.

Actually, the French laws on decentralisation have given to regions, departments or cities the legal capacity to intervene financially outside of the French borders. This possibility has first been used with Germany in order to establish a twinning based on the principle of reconciliation of the people, and with Great Britain, but this time, with a linguistic aim. Nowadays, twinning in an aim of co-operation for development happens quite often and, in 1996, 5 000 initiatives involving 111 countries have been identified¹⁰. The majority of these initiatives involves countries from the ZSP and more precisely Sub-Saharan countries. People in charge of following those initiatives are being appointed in the co-operation services of the embassies.

2-2-2- The adaptation to the new strong lines of the international co-operation

The 1999 reform, but also the evolution of French co-operation outside of this reform, intends to adapt the French assistance for development to the axes now privileged by the international co-operation for development. These axes, that can be found in various co-operations, will be briefly examined now.

The fight against poverty

The reform underlined that the French co-operation, in respect with what is being followed by the other countries belonging to the DAC, should be oriented towards the decrease of poverty, and consequently, should first benefit the underprivileged, but without forgetting to establish the macro-economic, financial and institutional conditions necessary for the growth of the economy.

The DAC thinks that "much still remains to be done to redirect the main components of France's development assistance towards reducing poverty". As a matter of facts, it can be seen that the French ODA is often more oriented toward secondary or superior education rather than basic education, that primary health only receives a small amount of the health financing, that financial flows are more important toward MICs than LLDCs, that the defence of the French-speaking community can hardly be thought of as a fight against poverty. France's defence from this criticism was to underline the fact that the projects that are being promoted often have, as one of the main component, the fight against

¹⁰ Quoted in the Tavernier report, that estimates that financial engagement exceed every year Euros 150 millions. The DAC journal gives the figure of \$170 million for 1998, amounts that are not declared to the DAC, even though nothing is in opposition according to the rules of declaration that are being used.

poverty, even if it is difficult to assess. It has also included the fight against poverty in its goals, and in the means to implement (for example, there has been the creation of a department for social projects in the AfD)

The importance given to the private sector

Just as for the other donors, French ODA tries more, in principle, to reach the environment of the private sector (investment code, fiscal and tariffs regimes, rights of the firms, justice...) and the establishment of sound financial systems, that can have means of intervention that the private sector does not have.

Direct assistance is however important by the intermediary of the Proparco (cf. § 4-2-) or multilateral institutions such as the IFC.

Concern for the environment

The environment is recognised as an important concern. But even if the declarations relating to the environment are giving a central importance to the issue, the means that are dedicated to it are still limited. The rational management of natural resources is however one of the four strategic pillar designated by the DGCID Development Directorate. Teams of specialists in the MAE and AfD design specific environmental preservation projects. However, systematic integration of the environment issue would require additional resources.

It should be noted that substantial progress has been made by the French development finance institution Proparco, which has adopted the standards applied by the IFC, and by the French global environment facility, which has worked to introduce the environmental dimension into development programmes.

The progresses of a rule of law

France is an ardent advocate of the rule of law as an essential condition for sustainable development. It has engaged in a very active co-operation to promote the rule of law, in the context of administrative capacity and local development. France has thus acquired considerable experience and know-how in areas like support to democratic institutions and the electoral process, training of magistrates, co-operation in matters of security and police training, and administrative co-operation including support for the decentralisation process. Nevertheless, this institutional co-operation is divided among a great number of actors.

The promotion of gender equality

It is certainly intended to do more to promote gender equality, but no tangible progress has been made so far. The mainstreaming of gender equality concerns into the aid effort still constitutes a challenge. A very great deal remains to be done – especially in the MAE, which seems to favour projects that target women – before the gender equality issue is recognised as such. A clear-cut position, a definite strategic resolve and a strengthening of institutional capacities seem to be lacking.

The use of NGOs

As it has already been said earlier, French NGOs are often lacking powers. Cases such as "Médecins sans frontières" or the "Fédération internationale des droits de l'homme" are exceptions and only around 15 NGOs have a turnover above Euros 15 millions.

Nevertheless, a trend to use more local NGOs, often linked to NGOs from northern countries, is showing up in the interventions of the MAE (as in the interventions of the European Community).

It has to be underlined in this field the recent creation of the HCCI, which aims at developing the dialogue with civil society.

A growing co-ordination with the other donors

France is seeking to develop co-ordination between donors at different levels.

At the European level, the progresses have been important for several years, according to the directives given by the Council of Ministers of the European Union. For example, it can be quoted that:

- The co-ordination meetings that are taking place in the field countries between Member States and the Commission, have been institutionalised.
- Frequently, the simple notion of co-ordination is left aside to use the one of leadership of one country (or of the Commission) in several intervention sectors.
- There are co-financing between the AfD or Proparco and the EIB.

At the multilateral institutions level, and in particular the World Bank, the disagreements that might have happened, notably in French-speaking African countries before the devaluation of the CFA franc, have mainly disappeared, or happen because of the way the assistance is implemented and not because of the goals. Co-financing is frequent, as with the IFC, and in certain cases, the other development banks (for example, there has been agreements between the Proparco and the IFC, the Inter-American Development Bank and the Islamic Development Bank). Moreover, the AfD has developed long ago an active policy of personnel exchange with a certain number of donors (around ten agents were as such available in 1998)

The co-ordination at the bilateral co-operations level is often younger and less institutionally developed, even if it is frequent in practice. Granted, the close relations between the AfD and the could be cited, but these relations could certainly be more developed, not only on a mere aim of information, but on the one to develop the efficiency and the complementarity of experiences.

2-2-3- Towards multilateralism and insertion in the European assistance

France, like its European partners, superimpose three levels of co-operation: multilateral co-operation, European co-operation and bilateral co-operation. The increase of the multilateral co-operation part is an heavy trend of international co-operation towards which France has long shown some reticence, in order to preserve its African zone of influence. It is not the case anymore, and France even seems to prefer a policy of strong presence in multilateral organisations.

Regarding European co-operation, the problem is somewhat different. France, which is the main contributor to the European Development Fund, enjoys an important influence on the policy of co-operation of the European Commission. For a certain number of years, French-speaking countries, and particularly Côte d'Ivoire and Cameroon, have been the main beneficiaries of European assistance. European assistance takes more and more importance, compared to the French one. The fact that the Delegate of the European Union has now the same rank than an ambassador, and has the precedence over the ambassadors from the member countries is meaningful.

2-2-4- Tied aid

In 1998, the High Level Meeting of the DAC approved the decision to work on a recommendation on untying aid to the LLDCs, as the tied aid was considered as leading to over-costs, that diminished the efficiency of the aid.

A main part of France bilateral assistance is linked to the procurement of goods and services originating in France, the costs of goods and services originating in the assisted countries can nevertheless be financed without any difficulty and a derogation can be granted, after the opinion of the commercial Counsellor of the Embassy, if the French firms can not provide for the concerned goods and services. When it is a more important market that is concerned, the Department of External Economic Relations or the State Secretariat for Industry can also be consulted. Dispensations are easily granted to foreign companies that are subsidiaries of French companies, even if the French value-added is low. Those dispensations are more difficult to obtain for the other foreign companies.

However, France is one of the most unwilling country of the DAC to a complete untying of aid. At the 1999 DAC meeting, where no compromise had been found, France laid down four conditions for joining the consensus on a draft recommendation:

- Maintaining the level of aid to the LLDCs is a key concern for France. It considers that the aid effort in favour of the LLDCs is insufficient and that further reduction would be unacceptable. France can not be satisfied with the draft recommendation's commitment to maintain ODA levels to the LLDCs and to ensure that aid allocations to the LLDCs will not decline as result of this initiative. Instead, France proposes an incentive mechanism defining an eligibility threshold for the untying of aid. This envisages that only those DAC member countries whose ODA/GDP ratio to the LLDCs is equal or superior to a certain threshold, which might be fixed at the average of DAC Member countries, i.e. 0.03%, would untie their aid between themselves.
- The complete exclusion of technical co-operation is considered to be another essential condition in order to preserve a sense of national involvement in development assistance in public opinion and among policy-makers in donor countries.
- Food aid must be covered, since there is no justification for excluding it as it is a genuine form of development assistance. Any recommendation must therefore provide for covering this type of aid on the basis of a well-defined timetable.
- European Community aid should be excluded from the coverage of the recommendations.

At the 2000 DAC meeting, the position held by France had not really evolved, but France found itself with Japan more isolated, as Italy and Belgium, that were previously not really in favour of the untying of aid, rallied the majority.

III - THE DGCID AND THE TREASURY

3-1- THE FUNCTIONS

3-1-1- Legal framework and status

The two cores of the French ODA system are the Ministry of Foreign Affairs (MAE) and the Ministry of Economic Affairs, Finance and Industry (MEFI), each of which combines, in its own sphere, the functions of definition, management or management supervision and monitoring of French co-operation. The table that is § 1-2-4- underlines the key role played by the Treasury, as 53% of the assistance depends on it, against 22% for the Foreign Affairs.

Inside those Ministries, it is the Treasury Directorate and the Directorate General for International Co-operation and Development, DGCID, that are responsible for development assistance.

The DGCID

In 1998, the Ministry of Foreign Affairs controlled 29% of bilateral aid (USD 969 million). As regards to multilateral aid, it has full authority only for contribution to UN institutions, which amounted to USD 120 million that same year or 8% of all multilateral aid. If bilateral and multilateral aid are taken together, the total amounts to USD 1 089 million, or 22% of non-overseas territories aid, or again 19% of all ODA including overseas territories. Competence for European aid is shared with the MEFI. At the level of central administration, the DGCID is taking care of the aid.

The aims of the DGCID are the following ones:

- To rehabilitate the strategic approach.
- To make the policy approach progress from aid dependency to partnership.
- To encourage delegated aid management.
- To develop a more selective approach based on criteria of quality.
- To strengthen operational co-ordination with other bilateral and multilateral donors.
- To improve communication.
- To concern itself with regional policies.

The Treasury

The 53% of assistance that depends on the Treasury are allocated according to the following ratios:

- 92% of the multilateral assistance. Only the contributions to the institutions of the United Nations depend on the MAE.
- 35% of the bilateral assistance.

In the above - mentioned table, the loans granted to the AfD have been integrated in those controlled by the Ministry of Finance, whereas the Treasury exercises authority over the AfD, jointly with the MAE. The appropriations allocated to the AfD are decided by the government and approved by the Parliament. All the grant resources managed by the agency come from the budget of the MAE. The Treasury decides how the resources allocated to the AfD are to be apportioned among the different funding instruments (annual commitment ceilings) and determines the split between the overseas territories and foreign countries, which gives a major influence to it.

Pursuant to the reform, the Treasury concentrates on aid orientation and management control and delegates the tasks of implementation and execution.

3-1-2- Sphere of intervention

The MAE as well as the MEFI are Ministries, and as such, their sphere of intervention has no geographical limit, unlike organisations like the AfD.

3-1-3- Sphere of competence

The spheres of competence of the two directions will be studied later on, with the organisation charts (cf. § 3-2-1- and § 3-2-2-).

3-1-4- Strategy

French co-operation has, until recently, been characterised by the absence of a unified strategy concerning the assistance for development. Granted, at the level of the government or the Ministry of Foreign Affairs, there was a coherence of French diplomacy¹¹, but it could be seen that:

- There was no unified strategy between the MEFI and the MAE.
- The AfD was not receiving any precise instructions concerning the strategy that it had to implement.
- The OMT (Mid Term Guidelines)¹² that were established for each country, were more of a guideline catalogue from the Ministry of Co-operation, than true strategies particular to each country and which would have imposed themselves to the participant.
- The joint commission between France and the helped country, that is supposed to meet every three years, was not leading to the making of strategy documents.
- The aid that was provided to the countries was lacking a real visibility because of the multiplicity of decision centres involved in the implementation.
- The evaluation of the efficiency of the assistance was seldom comprehensive.

The 1999 reform aimed at reinforcing the unity of design and co-ordination of France's action as far as international co-operation was concerned. An inter-ministerial committee was thus created, the CICID, that was to define the guidelines of the French policy concerning the assistance for development. The reform also led to the integration of the Ministry of Co-operation in the MAE, and to the redefinition of the activities of the AfD.

The role of the CICID

The Prime Minister, that heads the CICID, underlined that the role of this organisation was to have "a leading role in the design, management and supervision of French co-operation. It will aim to obtain a global view of France's international co-operation, thus making it possible to redefine, on a fully informed basis, the ranking of our priorities year after year".

¹¹ The policy followed by the Ministry of Foreign Affairs in a country could nevertheless be different from the one followed by the Ministry of Co-operation in a neighbour country.

¹² OMT: Orientations à Moyen Terme

It has to be underlined that the CICID has no staff of its own. Thus, by delegation, the Director for Strategy, Programming and Evaluation of the DGCID, and the Head of the European and International Affairs Service in the Treasury Directorate, actually serve as the co-secretariat.

The making of a new strategy for French ODA

In its first meeting in January 1999, the CICID has determined the list of countries that will be part of the ZSP (see Annex II).

In September 1999, the co-secretariat of the CICID sent a policy paper setting out strategic guidelines for official bilateral development assistance to the Director-General of the AfD, and signed jointly by the Director-General of the DGCID and the Head of European and International Affairs Service of the Treasury Directorate. The sector-specific priorities identified are as follows:

- To strengthen productive investment, in order to lay the foundations for sustainable growth through increased agricultural productivity, financial arrangements to mobilise local savings, and consolidation of essential economic infrastructures.
- To enhance institutional capacities by supporting regional, national and local development strategies. Assistance will focus on regional integration, particularly in the definition of common sector-specific policies. At the national level, the aim will be to strengthen the rule of law and governmental capacity to work for the development of populations. Finally, it will be sought to establish or strengthen devolved or decentralised local government.
- To contribute to the rational management of the territory and natural resources, with a view to sustainable resource management and control of urban growth.
- To provide improved access for all basic health care and primary education.

The first of these priorities represents the traditional area of intervention of the AfD, that is the development of infrastructures and of the productive sector. The second, concerning institutional development, was already covered to some extent by the AfD. The third emphasises the environmental dimensions of development, already the subject of AfD internal directives. The fourth priority is new and central to the issue of poverty alleviation, as such it corresponds to the creation of a new direction for the AfD.

Finally, outline agreements of partnership have to be agreed upon by the countries aided, and include the development strategy of partner countries. Country strategy documents, internal to the administration, will also be written.

The making of sector-wide strategies

These are regarded with some scepticism, even though the AfD assists sector-specific programmes on the basis of case-by-case analysis. The aid authorities take the view that the requirements for successful sector-wide approaches are seldom met. These requirements are the existence of a single sectoral strategy determined by the government of the recipient country, a close co-ordination among the donors concerned, an harmonisation of procedures, and so on. By contrast, project aid seems simpler to implement.

France is arguing for a new conception of project aid, consistent with the sectoral and budgetary approaches, in which projects are components of sector-specific programmes.

3-2- THE ORGANISATION

Financial means have been described in the first chapter. The following paragraphs will study the means from the organisational structure of the two organisations.

3-2-1- The DGCID

The DGCID is a complex general directorate in that it has a horizontal structure. Its name clearly indicates the duality of its approach: international co-operation and development. It is at the interface between cultural co-operation and development assistance, the latter being regarded as one aspect of international co-operation.

The Strategy, Planning and Evaluation Directorate (SPE¹³ – Direction de la stratégie, de la programmation et de l'évaluation).

It includes:

- The Planning, Resources and Evaluation Service (SPE/PM).
- The Geographical Co-ordination Service (SPE/CG), containing five geographical departments that cover the whole world: Europe Department, Africa and Indian Ocean Department, North Africa and Middle East Department, Americas and Caribbean department, Asia and Oceania department.

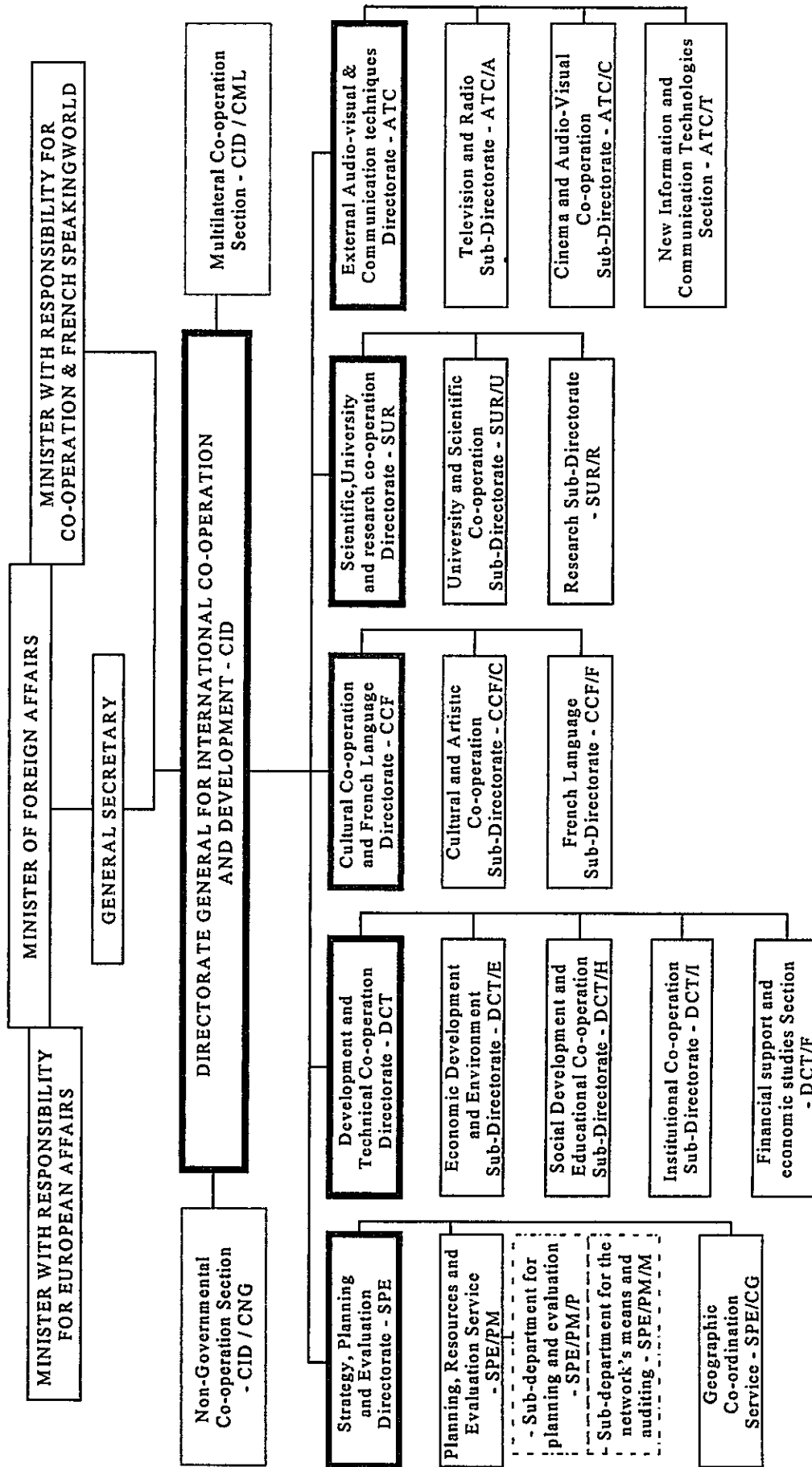
The Directorate does not frame strategies itself, as this is the CICID's role, but oversees sector - and zone - specific policies and ensures that DGCID's approaches, programmes and projects are in line with government directives. Together with the relevant MEFI services it acts as the CICID secretariat. It is also responsible for overall DGCID programming, on the basis of information from the geographical and sectoral services. Its Resources Sub-Directorate manages the network abroad: (i) the co-operation and cultural action services (SCAC) that operate in the French embassies, (ii) cultural and co-operation establishments, (iii) technical assistance personnel. In 1999 this assistance comprised almost 4 000 teachers in the ZSP, one-third of them being placed at the disposal of the assisted countries, the other two-thirds serving in French educational establishment abroad. Aside from education, which is still the most important sector, the other important areas of technical assistance are: economy and finance (417 assistants in the ZSP), employment and health care (394), agriculture, livestock farming and rural engineering (332).

The Directorate also manages the FSP (Priority Solidarity Fund) which has replaced the FAC for the financing of investment projects and is at the disposal of all the directorates. Annual spendings are around Euros 300 million, with a slight tendency to decrease between 1998 and 2000. Half of the fund is managed by the DGCID, and the other half by the Afd.

This Directorate has a staff of 170.

¹³ The abbreviations of the services have been kept, as they are the one that can be found on the official letters.

Organisation chart of the DGCCID



Source: DGCCID

The Development and Technical Co-operation Directorate (DCT - Direction du Développement et de la Coopération Technique).

Unlike most of the other services of the DGCID that are established in 244, boulevard Saint-Germain (Paris), the DCT is installed in the former Ministry of Co-operation, in 20, rue Monsieur¹⁴. It replicates to some extent the operational directorates of the former ministry but with broader geographical coverage.

It includes:

- The Economic Development and Environment Sub-Directorate (DCT/E).
- The Social Development and Educational Co-operation Sub-Directorate (DCT/H).
- The Institutional Co-operation Sub-Directorate (DCT/I).
- The Financial Support and Economic Studies Section (DCT/F).

It is responsible for preparing and implementing programmes and projects relating to technical co-operation and economic, social, educational and institutional development. It further takes part in framing the strategy of French agencies and groups concerned with international technical co-operation and development assistance, provides support and monitors their activities.

Four strategic priorities have been defined for this Directorate: promotion of diversified and less vulnerable economies, rational management of natural resources, poverty alleviation, and promotion of the rule of law.

The Directorate has a staff of 140.

The Cultural Co-operation and French Language Directorate (CCF - Direction de la Coopération Culturelle et du Français).

This Directorate oversees, among others, the AEFÉ (Agence pour l'Enseignement Français à l'Étranger), a statutory administrative body which runs the network of French educational establishments abroad. Financial supervision of the AEFÉ, which has a budget of Euros 335 million, is exercised by the Finance Ministry (as is the case of all statutory administrative bodies).

The Scientific, University and Research Co-operation Directorate (SUR - Direction de la coopération Scientifique, Universitaire et de Recherche).

This Directorate is more one of co-ordination than direct intervention. Here it should be explained that the secondment of higher education teachers to countries receiving technical assistance in that form has been replaced by short-term teaching assignments. Also, it is through largely autonomous research institutes that major flows of ODA are channelled¹⁵.

The External Audio-Visual and Communication Technologies Directorate (ATC - Direction de l'Audiovisuel et des Techniques de Communication).

This Directorate has a sizeable budget for co-operation with various radio and television channels¹⁶.

¹⁴ The expression "la rue Monsieur" was often used to refer to the Ministry of Co-operation

¹⁵ In 1998 these flows amounted to Euros 180 million in payment appropriations.

¹⁶ In 1998 its subsidies to audio-visual operators (Canal France International, Radio France Internationale) totalled Euros 82 million (88 million in 1999).

The Mission for Multilateral Co-operation oversees linkages and coherence between DGCID operations and those of European or international bodies. **The Mission for Non-Governmental Co-operation** liaises the DGCID and local authorities, international solidarity groups, firms and institutions involved in international co-operation and development assistance.

The SCACs, which are now in the French embassies since the reform, managed locally the MAE aid. These services have a total staff of 350 expatriate officials in the ZSP countries.

3-2-2- The Treasury

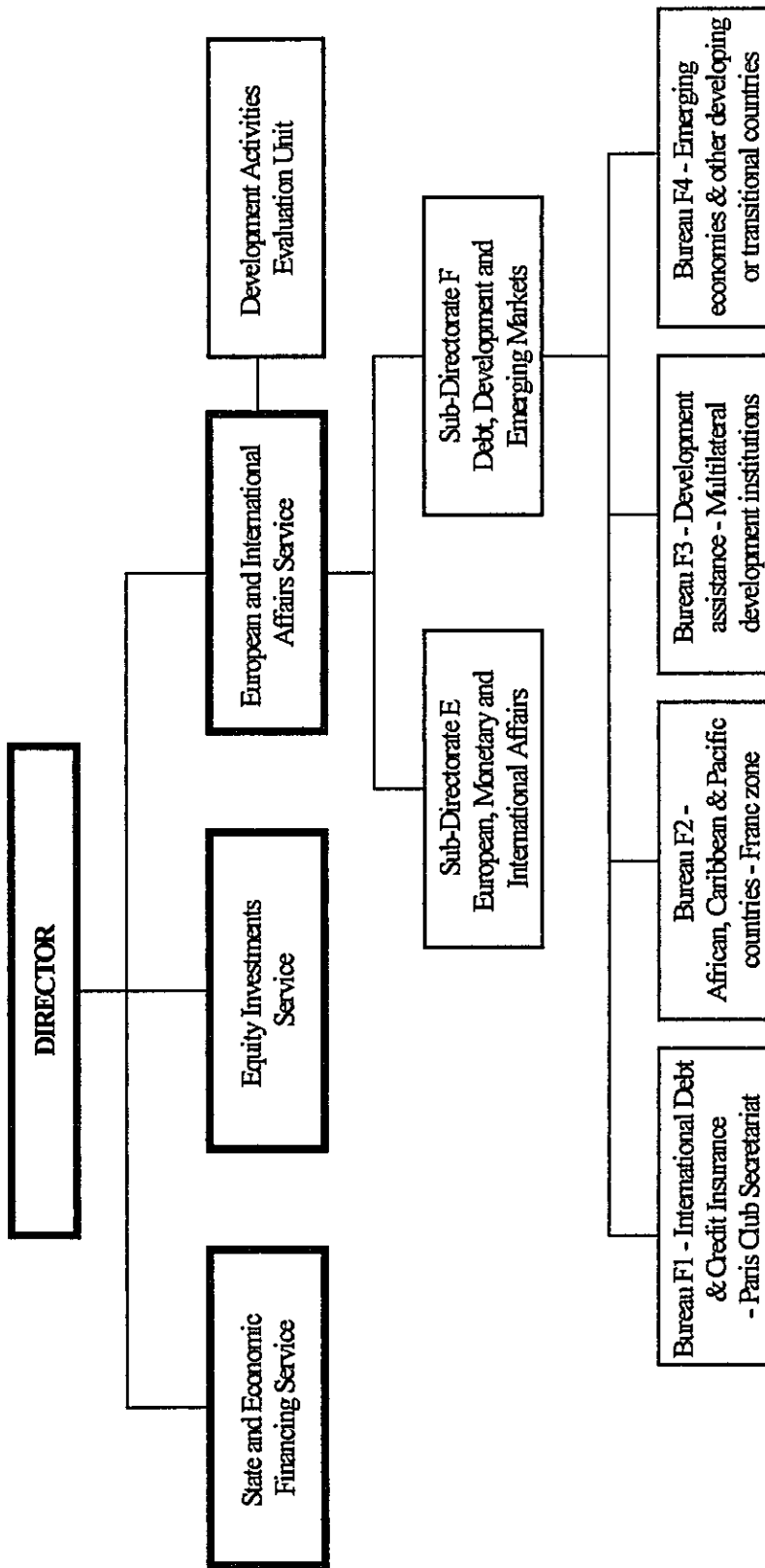
The Treasury Directorate includes three services and seven sub-directorates. Sub-Directorate F is in charge of development assistance and comprises four bureaux (see organisation chart hereafter): Bureau F1 – international debt and credit insurance - Paris Club secretariat (15 staff); Bureau F2 – African, Caribbean and Pacific countries, Franc zone (9 staff); Bureau F3 – Development assistance - multilateral development institutions (10 staff); Bureau F4 – Emerging economies and other developing or transitional countries – this covers the Commonwealth of Independent States, the Balkans and Turkey, the countries of North Africa and the Near and Middle East, the Asian countries and the countries of Latin America and the Caribbean. Bureau F4 (12 staff) also deals with Treasury loans and the RPE.

The Treasury is represented abroad by financial agencies in certain French embassies. There are a few of these agencies in the emerging economies. They are progressively being merged with local offices of the DREE, which is now in sole charge of the financial protocols. In the context of ODA, the Treasury representatives deal with debt relief activities in the emerging economies.

That is how, in the aid sector, some 50 government officials, including secretarial staff, handle the aid amounting to Euros 2 billion —or even more than Euros 3 billion if the overseas territories are included. The Treasury's Bureau B4 handles France's financial relations with its overseas territories.

The Treasury plays a key role in the decision making process of the AfD's supervisory board. It is the Treasury's representative, usually one of the financial counsellors for Africa, who leads missions. It is also involving a foreign affairs representative and an AfD officer. "tripartites" are then organised, in which considerable amounts of structural adjustment assistance for eligible countries are negotiated in just a few days. Furthermore, the Treasury normally heads the French delegations in the World Bank Consultative Groups. Finally, the Treasury represents France in the DAC and on the Board of Directors of the World Bank; the French executive director performs the same function in the IMF. Until the aid system's reform, the former Co-operation Ministry or the Ministry of Foreign Affairs had never had a representative, which is not the case anymore.

Organisation chart of the Treasury



Source: Treasury

3-2-3- Human resource management and the organisations' culture

The Treasury

The Treasury officials are generalists, whose basic analytical thinking inclines towards the macro-economic approach to aid. In this frame of reference another constituent of aid culture is the need to obtain a return from aid.

The DGCID

With the integration of the Ministry of Co-operation into the MAE, the outcome of the amalgamation finally made is that the DGCID now combines staff previously performing fairly different functions, with very different cultures. On the one hand, there are the career diplomats, trained in geopolitical analysis, with a relatively short-term approach to international co-operation in the context of France's foreign policy. On the other, there are the officials known as "developers", untenured as well as tenured, with very different backgrounds and having experience of and concern with long-term development. As the DAC report underlines "this means that the same unit, say the health office of the Directorate for Development and Technical Co-operation, has to work in the context of international co-operation and at the same time in the context of poverty alleviation for the purpose of developing primary health care in the LLDCs of the ZSP. Thus, in practical terms, the exercise is a difficult one. Its success is not a foregone conclusion, which is why some senior civil servants are giving themselves two years in which to draw a first assessment and decide whether adjustments need to be made to the reform".

3-2-4- Evaluation

The memorandum of France to the DAC underlined that the assessment of assistance policies was to be at the heart of the system of development assistance. The Tavernier report noted that on the bilateral plan, the diverse services had progressively been furnished with assessment disposals for their actions, and for the multilateral assistance, there was an important difference between the assessment levels according to the different institutions. It concluded that a multilateral tool could only be assessed by a multilateral evaluation, so that its conclusions and recommendations can be shared by all the donors, and can have an influence on the institution. According to this report, two kinds of approaches were to be developed: the evaluation of operations and internal politics by an independent organisation, linked to the institution, and, on the other hand, to have periodical evaluations of a given tool, such as, for example, the evaluation made by the European Commission on behalf of the Member countries, of the assistance to ACP and Mediterranean countries.

In its report, the DAC is criticising more and thinks that: "Progress still needs to be made here. At present, aid evaluation is shared among three units, in the Treasury Directorate, the MAE and the AfD, none of these units being independent of its superior authority. Assessments are out-sourced, except in the AfD, where the evaluation budget is very small and all the relevant work is done in-house. Furthermore, recipients are not generally involved in the process, and the evaluation findings are often treated as confidential, even vis-à-vis recipients. Transparency is low: external circulation is the exception in MEFI and limited in the AfD, but is the rule in the MAE"¹⁷.

It can nevertheless be noted that an evaluation can have as a goal a reflection on its own action. The making of the evaluation inside the agency implementing the action, is probably not desirable, but the

¹⁷ Cf. Annex V : "Analysis of the evaluation of French ODA".

participation of the concerned service's personnel and the absence of diffusion among the beneficiaries can, in the same time, enable a deepening of the reflection, and a diminution of the costs. Anyway, this kind of evaluation should not prevent total and external assessments, as they are the only one capable of showing the fundamental problems. On this respect, the World Bank is maybe the only institution to have a true assessment culture.

3-3- THE IMPLEMENTATION OF ACTIONS

3-3-1- Sectoral orientations

BILATERAL ODA BY MAIN PURPOSES In current prices and exchange rates

	Commitments, two-year averages				
	1997-1998		1992-1993	1987-1988	Total DAC
	USD million	%	%	%	%
Social infrastructure & services	2 296	42	38	45	31
Education	1 602	29	28	26	11
Of which: basic education	-	-	-	-	1
Health	193	4	3	6	4
Of which: basic health	4	0	-	-	1
Population programmes	0	0	-	4	2
Water supply & sanitation	155		2	1	6
Government and civil society	49	1	2	3	4
Other social infrastructure & services	297	5	4	4	4
Economic infrastructure & services	482	9	13	20	22
Transport & storage	217	4	4	7	9
Communications	53	1	3	6	1
Energy	156	3	4	5	8
Banking & financial services	8	0	0	0	1
Business & other services	48	1	2	1	2
Production sectors	440	8	14	16	10
Agriculture, forestry & fishing	343	6	9	11	8
Industry, mining & construction	62	1	4	5	2
Trade & tourism	35	1	1	0	0
Other	-	-	1	-	0
Multisector	416	8	9	8	8
Commodity and programme aid	148	3	15	5	6
Action relating to debt	1 350	25	4	3	10
Emergency assistance	13	0	1	-	6
Administrative costs of donors	260	5	5	4	6
Support to NGOs	12	0	0	-	2
TOTAL BILATERAL ALLOCABLE	5 466	100	100	100	100
<i>For reference:</i>					
<i>Total bilateral</i>	<i>5 579</i>	<i>78</i>	<i>76</i>	<i>81</i>	<i>72</i>
<i>Of which: Unallocated</i>	<i>113</i>	<i>2</i>	<i>4</i>	<i>7</i>	<i>4</i>
<i>Total multilateral</i>	<i>1 594</i>	<i>22</i>	<i>24</i>	<i>19</i>	<i>28</i>
<i>Total ODA</i>	<i>7 173</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Source: OECD

3-3-2- The FSP

The loans granted by the FSP, can be implemented according to three different procedures:

- "State" projects, that are bilateral projects contributing to the development of a partner country.
- "Inter-States" projects, that benefit a group of countries that are often united in an inter-governmental organisation.
- "General Interest" projects, that aim at contributing to the improvement of general living conditions of the populations, in order to promote a sustainable development. It can be linked to projects concerning health care, gender inequalities, education, environment, regional integration, etc.. On top of that, those general interest projects can be elaborated as well with NGOs, in order to co-finance their actions in the developing countries.

PORTFOLIO OF PROJECTS IN PROGRESS FINANCED BY THE LOANS OF THE FSP

	1996	1997	1998
Number of projects	594	589	588
Amount of the projects (in millions of Euros)	819	772	801

Source: French memorandum to DAC

PROJECTS APPROVED ANNUALLY BY THE DIRECTING COMMITTEE OF THE FSP

	1996	1997	1998
Number of projects	133	122	128
Amount of the projects (in millions of Euros)	170	159	194

Source: French memorandum to DAC

3-3-3- The assistance for structural adjustment

EVOLUTION OF THE ASSISTANCE FOR STRUCTURAL ADJUSTMENT GIVEN BY FRANCE (in millions of Euros)

	1994	1995	1996	1997	1998	1999 (p)
Subventions	108	75	66	38	30	18
Loans	295	251	149	91	84	76
Total	403	326	215	129	114	94

STRUCTURAL ADJUSTMENT (loans and subventions) BY COUNTRIES
(in millions of Euros)

	1996	1997	1998	1999	Kind
Burkina Faso	7				Subvention
Cameroon		91	38	76	Loan
Central African Republic			3	4	Subvention
Chad	21	3	6		Subvention
Congo	43				Loan
Côte d'Ivoire	76		46 (1)		Loan
Djibouti	4	4.5	4	2	Subvention
Gabon	30				Loan
Guinea		4.5			Subvention
Madagascar		12		12	Subvention
Mali	3				Subvention
Niger	20	14	18		Subvention
Senegal	11				Subvention
Togo		3			Subvention
TOTAL	215	132	115	94	

(1) French contribution to the buying back/conversion of the commercial debt.

IV - THE FRENCH DEVELOPMENT AGENCY - AFD

4-1- THE FUNCTIONS

4-1-1- Legal framework and status

The status of the French Development Fund (Caisse française de Développement) that became the French Development Agency (Agence française de Développement - Afd) in April 1998, are determined by the decree of October 30th, 1992.

The Afd is an EPIC¹⁸, which means that it is not strictly part of the government sector, even if the State does own all of its equity. Thus the personnel of the Afd is not part of the civil servants. The Afd is a specialised financial institution that has to follow the Banking Act of 1984, as such, it has to respect the prudential and risk management rules of any financial organisation. The amount of its funds reaches Euros 381 millions.

The Afd is under the joint supervision of the MAE and the MEFI, which are represented on the agency's supervisory board, which is the Afd's decision-making board and that is made up of:

- 3 representatives of the MAE, including the Director-General of the DGCID.
- 2 representatives of the MEFI, one from the DREE, the other from the Treasury.
- 1 representative of the State Secretariat for Overseas Territories (the Director for social, economic and cultural affairs).
- 3 eminent people chosen for their knowledge of economic and financial matters.
- 3 members of the French parliament (two deputies and one senator).
- 2 elected members of the agency's staff.

The commitments of the Afd, the conditions ruling these commitments, as well as the banking accounts of the establishment are to be approved by the supervision board. As a public establishment, the Afd is controlled by the Revenue Court and, as a specialised financial organisation, it is controlled by the Banking Committee.

The General Manager of the Afd is appointed by the Council of Ministers on the proposal of the Finance Minister, after consultation with the other ministers concerned.

4-1-2- Sphere of intervention

This zone includes:

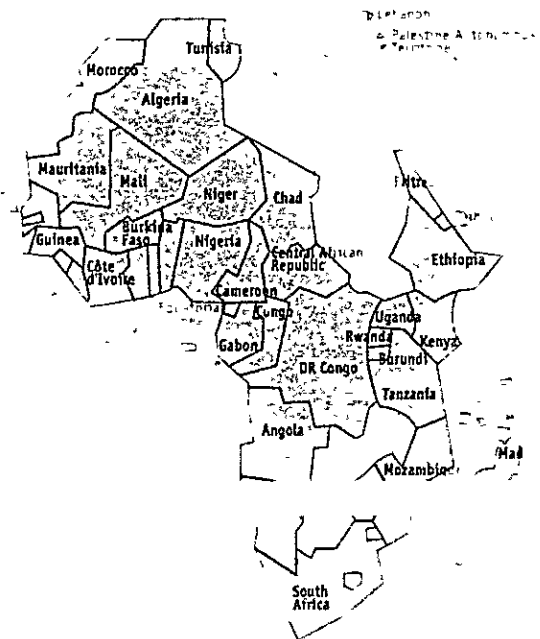
- The countries included in the ZSP (cf. annexe II).
- Overseas territories and departments: Guadeloupe, Guyana, Martinique, Mayotte, New-Caledonia, French Polynesia, Reunion, Saint Pierre and Miquelon, Wallis and Futuna.
- And finally, other countries in which the Afd has been authorised to sporadically intervene: the Caribbean countries, Central and South America in case of regional intervention to favour overseas territories and departments, Kosovo and Macedonia.

¹⁸ EPIC: Etablissement Public Industriel et Commercial.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

See the map of the zone of intervention of the Afd on the next page

THE GROUP'S AREA OF



Mediterranean

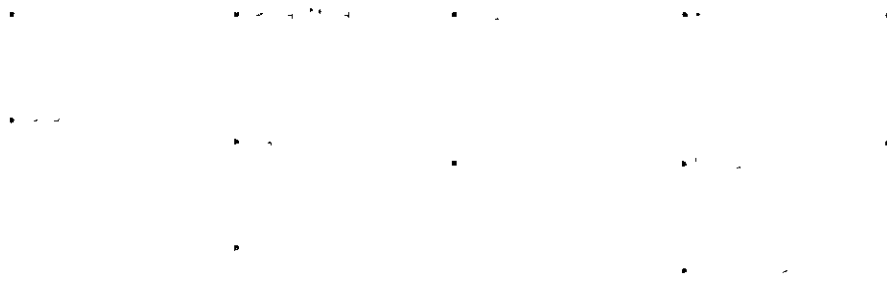
West Africa

OPERATIONS

Asia Caribbean Pacific



Central and Southern Africa, Indian Ocean



4-1-3- Sphere of competence

The AfD has an extensive range of activities:

- It finances on its own account public and private job creation projects in different sectors of production and economic infrastructure: agriculture, rural water supply, fishing, industry, tourism, and also energy, urban water supply, transport, telecommunications and urban infrastructure. It is also involved in financial systems, an area in which it has done much over the past ten years to promote micro-credit, among other things.
- On behalf of the State, the AfD manages the structural adjustment assistance (loans or subsidies) prescribed by the French government. Likewise on the State's behalf, the agency serves as the secretariat of the French Global Environment Facility (FFEM) and manages the financing of the IMF Enhanced Structural Adjustment Facility (ESAF).
- On behalf of different ministries (notably health), it manages certain public financial assistance. The reform of the French public development assistance has extended the AfD's activities to the financing of health and education infrastructure, but the amount allocated for this purpose by the MAE in 1999 was only Euros 11.4 million.

Thanks to its competence, the State can entrust it with the management of punctual missions outside of the ZSP, by signing with the AfD a particular convention and by paying the amount of money relating to this intervention.

4-1-4- Strategy

The *Caisse française de développement* (French Development Fund) has been renamed the *Agence française de Développement* (French Development Agency), a designation more in keeping with the role of central operator that it was assigned by the reform and which implies that it is now in charge of most aid projects in the context of economic and technical co-operation with the ZSP countries. The reform has clarified the role of the AfD and its linkage with other aid providers, but has not substantially altered the nature and patterns of its activities.

The activity of the AfD relies on the setting up of projects, short-listed according to their impact on the economic and social development of the concerned countries. There are no automatic rule of attribution by country.

The sectoral approaches decided by the Group's Supervisory Board, on the basis of the priorities set by the Government and in line with the philosophy determined by the OECD member States, of contributing to sustainable development, address three issues:

- Strengthening of productive investment.
- Access to basic education, health and drinking water.
- Urban development and local development in rural areas.

Productive investment

The AfD considers that foreign direct investment in countries of the concerned area cannot alone match the scale of the challenges. Likewise, experience shows that neither "private only" or "state only" interventions are an efficient solution. What is needed is a public/private partnership, which must be built up between the State, funding agencies, enterprises (national and foreign) and local savers.

The Group attaches priority to investments in the following sectors:

- Major economic infrastructure. This field, par excellence, calls for public-private partnerships and must be addressed by giving preference to a regional approach.
- The introduction of financial instruments to support the creation and development of SME beyond what is done by national banking systems and financial institutions. It also includes the introduction of products aiming at small enterprises which do not have access to the banking system.
- Agricultural production: the process of liberalisation in this important sector (withdrawal of the State, dismantling of tariff and non-tariff barriers, deregulation of international commodity markets) creates a need for the emergence of professional organisations and a significant increase in labour and land productivity. In the light of this, the AfD finances projects to develop competitive agricultural production for export and food product to supply urban markets.
- Vocational training.

Access to basic education, health and drinking water

The AfD gives priority to:

- Primary schools in urban fringe and rural areas.
- General education colleges and technical and vocational training colleges.
- Primary health centres and district hospitals.
- Use of new communications and information technology.

A large part of the population in both urban and rural areas does not have access to drinking water. This is a crucial factor in the sustainable improvement of health and living standards for these populations. That is why it is one of the priorities of the AfD.

Local, urban and rural development

The AfD is implementing an approach which addresses the urban development not only in major cities but also in secondary towns, by taking into account the different aspects of town life: refurbishment and installation of facilities in urban districts, urban traffic schemes, financing of micro enterprises, urban fringe agriculture, urban markets...

4-2- THE PROPARCO AND THE AID TO THE PRIVATE SECTOR

4-2-1- Organisation of the assistance to the private sector

Since the 1999 reform, the field of assistance to the private sector is exclusively under the authority of the AfD, but the MAE and even the Treasury can intervene.

Before this, the former Ministry of Co-operation intervened to stimulate the financing of the productive activities of very small enterprises (the needs of which were unheeded by commercial banks), the lending of support for set-up and development, the promotion of the viability of decentralised financial systems to supply short-term credit.

Support for training, addressed to businessman and entrepreneurs, is another specific area, involving encouragement for enterprises to band together to tackle common problems. Foremost among these is occupational training, by which entrepreneurs can improve their skills in the use of new production, management and information technologies. Another focus of aid has been to promote foreign

investment in Africa, in particular by improving mechanisms for gathering and disseminating information. One example of this is the aid provided for an interesting initiative, the creation in October 1998 of an Internet site to promote investment in the franc zone (www.izf.net).

On a more institutional level, and in certain countries such as Senegal, French aid has provided support for national-level actions intending to improve the business environment through technical support for officials in charge of implementing economic policies and regulatory reforms. It has also sought to increase the involvement of private operators in economic policy-making by supporting the West African Enterprise Network (WAEN), which is a contact of choice for financial and institutional bodies, thus enhancing co-operation between governments, donors and private partners.

The AfD itself can intervene on behalf of the private sector to subsidise initially unprofitable activities; primarily, this involves support for decentralised financial systems or certain components of local development projects. The AfD has also intervened directly in a number of major financial restructuring operations associated with privatisation, the amounts of which exceeded the ceiling for Proparco interventions. But the bulk of its support for the private sector is provided through Proparco.

The report of the DAC suggests that: "Aid to the private sector is a major, and interesting, aspect of French assistance. Acknowledging the failure of a vision of State-driven development, France has gradually developed a very comprehensive approach to support the private sector, ranging from improving the private sector environment, which falls within the MAE's orbit, to provision of a varied range of financing options, which is handled by the AfD group, and particularly its specialised finance company subsidiary, Proparco".

4-2-2- Status and sphere of intervention of the Proparco

Established in 1977 as a limited company wholly owned by the AfD, the "*Société de Promotion et de Participation pour la Coopération Economique*" (PROPARCO) was originally mainly concerned with risk capital. Converted to a financial company in 1990, its capital is Euros 68.6 million. On December 31st, 1999, the holding of the AfD was 70.78%, with the remainder shared between forty-one other private shareholders (banks and financial institutions, international financial institutions, industrial and service companies).

The sphere of intervention of the Proparco is the same than the AfD's. (Cf. map § 4-1-2-).

4-2-3- The various kinds of intervention of the Proparco

Proparco operates in a variety of ways:

Equity and quasi-equity investment

Proparco provides equity or debt financing in a variety of different ways, including share purchases, financing of shareholders' current account, convertible bonds, equity loans and subordinated debt. Its equity interests in newly created firms (45% of all investments) or existing firms are always with minor stakes and are intended to be divested when the firm in question reaches maturity. It also acquires shares in national and regional investment funds, which leverage its action by investing in smaller enterprises.

Loans

Proparco offers its clients different types of long-term loans. The loans have been denominated in Euros since January 1st, 1999 or in US dollars. They may be for up to fifteen years, with a capital repayment deferred for up to five years.

The average size of the loans (Euros 5.8 million) means that they are reserved for companies of a certain size. However, in order to reach small businesses, Proparco does a great deal of intermediary financing with local banks, with which it enters into framework bank refinancing agreements, extends them dedicated lines of credit or signs multi-product agreements with them. It can also help small businesses through financial leasing companies.

Guarantees for local currency financing

Proparco's signature provides a guarantee of solvency and makes it easier for private sector borrowers (credit institutions or private companies) to mobilise resources in local currency, by guaranteeing reimbursement of capital and related interest to subscribers. Proparco advises companies in which it invests and offers them various financial engineering services: legal and financial appraisal of the project, advice on legal and financial instruments for company mergers or take-overs, arrangement of external resources.

Access to project support product and facilities

Proparco provides customers with access to several other complementary financing instruments:

- Mobilisation of a variety of project preparation funds for financing pre-investment research.
- Mobilisation of business training grants for the firms it finances.
- Provision of guarantees, either directly or by the intermediary of guaranteeing funds, such as the Investment Risk Insurance in Africa (ARIA) or the Guarantee Fund for Private Investment in West Africa (GARI).
- Interventions with special funds managed on behalf of the European Union through the European Community Investment Partners (ECIP).
- Interventions with resources from a venture capital credit line of the EIB and from the ECFI fund.

Proparco takes part in a high proportion of co-financing operations. Independently of the co-financing operations, which account for a majority of the interventions outside the banking sector, Proparco has signed two major agreements in 1998. The first, with EIB, involved an overall financing capacity of Euros 20 million, while the other, with IFC for USD 20 million, was to enable Proparco and IFC to provide an equal co-financing for projects of small and medium-sized enterprises in Africa, researched and monitored by Proparco.

4-2-4- Operating results and portfolio

In 1999, total investment, in the form of equity, loans and guarantees, was Euros 202.6 million.

Equity operations

On December 31st, 1999, the gross value of Proparco's portfolio was Euros 50.5 million, consisting of shares in 21 financial institutions, 22 investment funds, 28 agro-industrial companies, 29 industrial and commercial companies and 7 infrastructure and mining companies. The total amount of provisions in respect to these holdings was Euros 9.7 million, or 19.2% of the total portfolio.

The breakdown by sector of operations shows strong involvement in the financial sector (48.4%), reflecting Proparco's shareholdings in financial and banking institutions and investment funds. Investment in industrial and commercial companies, reaching 51.6%, are shared between the infrastructure sector (12.6%), agro-industry (23.2%) and industry and services (15.8%).

The proportion of enterprise creation, some 45%, reflects the company's mission to promote new initiatives and venture capital.

In 1999, fourteen investments were approved, worth Euros 20.7 million. The beneficiary companies were in nine foreign countries. Eleven operations contributed directly to the formation of new companies and three are of a regional nature.

Loans

The balance of 289 loans on December 31st, 1999 totalled a gross amount of Euros 387.1 million, breaking down into 45% to credit institutions and 55% to companies.

The geographical distribution of loans is as follows:

LOANS: GEOGRAPHICAL DISTRIBUTION

COUNTRY		LOANS	Millions of Euros	%
West Africa		101	68.6	17.7
including	Côte d'Ivoire	50	27.9	7.2
	Mali	12	12.3	3.1
	Ghana	12	7.7	1.9
	Togo	7	5.5	1.4
East, Central, Southern Africa and Indian Ocean		112	147.4	38.1
including	South Africa	6	34.3	8.9
	Cameroon	23	9.9	2.5
	Mauritius	1	10.4	2.7
	Gabon	24	12.5	3.2
	Angola	2	9.4	2.4
	Zimbabwe	10	16.4	4.2
	Uganda	1	15.3	3.9
	Kenya	7	10.1	2.6
	Madagascar	15	8.7	2.2
	Mozambique		10.8	2.7
Maghreb, Mediterranean, Horn of Africa		61	133	34.4
including	Morocco	29	88.2	22.7
	Tunisia	25	42.5	10.9
South East Asia, Caribbean, Pacific		9	31.1	8
including	Dominican republic	5	27.0	6.9
	Papua New Guinea	1	3.6	0.9
Overseas Departments and Territories		6	7	1.8
TOTAL		289	387.1	100

Source: Proparco - Annual Report 1999

The sectoral analysis shows a preponderance in the amount given to infrastructure and mining, despite a limited number of operations, which can be explained by the large scale of the projects financed:

- Financial sector: Euros 107,3 million (27,7%), 53 banks and 143 lines.
- Agro-industry: Euros 55,9 million (14,5%), 77 loans.
- Industry and services: Euros 49,4 million (12,7%), 52 loans.
- Infrastructure and mining: Euros 174,5 million (45,1%), 17 loans.

Thirty-three loans were approved in 1999, worth Euros 161,4million, that is an average loan of Euros 4.85 million. The total disbursements amounted to Euros 115.9 million.

Guarantees

On December 31st, 1999, guarantees issued by Proparco concerned forty-three operations with a total value of Euros 53.4 million, shared between credit institutions (89.7%) and clients (10.3%). The geographical distribution shows that 90% of the guarantees issued are in the WAEMU area (Côte d'Ivoire and Senegal) and 10% in CAEMC.

In 1999 three guarantee operations were approved in Burkina Faso, Côte d'Ivoire and Senegal, the total amount being equivalent to Euros 20.5 million. Guarantees were issued to five clients for a total resource of Euros 18.3 million.

4-3 THE ORGANISATION

4-3-1- Organisational structure

Organisation Chart of the AfD

The organisation Chart of the AfD comprises:

- A Directorate-General with a Deputy Director-General and two Associate Directors.
- 5 geographical departments which generally include an economic and financial division and one or two technical divisions. The Mediterranean Department has a unit that manages protocols in Morocco and Tunisia.
- A Social Projects Department, created in 1999, to oversee infrastructure projects in the areas of education and health care.
- 7 functional departments. It may be noted that evaluation is handled by a division of the General Auditing Department.

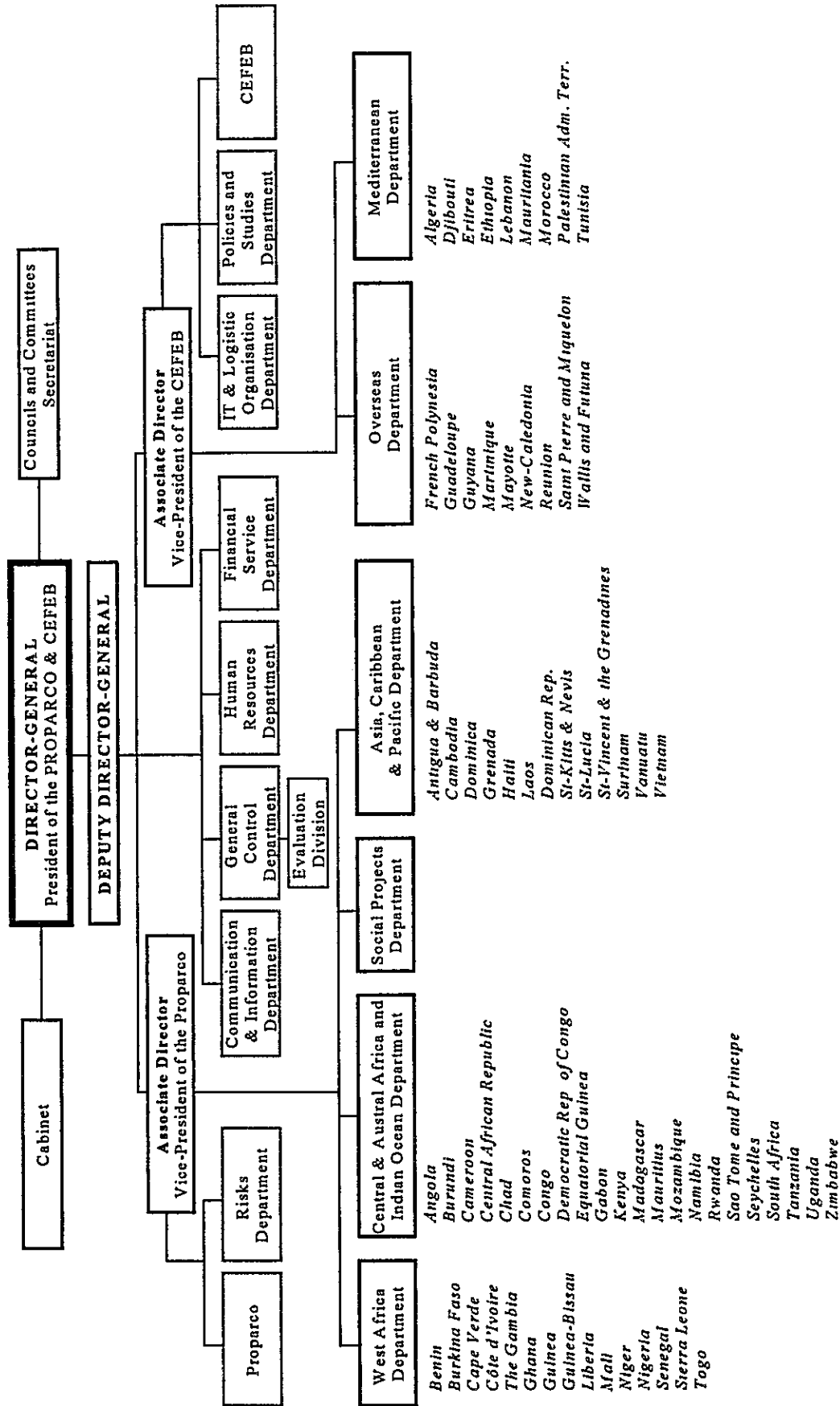
The fact that there are only two departments in charge of Africa, plus one for Asia, the Caribbean and the Pacific, shows that the AfD is pursuing the transformation that has gradually led it away from its initial specialisation, which was essentially on sub-Saharan Africa.

4-3-2- Local offices

The AfD has 45 local offices: 36 in foreign countries, 4 in the Overseas Departments, 3 in the Overseas Territories and 2 in the overseas Territorial Communities. Among them, ten have a regional role.

The strength of the AfD, as compared with other equivalent institutions such as Germany's Kreditanstalt für Wiederaufbau (KfW) or the Japan Bank for International Co-operation (JBIC), has always been ascribed to its network of local agencies, which gives to it a presence in the field.

Organisation chart of the Afd



Source: Afd - Annual report 1999

4-3-3- The CEFEB

The Centre for Financial, Economic and Banking Studies (CEFEB, Centre d'Etudes Financières, Economiques et Bancaires), founded in 1963 by the AfD, is an association governed by the 1901 Act. It provides training or further training for personnel from developing countries with current or future careers in senior posts in economic or financial public services, financial development institutions and public or private enterprises.

CEFEB offers 3 main types of training:

- Degree courses in collaboration with business management schools in Paris and Aix. The training leads to a university higher diploma. The courses are held in Marseille.
- Annual institutional seminars for senior management from several countries: bank managers, financial managers, micro-finance managers. The seminars bring together about twenty managers for two or three weeks and are held either abroad or in France.
- Customised courses on request, designed to meet the training needs expressed by an enterprise or an administration.

Since its creation, CEFEB has contributed to the training of 4 500 management staff in 62 countries. In 1999, around 450 people received one of the above mentioned training.

4-3-4- Human resource management and institution's culture

Staffing

On December 31st, 1999, the Group had 1 637 staff in its headquarters and overseas. The 1 637 staff are divided into 938 general staff, recruited at the Group's headquarters, and 699 not subject to mobility, recruited locally by AfD branches or Issuing Banks. Out of the total, 399 people are assigned in the Issuing Banks of the Overseas Departments and Territories. These people, as well as others working in the overseas departments and territories have to be deducted from the ODA headcount.

AFD STAFF - 31.12.1999

	AFD	Issuing Banks	Total
General staff	808	130	938
Metropolitan France	644		
inc. AfD		587	
Proparco		35	
Cefeb		22	
Agencies, secondment,...	164		
Non-mobile staff	430	269	699
Total staff	1 238	399	1 637

It can be outlined that:

- The number of employees has not really changed since 1997, year in which the staff was amounting to 1 224 people.
- For the AfD only, 52% of the staff is working abroad.
- The AfD's costs of intervention are low, since its aggregate overheads amounted in 1998 to only Euros 112.8 million, which represents 8% of the Euros 1 411.4 million of gross disbursements (including Euros 1 067 million on its own account), and 1% of its own loans outstanding, which totalled Euros 10.7 billion on December 31st, 1998.
- The cost of the network is low, since in 1998 it amounted to only Euros 34.75 million, or 0.33% of outstanding loans.

Characteristics of the personnel

The staff combines many professional profiles because of a wide diversity of training backgrounds and origins. It is generally considered to be competent and experienced. The concentration of engineers and economists is very substantial, however, considering the new objectives of aid.

For several years there has been a certain tendency to reinforce the staff of headquarters functional departments. In contrast, 80% of the agencies have no more than two expatriate staff. Despite the flat headcount, the agencies' tasks have expanded over the years because of a desire for greater formalisation, implementation of control procedures and evaluation, and because of the need to factor in new concerns (environment, gender issues, etc.). Furthermore, more time must be devoted to aid co-ordination activities. The result of these trends has been a certain backsliding in the decentralisation of responsibilities and decision-making. The directors of local agencies now report to the directors of the geographical departments, and headquarters has assumed a greater role in directing the project cycle since an operational steering committee was set up in 1997.

4-3-5- Evaluation

The problem of assessing the efficiency of the French ODA has been studied in § 3-2-4-.

4-4- THE IMPLEMENTATION OF ACTIONS

4-4-1- Implementation mechanism

The AfD boasts a very comprehensive range of financial products, from subsidies to market loans, including dollar-denominated and floating-rate loans, to cater for the characteristics of the country in question (LLDCs, LICs or MICs), the relevant sector, the project's economic viability and the nature of the borrower (State, public enterprise or private company). The AfD can also set up loan guarantees for foreign States. One might wonder whether these arrangements are not too complex, because they entail a wide variety of intervention variables (such as interest rates, maturity, and grace period).

The main tools of intervention (excluding overseas territories and departments) are:

MAIN TOOLS OF INTERVENTION OF THE AfD (excluding overseas territories and departments)

Tool	Object	Concessionality
Donation projects	Financing of projects for LLDC's States	100%
Sovereign loans	Loans granted to the MIC (to States or para-public sectors)	35%
Non-sovereign loans	Loans granted to market-oriented public enterprises	35% or 50%
Adjustment grants	Grants given to the States (LLDC)	100%
Adjustment loans	Loans given to the States (MIC)	35%
Market loans	Financing of economically profitable projects	0%
Treasury protocols	Management procedures for the State	variable

COMMITMENTS OF THE AfD (excluding overseas territories and departments)
(in millions of Euros)

	1996	1997	1998	1999
Donation - concessional projects	146	151	154	162
Concessional project loans	414	425	288	297
Total project-aid	560	576	442	459
Structural adjustment donations	66	38	30	18
Structural adjustment loans	149	91	84	76
Loan-projects for private sector	129	110	195	213
TOTAL	904	816	752	767

The course of the activities of the AfD in the developing countries has been affected by the reduction in project aid. In this context the AfD is faced with a number of challenges.

PROJECT AID TRENDS BY TYPE OF FINANCING
(in millions of Euro)

	1992	1993	1994	1995	1996	1997	1998
Subsidies	211	194	174	163	146	151	154
Concessional loans	402	266	328	435	347	425	288
<i>Of which :</i>							
To States	287	158	231	294	276	284	249
Non-sovereign	115	108	97	141	71	141	39
TOTAL	613	460	502	598	493	576	442

As the report from the DAC highlights: "First, for the first time in its existence, strategic orientations have been officially and formally assigned to it by its supervisory bodies. Yet the AfD's corporate culture has long been rooted in pragmatism, prompting its unit to focus on objectives directly linked to the success of projects viewed in their own right rarely in the context of a country strategy, let alone an even wider strategy".

"Now, projects must, from the outset, be identified and formulated within a strategic framework. In addition, they must systematically incorporate concerns for reducing poverty and promoting male-female equality. This is likely to cause the Agency to complete its shift to a corporate culture focused more on adherence to much broader principles, and thus subject to much broader constraints. But the AfD may also have to cope with a further reduction of its resources, and thus of its options for intervening with concessional terms, especially if its loan appropriations for Côte d'Ivoire and Cameroon are replaced by appropriations for grants, the amounts of which would be much smaller because of the far higher budgetary cost involved. Moreover, the Agency's ability to make non-sovereign loans to its traditional borrowers - large public utilities (energy, water, rail transport, etc.) - seems to be diminishing, because the AfD lends to them at its own risk and without the approval of the States concerned, and the finances of these borrowers are in many cases shaky".

"One solution that the AfD has considered is delegated administration of European resources (of EU, or even bilateral, origin)... The AfD's comparative advantage stems from its knowledge of the countries concerned, and of sectoral strategies."

4-4-2- Co-ordination with other institutions

The AfD aims at developing co-financing arrangements and receive management mandates (e.g. agreements signed with the IFC; EIB, etc.).

The issue of co-ordination has been studied in § 2-2-2-.

4-4-3- The financial situation of the AfD

The 1999 balance sheet of the AfD can be seen in the annex V.

The AfD has a triple A rating with Standard and Poor's and Moody's, and its issues on financial markets are approved by the Stock Exchange Commission.

V - OTHER MINISTRIES AND INSTITUTIONS

5-1- OTHER MINISTRIES

Several ministry have activities of development assistance. As a matter of facts, a dozen ministries are part of the CICID (Inter-ministerial Committee for International Aid and Development).

Before the creation of the AEFÉ, the Ministry of National Education was a major element in the system. The approach to the problem was altered when the AEFÉ was created in 1990 and its budget taken over by the MAE.

It has to be also underlined that in the diverse departments of the MEFI, there are several units concerned by the ODA such as, for example, the customs or taxes departments. Thus, the personnel from the taxes department played an important part in the installation of the VAT in several countries of sub-Saharan Africa; the Customs School near Paris, where a lot of the customs managers of sub-Saharan countries are often trained, depends on the French customs department. The technical assistance provided to the customs and tax services of the countries comes from the French customs and tax departments.

This technical assistance was formerly managed by the Ministry of Co-operation, that sometimes had difficulties to impose its guidelines and personal choices to the concerned administrations. The customs and fiscal systems of the French-speaking sub-Saharan countries have mainly been copied on the French system, which enabled to have people at disposal with a good knowledge of the problems. But the result of this has been a copying of the French system, but with a lack of adaptation to the local context.

5-2- THE RESEARCH INSTITUTES

Apart from those of the MAE and the MEFI, the largest budget is that of the research institutes, which are supervised by the Ministry of National Education, Research and Technology. The budget for these institutes' aid activities in 1998 was Euros 180 million. The two largest research institutes are the International Co-operation Centre of Agricultural Research for Development (CIRAD), and the Development Research Institute (IRD) - the successor to the Office for Co-operative Scientific and Technical Research (ORSTOM).

In October 1996, the National Co-ordinating Committee for Development Research (CNC) submitted a report proposing a re-orientation of French development research. It identified the existing strengths: a global presence, a considerable stock of experience, significant innovations and implementation of national and regional research systems. But the report also called attention to the weaknesses: a lack of strategy (no thematic or geographical priorities) and co-ordination by the supervisory bodies, the separation of decision-makers and researchers, the vast thematic and geographic diversity of research, isolation from the rest of the scientific community, the growing unsuitability of modes of co-operation with southern countries and the scant international impact of the research. It therefore concluded that a serious revision of the research system was in order.

The DAC report outlined that: "while the report recommended that the specialised development research bodies be maintained, it found that they needed to be changed. In particular, it was proposed that they take on a function of strategic thinking and co-ordination, and of organising dialogue between decision-makers and researchers (improving their training, reviewing the conditions of expatriation and redefining researcher's functions and working conditions). It also proposed tailoring aid methods to new requirements, implementing co-operation contracts, helping to train southern researchers, facilitating their return to their institutions and supporting those institutions. Lastly, it proposed publication of an annual report on the state of play in a given area of development, creation of genuine international campuses in France and development of a strategy of European and international alliances. Three years after the report was submitted, it is not certain that the recommended changes have taken place"¹⁹.

¹⁹ The Tavernier report was more optimistic regarding the intervention of these institutes. It said that: "Les instituts spécialisés français de recherche sur le tiers-monde, héritiers des anciennes sociétés de géographie de l'époque coloniale (ORSTOM), CIRAD), intègrent aujourd'hui bien plus efficacement que les fondations anglo-saxonnes les problématiques de développement. Leurs centres de recherche implantés sur plusieurs continents sont des foyers importants de rayonnement et de progrès".