



# **DEVELOPMENT COOPERATION: A FRENCH VISION**

## ***FRAMEWORK DOCUMENT***

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# PREFACE

→ I am delighted to make this framework document on France's cooperation and development policy available to our public and private partners. It is a single-document summary of French cooperation strategy, its geographic and sectoral priorities, and the financial and human resources that France is devoting to this area. We now have a forward-looking and transparent framework that puts French action for cooperation into perspective.

To respond to the challenge of sustainable globalisation and guarantee the major balances of our planet over the long run, French cooperation strategy focuses on four overarching objectives: foster sustainable and equitable growth for the poorest populations; combat poverty and inequality; preserve global public goods; and ensure global stability and the rule of law.

In its search for comprehensive responses, France is working with all the resources at its disposal. It is one of the few countries in the world to use not only the traditional tools of official development assistance but also long-term financial instruments, as well as an expanding array of innovative financing mechanisms.

This document also translates the French ambition to define zones that are of common interest to North and South. The African and Mediterranean priority is reaffirmed – although our cooperation policy remains open to all of the Asian and Latin American countries – as well as our determination to maintain a substantial fraction of our assistance in bilateral mode, in addition to multilateral assistance. We are also scaling up our aid to the humanitarian and social sectors, specifically education and health, backed by classic concessional tools such as grants and subsidised loans; next, we place greater focus on actions to promote growth and employment through our loan instruments. Finally, the cornerstone of our action with emerging countries is our undertaking to take

on the overarching global challenges such as controlling global warming, protecting biodiversity, containing major pandemics, safeguarding all cultures, and so on.

This document is, of course, only a step but it nonetheless constitutes real headway. For our parliamentarians, our local authorities and our external partners, it offers a clear roadmap of France's external cooperation policy.

I wish therefore to extend my thanks to all our partners that took part in its preparation, notably the non-governmental organisations, companies and the French Development Agency. We can be jointly proud of the means and resources that France is devoting to development financing.

**Henri de Raincourt**

Minister responsible for Cooperation  
attached to the *ministre d'État*,  
Minister of Foreign and European Affairs

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# EXECUTIVE SUMMARY

## Steering globalisation

→ Over the last two decades globalisation has gone hand in hand with major economic progress. Hundreds of millions of women and men have thus managed to rise out of poverty in India and China, as well as in the rest of Asia, in Africa and in Latin America.

Yet at the same time, inequalities between countries and between individuals within countries have increased. New sources of crises and tensions are emerging, to which the responses of the international community have shown their limits. Food security is still not guaranteed for a billion human beings. Global economic growth is taking directions that do not ensure the planet's major balances: this is now a well-evidenced fact as far as the environment is concerned, and the recent crisis has shown that it also holds true for finance.

**Worldwide, it is becoming clear that the benefits of globalisation are coming up against a lack of governance and collective action.**

Aspirations for a more equitable growth respectful of individual rights, sustainability and global public goods call for the implementation of global policies. **These policies need to give meaningful direction to this ongoing globalisation in order to maximise its benefits — also for developing countries —, more effectively manage the upheavals it causes and make sure that it will not lead humanity into an impasse.**

**Interdependence is concomitant with globalisation and it requires political will to transform this interdependence into active solidarity.** This is the real meaning of the shift from development assistance to global co-responsibility.

**France is contributing to this ambition for sustainable and human globalisation through its development cooperation policy, in partnership with all the countries concerned. It fully integrates this project into a Community thrust, in line with France's vision of a European Union set to become a global political player on the international stage.**

## Taking account of the world's growing complexity

→ The setting for French cooperation is one marked by fast-paced and far-reaching change. **The economic paths of developing countries are diversifying with increasing speed:** the challenges and needs of the emerging and least developed countries differ radically and require differentiated partnerships. The G-8 no longer has the exclusivity of global leadership, and the growing role of the G-20 confirms the need to redefine rules of a more collective nature and to establish more balanced relations with the major emerging countries and others. **The growing interdependence of societies worldwide means that it is now imperative to reach a consensus on global balances.**

The players in cooperation are becoming increasingly diverse with the emergence of new donor countries (emerging countries, oil-producing countries), the proliferation of multilateral players such as vertical funds, the rise of private financing through foundations and NGOs, and the expansion of local government cooperation. The Member States of the OECD Development Assistance Committee (DAC) no longer enjoy a monopoly over aid and thus need to redefine working arrangements that integrate these new players. At the same time,

the diversification of societies in developing countries means that governments are no longer the sole partners in the development dialogue and have now been joined by local authorities, businesses and associative bodies: **new forms of partnership are needed to accompany this diversity.**

## A renewed cooperation policy to meet four overarching challenges

➔ France's determination to strive for fairer globalisation more respectful of individual rights means that it must move from a development assistance policy, which implies an asymmetrical donor-beneficiary relationship, over to a **policy of cooperation** with developing countries, so as to take up **four complementary challenges**:

- **sustainable shared growth**: growth remains a key driver of social progress, especially in the developing countries. The challenge raised is one of promoting quality growth that creates jobs, is based on a fair balance between physical, human and natural capital and does not result in social or ecological dumping. Cooperation thus needs to foster a convergence of economic, social and environmental standards to guarantee the planet's future, help improve the living standards of populations in developing countries, preserve the economic fabric of those countries that already have a good social and environmental standards and enable each individual to build their life in their own country;
- **the fight against poverty and inequality**: helping that sixth of humanity – for the most part women – who still live in extreme poverty to break out of the poverty trap and then preventing those who have recently escaped from falling back in remain fundamental challenges. The Millennium Development Goals (MDGs) have helped mobilise the international community towards ensuring universal access to a set of core social services: nutrition, education, health care, drinking water, sanitation, decent housing. There have been great strides forward, fuelled mainly by the countries' own economic growth, but also with support from the international community. Yet,

the ways and means of extending these achievements and making them sustainable are still to be found. The MDGs also serve as a reminder of the importance of human capital accumulation in the development process as, in the objectives for international cooperation, they give a central place to individual welfare and rights. Meeting these goals will make it possible to act on migration, which all too often penalises the countries of origin (brain drain) and proves harrowing for the people concerned, to the point even of making their integration in the host countries more difficult;

- **preservation of global public goods**: today, the collective challenges include managing climate change, biodiversity loss and the spread of infectious diseases, as well as improving financial stability. At present, these issues are not tackled adequately either by the markets, since the related benefits are not «appropriable», or by governments, as the benefits cannot be confined within national borders. For this type of good, what is required from the international community are innovative solutions in the areas of governance and financing;
- **stability and the rule of law** to guarantee freedom and the protection of individuals, and also to underpin long-term economic and social development in the countries concerned. Crises can in fact swiftly cancel out the fruit of several decades of human and financial investment in development. These stakes dovetail with the interest of the international community, since crisis situations and the areas of lawlessness these engender are also fertile ground for large-scale trafficking and terrorism.

## Mobilising all available means

➔ Finding global responses requires a **global approach to financing development**. Official Development Assistance (ODA), with a total USD 120 billion in 2009, represents no more than 0.2% of the world's income. This only goes to highlight the challenge of mobilising much greater resources for development in the form of developing countries' own-source tax revenues, as well as private, local and international investment.

Even so, today ODA remains indispensable. In the first place, for the poorest countries, ODA supplements the financing of key government policies in contexts where a potential for mobilising fiscal resources or funds from the financial markets is still absent. And then, more broadly, because ODA serves as a catalyst for infrastructure financing and for support to private sector development, subsidiarily and in synergy with the other sources of funding.

However, the magnitude and nature of the needs for solidarity-based transfers and for the preservation of global public goods imply a change in the scale of public financing and a stepping-up of dedicated international resources. Herein lies the importance of **innovative financing** and notably the need for those activities that gain most from globalisation to participate in financing development.

**The coherence of public policies** in the European setting should make it possible to develop win-win solutions (and reduce possible contradictions) between development policies and other government policies, including those concerning France's Overseas Communities. This policy coherence will more effectively highlight the value of development as a factor that helps to achieve other objectives, particularly in the areas of trade and immigration.

Support for **democratic governance and promotion of the rule of law and standards** are essential if development policies are to be effective at country level, where they help reinforce the legitimacy and effectiveness of official action. Similarly, at international level, France will contribute to an international legal order that respects and promotes human rights and gender equality and addresses the social and human dimension of globalisation.

Not least, France deems the **production and exchange of knowledge, as well as the circulation of ideas and creativity** to be essential levers of change. In a world economy that is also a knowledge economy, these are the critical factors for competitiveness and growth. They also encourage through intercultural discussions and dialogue a shared awareness and the emergence of cooperative solutions. International cooperation, particularly at a cultural level, embodies a vision of international relations based on this intercultural dialogue and on a rejection of what is dubbed the clash of civilisations.

## The choice for differentiated partnerships

➔ France's cooperation policy integrates a universal perspective, and thus contributes to building global policies through its action in international fora, such as the United Nations, the Bretton Woods Institutions, the G-8 and G-20, and by its participation in a broad array of vertical funds that provide an overall response to sectoral issues.

Nonetheless, the challenges addressed by French cooperation are given differing degrees of focus from one partner country to another. To reflect these differences and its own capacities and priorities, France will respond to these challenges by forging partnerships that are differentiated in line with the objectives pursued and the resources mobilised. It will concentrate its cooperation action on two priority regions, sub-Saharan Africa and the Mediterranean Basin, supplemented by interventions in two categories of country, crisis-affected countries and emerging countries.

**Sub-Saharan Africa** is the priority for French cooperation policy, first, because of its geographic and cultural – notably linguistic – proximity, and also on account of the magnitude of the issues common to the region as a whole. French cooperation support will mobilise all bi- and multilateral instruments, focusing grant funding on fourteen priority poor countries, mainly from the group of Least Developed Countries (LDCs). France will also encourage the multilateral institutions of which it is a member to scale up their action in this region.

**The Mediterranean** is of key importance for Europe and France, as is evidenced by France's involvement in the Union for the Mediterranean. The challenges there are also hefty: the United Nations estimates that in twenty years an additional 60 million young people will need employment, and therefore training, and 75 million new urban dwellers will need housing, all this within a fragile environment that is on Europe's doorstep. Since most of these countries are middle-income countries, French public financial support will come primarily in the form of loans (except for the Palestinian Territories), supplemented by cultural, scientific and technical exchanges. French cooperation will operate within the framework of the European Neighbourhood

Policy (ENP) and in close concert with ENP instruments.

**Fragile and crisis countries**, particularly in the Sahel, the Middle East and Afghanistan, will be given particular attention. Crisis prevention will be promoted whenever possible and, should a crisis break out, special emphasis will be laid on coordinating the different actions: between civil society and the military, between state and non-governmental players, and between the humanitarian assistance phase and reconstruction. Flexible instruments will be used, chiefly in the form of grants and operable over the long run. France will support Europe's major crisis response role, and notably concerning peacekeeping operations carried out by African countries.

It is in the **emerging countries** of systemic importance, more than elsewhere, that the notion of «assistance» should be surpassed: it is more a matter of cooperating with these countries to jointly find solutions to common challenges by promoting job-creation and environment-friendly growth, and associating them with international cooperation that supports the poorest countries. This cooperation, which mobilises an array of French actors at limited budgetary cost, is key to strengthening dialogue and preparing together international negotiations on common concerns.

## Financial arrangements to match differentiated partnerships

→ These four differentiated types of partnership will serve as a reference for allocating the bilateral resources that France earmarks for its development cooperation policy. They will also determine France's positions regarding the use of the European and multilateral instruments to which it contributes.

Depending on the case, the targets for this allocation may involve grants or the wider window of the Government's financial effort, including the cost to the Government of low-interest loans included under Official Development Assistance<sup>1</sup>.

Indicatively, for the 2011-2013 budget triennium, the targets for each differentiated partnership are defined as follows:

- Sub-Saharan Africa:
  - over 60% of the Government's budgetary effort to the whole of the area,
  - over 50% of grants to the 14 priority poor countries,
- Mediterranean: 20% of the Government's budgetary effort;
- Crisis countries: 10% of grants (crisis and post-crisis management, excluding preventive action);
- Emerging countries: no more than 10% of the Government's budgetary effort.

In other countries and regions, French presence will mainly be through its participation in European and multilateral instruments, at a limited bilateral budget cost.

## Dialogue and transparency

→ Finally, cooperation policy, and the policymaking process, will be underpinned by a proactive approach that ensures the transparency of resources and the detailed measurement of results and impacts. On this basis, an enhanced dialogue will be pursued with stakeholders in France and partner countries concerning the priorities of cooperation policy and the modalities for its implementation.

# A CHANGING WORLD

## Tailoring development cooperation policy

- 1.1 International cooperation has undergone a good number of changes: from its beginnings as aid for the reconstruction of Europe in the wake of the Second World War, then its renewal in the form of development assistance after colonised countries gained their independence, and finally, at the turn of the millennium, as a consensus around the goal of reducing poverty.
- 1.2 A further transformation, no less momentous, is now necessary in order to take into account a new world of widespread interdependence, the ultimate perspective being the crafting of global public policies able to meet the main challenges of globalisation.
- 1.3 Today, the world's demographic, economic and political map differs radically from what it still was at the fall of the Berlin Wall in 1989. Globalisation is breaking down the traditional divide between domestic and foreign policy. This has gone hand in glove with an increase in wealth and well-being in all regions of the world, and the moral imperatives of solidarity and justice are accompanied by the growing awareness of a common destiny, be it in terms of economic growth, employment, security, health, human mobility or the environment.
- 1.4 This document redefines the objectives of France's development cooperation policy, which serves the interests of France and its closest partners, as well as a general interest that transcends borders and which the international community has a shared duty to address.

### **From the outset, development cooperation has pursued the twofold objective of solidarity and influence**

- 1.5 Development aid dates back to the Cold War, with the introduction of the Marshall Plan following the Second World War. After its war effort to save Europe, the United States of America mobilised substantial funds, reaching up to 2% of US GDP annually, to rebuild the continent and anchor it firmly within the Western camp. It was also during the post-war period that the main multilateral institutions for development assistance were founded, within a new architecture of world governance centred on the United Nations and the Bretton Woods Institutions.
- 1.6 After the colonies gained their independence, the containment of Soviet influence became for the Western nations a powerful engine that spurred development cooperation with the former colonies.
- 1.7 The fall of the Berlin Wall in 1989 and the collapse of the Soviet Union gave way fleetingly to an illusion of triumph for the market economy and of spontaneous convergence of national economies. A single paradigm, known as the Washington Consensus, came to prevail over development policy. Official aid flows, which some had thought would benefit from the «peace dividends», declined even though the number of aid recipients was rising to support those countries that were transitioning to a market economy.
- 1.8 Whereas some emerging nations marked up impressive economic growth, the African countries found themselves facing a massive debt crisis. The handling of this debt sparked off the debate about this model of

development. The Asian and Latin American crises of the late 1990s and the major financial crisis that began in 2008, although of different ilks, amplified the critiques raised and helped challenge the idea that free market forces would spontaneously bring about convergence between economies for the good of all.

- 1.9 At the same time, development policies placed renewed focus on human and natural capital. A series of conferences held under the auspices of the United Nations, from the Rio Summit in 1992 to the Millennium Summit in September 2000, enabled a consensus to emerge on common values and objectives, as expressed in the Millennium Development Goals.

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### The Millennium Development Goals

The Millennium Development Goals (MDGs) represent eight objectives that reflect some of the most crucial aspects of development, and more specifically human development, which the international community has committed to meet by 2015. The MDGs follow on from the actions and targets enshrined in the Millennium Declaration, adopted by 189 countries and signed by 147 heads of State at the Millennium Summit in September 2000.

- **Goal 1** : eradicate extreme poverty and hunger.
- **Goal 2** : achieve universal primary education.
- **Goal 3** : promote gender equality and empower women.
- **Goal 4** : reduce child mortality.
- **Goal 5** : improve maternal health.
- **Goal 6** : combat HIV/AIDS, malaria and other diseases.
- **Goal 7** : ensure environmental sustainability.
- **Goal 8** : develop a global partnership for development.

Achieving them requires that developing countries set top priority for these goals and the international community give them firm support.

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- 1.10 The MDGs have been a powerful factor in reviving ODA, which in 2009 reached a historic high of USD 120 billion from

the members of the OECD Development Assistance Committee (DAC). They also serve as a yardstick for measuring the results of the development cooperation policies in force during the early years of the new millennium.

### Globalisation means rethinking new pathways to growth

- 1.11 The upheavals caused by globalisation call for a radical shift in public policies. Although poverty reduction remains the priority of development cooperation policies, their objectives also need to integrate new challenges, be it the enhancement of global public goods, the regulation of globalisation or crisis prevention and management.

- 1.12 Citizens must be able to find their place in this changing world. This means that they need to have access to tools enabling them to understand and analyse more clearly international issues and development cooperation policy, and, should they wish, to deepen their involvement in international solidarity.

- 1.13 Development cooperation policy must therefore evolve so as to reconcile both the need for solidarity and the search for pragmatic responses to a vast array of issues that transcend borders and have in common the fact that they can be addressed only within an international cooperation framework.

- 1.14 Globalisation can be seen in the integration of economies, the instant transmission of information, the acceleration of capital flows and trade in goods and services, and the increase in population flows. It is becoming clearer what impacts nationally implemented policies are having beyond national borders.

- 1.15 The welfare of each individual now depends on France's collective ability to support and balance growth, regulate capital movements not subject to national rules, prevent organised illegal migration, prevent and address regional crises, preserve natural resources and the environment, control the spread of cross-border pollution, contain the spread of transmissible diseases, etc. The need to develop cooperative strategies or

organise the coordination of public policies is gradually becoming inevitable.

- 1.16 This change is happening in an economic context of accelerated growth in the emerging economies based on highly market-oriented models. Double-digit growth rates contrast with more sluggish growth in the industrialised countries and certain poor countries. Trade, financial and monetary imbalances are building up and fuelling each other to the extent that global balances are now under threat. In this setting, international cooperation needs to support and bolster the growth potential of developing countries under conditions conducive to reducing inequalities and imbalances between and within countries.
- 1.17 It is increasingly clear that the model for technical and energy growth that facilitated the economic expansion of the industrialised nations and the rapid take-off of the emerging countries is not replicable on a global scale, in a world that by 2050 may number ten billion people, according to United Nations estimates<sup>2</sup>. Simply in terms of the consumption of non-renewable resources, a single planet would not suffice. Far from slowing down or evening out development for the greatest number of people, what is needed is to invent new green and solidarity-based growth paths on a worldwide scale.

## **These challenges exist against a backdrop of global population growth and displacement**

- 1.18 Population growth will remain a major phenomenon in the decades ahead: the populations of Asia and Latin America are still growing, although their demographic transition is well underway. This transition, however, has barely begun in Africa, where the population is likely to at least double before levelling off. By 2050, the population of sub-Saharan Africa will have outstripped that of China or India.
- 1.19 The increase in world population is accompanied by a radical restructuring of settlement patterns: in each country, there are mass movements into urban centres that now house over half of the world's population, as well as international migratory

flows with major political, economic, social and human consequences, even though they account for only a fraction of total movements.

- 1.20 Local-level migration within a country or region has always been a sign of human adaptability. Added to this are movements further afield, amplified by economic and social imbalances and the increasing fluidity of transport and information. Whether spontaneous or forced, individual or collective, a search for new economic opportunities, better access to social services and basic freedoms or an escape from territories hit by poverty, violence or environmental disasters, this migration constitutes a response to the challenges of development. Understanding and regulating these movements, as well as supporting those concerned, represent in this sense an essential cross-cutting challenge for development cooperation policy.

## **The trajectories of developing countries vary widely and require differentiated partnerships**

- 1.21 Another salient fact of this new millennium is that the solidarity between developing countries, which found its political expression at the Bandung Conference, is now jeopardised by these countries' rapidly diverging economic trajectories. The historic leaders of the G-77 (China, Brazil, India, etc.) have become major economic powers, a change that is embodied in the transition from the G-8 to the G-20. Conversely, other developing countries, often the poorest, find it hard to attract investment, and are torn by conflict or weakened by the growth of illicit trafficking, which is a potential threat to regional and even international stability.
- 1.22 The «developing country» category therefore spans disparate realities. Development cooperation must take account of both the differences between these trajectories, the specific features of local contexts and the search for global balances. It is no longer a question of operating with the same tools across all countries and expecting the same results, but rather clarifying strategic issues,

defining specific objectives and adapting responses. Tailoring cooperation policy to these new issues means taking up the challenge of implementing differentiated partnerships.

## **Africa needs specific focus as its challenges are compounded**

- 1.23 In a world order that is being recomposed, Africa is the last region where the question of under-development applies to most of the continent. Indeed, most of the lowest-ranking countries on the Human Development Index are to be found in Africa.
- 1.24 At the same time, the majority of Africa's national economies have made considerable headway. Over the last ten years, sub-Saharan Africa has posted an average economic growth rate much higher than

that of the OECD countries. A mid- to long-run analysis, cyclical factors aside, would appear to confirm that a virtuous growth circle has begun: accelerating economic growth is faster than population growth thus resulting in higher per capita income, a significant improvement in macro-economic stability (lower external debt, decelerating inflation, reduced budgetary and external deficits), a sharp drop in the number of conflicts and the strengthening of democratic processes.

- 1.25 Be it new land of opportunity or a continent of all dangers, Africa is so close to Europe that the two continents need to accept that they have a shared destiny. Development cooperation must therefore continue to give Africa a special place given the risks and opportunities the continent represents for the future.

# STEERING GLOBALISATION

## Four strategic challenges for cooperation policy

2.1 France's cooperation policy seeks to respond to four complementary challenges, which critically need to be managed with success, in the interests of France and its partners:

- contribute to shared and sustainable growth;
- fight against poverty and reduce inequality;
- preserve global public goods;
- promote stability and the rule of law as factors of development.

### 1) Contributing to shared and sustainable growth

#### Growth and development are tightly linked

2.2 The last decade has seen hundreds of millions rise out of extreme poverty and gain better access to basic goods and services. The exceptional economic growth of countries in Asia, in Latin America and, to a lesser extent, in Africa has largely contributed to this progress.

2.3 Without economic growth, there is a danger that poverty will increase massively in countries facing high population increases. Conversely, global demand is more and more driven by developing countries: development is thus a challenge for sound growth at global level.

2.4 The private sector is the main driving force behind this growth and contributes directly to the creation of added value and jobs when backed by a government that guarantees stability. Yet, in a good number of developing countries the private sector

remains uncompetitive and is typified by an abundance of micro-enterprises, a large informal sector and a slowly evolving institutional environment. For this reason, support for economic growth requires action along several complementary lines: stimulating a business environment conducive to private investment; supporting changes to institutional and regulatory frameworks and labour and employment policy; anticipating more effectively shocks and their implications for businesses; encouraging investment of national savings and foreign direct investment; and contributing to improved tax structures that give to governments the wherewithal to act and to citizens a sense of fairness.

2.5 International trade is also a crucial development driver and needs to be encouraged both within regional blocks and at global level. At the same time, countries suffering structural handicaps should receive assistance to manage their integration into world trade, so that they can maximise the economic and social benefits: this is one of the aims of aid for trade.

2.6 Not least, in a globalised information economy, intangible cultural and human investment is a continuing challenge to be met by those developing countries whose societies are faced with rapidly changing mentalities and fiercer international competition in these areas.

#### The conditions for growth need rethinking to make it more sustainable and beneficial to as many people as possible

2.7 The way in which growth contributes to development is not confined simply to

increases in GDP: the quality of growth, its ability to create employment, its impact on welfare and the environment and its contribution to strengthening States are all as important as the rhythm of growth.

- 2.8 Growth often goes hand in hand with increasing levels of inequality, which, if not kept in check, could imperil its long-term benefits. Effective economic growth, robust and employment-generating, is likely to be undermined by inequalities, at both local and global levels. Mechanisms that reduce inequalities and protect the most vulnerable thus need to be extended in each country (pro-poor policies, risk reduction, redistributive fiscal policies). They also constitute one of the fundamental objectives of international cooperation policy (public and private international solidarity, promotion of international rules). Greater focus should thus be placed to those segments of the economy that enable the poorest to gain access to financial services or reduce their risks, such as micro-finance or micro-insurance.
- 2.9 In line with the Presidential commitment at the International Labour Conference in Geneva on 15th June, 2009, France intends to promote global regulation establishing jointly agreed-upon rules and standards that set the right to health, labour law, environmental law and trade law on equal footing. It also encourages the setting up of a social protection floor and greater corporate social and environmental responsibility, both for French enterprises and those in the partner countries supported through its cooperation arrangements.
- 2.10 To be sustainable, growth should not endanger environmental balances. The prevailing economic model is based on the exploitation of a natural resource capital that is being depleted: rapid consumption of non-renewable energies that provide more than 80% of the planet's needs<sup>3</sup>, deforestation, soil erosion, biodiversity loss, etc. Furthermore, the exploitation of this capital often results in long-term degradation: local pollution, greenhouse gas emissions, etc. At present, too many countries are impoverishing their natural heritage, perhaps irreversibly, to boost their short-term economic growth.

## **Building human capital is a cornerstone of growth**

- 2.11 Education and health are not merely rights, as human capital is also key to long-run economic growth and agents' capabilities are vital to improving an economy's competitiveness and returns on investments.
- 2.12 In education and training, the challenge is one of coordinating progress towards universal access to basic education and developing vocational training and higher education to match changes in the labour market structure.
- 2.13 Building human capital in developing countries also depends on health. The reduction of maternal and infant mortality, a lesser incidence of major pandemics, prevention and better treatment of major non-communicable diseases and the resulting rise in life expectancy all directly contribute to human dignity and well-being, as well as to a more productive working population.

## **Balanced territorial management reinforces the synergy between growth and development**

- 2.14 Finally, phases of rapid growth are often accompanied by spatial imbalances and population movements that, if well managed, then have a major impact on development.
- 2.15 Cities are developing at an extremely fast pace. Since 2008, they have been home to more than half the world's population, compared with only 10% in 1900. As hubs of production, innovation and exchange where new identities are forged, they concentrate economic, social and cultural wealth and attract huge numbers of people. Rapid mass urbanisation therefore plays a key role in the modernisation of economic structures, including those in rural areas. It also carries risks: the disintegration of social networks, concentrated pollution, urban sprawl that encroaches on natural areas, and rapidly increasing levels of poverty and inequality.

2.16 The rural world is also a key determinant of balanced growth. Agriculture plays a particularly important economic and social role as it represents the livelihood of most of the poor and also affects food security. Agricultural and rural development policies regulate the balances between territories by helping to keep in check urban-rural disparities in standards and quality of life. These policies also have a major impact on natural resources management, which needs to be improved through agronomic models that are more productive, more financially rewarding for producers and more frugal with natural capital.

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### Connecting the countryside to urban markets to reduce rural poverty

Rural areas concentrate a larger proportion of poor households and a higher level of poverty. However, rapid urbanisation induces a sharp rise in food demand and can thus be a wellspring of opportunity if family farms, which are the mainstay of rural economy, manage to invest so as to produce surplus yields, deliver them to towns and receive a fair price for their produce. The French Development Agency (AFD) contributes to increasing agricultural supply and rural incomes in various ways: by financing rural feeder roads and irrigation infrastructure, offering adapted solutions to finance farm production via banks and agri-food businesses that contract family farms, and supporting producers' professional organisations within each sector. AFD is encouraging the sustainability of this increased production by supporting land tenure management capacities, price volatility control and the prevention of health and environmental crises. It also supports efforts to design and disseminate eco-agriculture techniques and institutions to improve the local and global impacts of arable and livestock farming.

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2.17 International migration largely stems from a poverty that forces individuals to leave their country: cooperation policies must thus help them to live decently at home. At the Africa-France Summit in Nice on 1 June 2010, in line with the Lisbon Action Plan

of December 2007 defined by Africa and the European Union, France and fifty-one African countries committed to strengthen the synergies between migration and development strategies and jointly reiterated the need to support the development efforts of African States, in order, among other things, to anticipate these movements.

## 2) Fighting against poverty and reducing inequality

### World poverty is retreating but remains unacceptably high

2.18 The world's per capita Gross Domestic Product has increased by a factor of 2.5 in fifty years, and since 1980 the fraction of world population living below the threshold of economic poverty has been halved. This success is basically the result of the widespread adoption of a development model based on market principles. China is the best example of this shift. But the success is also due to aid programmes, particularly in countries where the scarcity of national resources has made it impossible to simultaneously stimulate economic investment and finance citizens' access to basic services.

2.19 However, this progress is coming up against two limits: first, poverty has not been reduced at the same rate across countries and global wealth is still very unequally distributed among countries (for example, the Least Developed Countries account for 12% of the world's population but only 1.6% of wealth production<sup>4</sup>); second, the basic needs of a significant share of the world's population are still not met, despite the progress seen over the last twenty years. To take only a few of the Millennium Development Goal targets:

- proportionally, underweight children under five in the world fell from 31% in 1990 to 26% in 2008, but the 2008 food crisis revealed just how fragile this progress is, with one person in six still suffering from hunger;

- drinking water has become accessible for some 1.6 billion people since 1990, but is still inaccessible to one person in seven in the world in 2010;
- in basic education, enrolment rates in sub-Saharan Africa have progressed since 2000 five times faster than during the 1990s. However, in 2008, 31 million children in sub-Saharan Africa and 38 million elsewhere were still not enrolled.

### For the poorest, the priority is access to basic services and economic activity

2.20 By adopting the eight Millennium Development Goals (MDGs) in 2000, the United Nations gave a clear reminder that the core objective of development policies is to guarantee as many people as possible access to a range of basic services that meet basic human needs and rights. Guarantee of secure access to safe drinking water and sufficient food, the possibility of receiving a minimum level of education and an adequate set of health services all constitute, at the same time, rights to which each individual has a legitimate claim and targets that the international community has set itself in the MDGs.

2.21 The MDGs identify a limited number of simple objectives that can mobilise public opinion in the countries concerned and donor countries. The advancement of these objectives can be measured with respect to the populations' needs. They have helped to spur a massive mobilisation of Official Development Assistance in the 2000s to support countries' own efforts, and they remain a key benchmark for mobilising development resources.

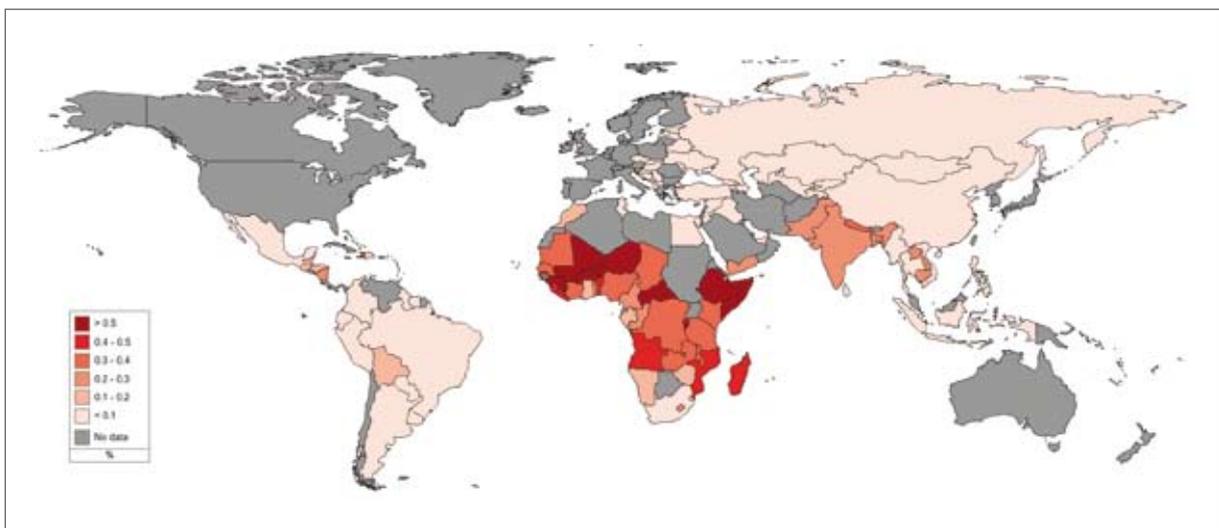
2.22 Achieving the MDGs depends first and foremost on the ability of States to make them effective, which basically entails a growing economy, as this is the only way of ensuring that governments have the resources required to organise the provision of basic services and that citizens have income-generating jobs enabling them afford these services.

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### MDGs and the importance of promoting women, key players in development

If the Millennium Development Goals were achieved, women would see a substantial improvement in their situation. Leveraging the multiplier effect of greater gender equality and women's empowerment is an overarching

### 2010 Multidimensional Poverty Index



Source: Oxford Poverty and Human Development Initiative and UNDP

MDG objective, as pointed out in the United Nations Development Programme paper on accelerating the MDGs («What Will It Take To Achieve the MDGs? An International Assessment», UNDP). There is in fact a strong linkage between women's and girl's education, economic empowerment and children's health. From a more general perspective, the poverty rate declines in countries where relations between men and women are more equitable and the main victims of under-development are women. In 2006, the World Bank\* estimated that a further USD 13 billion a year would be needed to achieve MDG 3 by 2015; and yet today less than 1% of United Nations' programmes, representing some USD300 million a year, is allocated to women's empowerment. The creation of the agency UN Women is however a step in the right direction.

\* «*The Financial Requirements of Achieving Gender Equality and Women's Empowerment*», Banque mondiale, 2006.

- 2.23 The multidimensional nature of poverty, its linkage with economic and social rights, and the question of capacity building and power sharing are now fully recognised, as much in the overall approach of poverty reduction policies as in how the development processes are actually addressed and steered at local level.
- 2.24 Further thought must be given to the basic rights of each human being to access, in their own country, the goods and services enabling them to live a decent life. The MDGs appear as a bedrock that needs not only extending towards a universal social minimum but also expanding towards access to energy, civil freedoms and culture. The quality of the services provided needs to be enhanced, as does the number of people accessing them. Innovative solutions for additional financing must be found to meet this challenge.
- 2.25 The defence of economic, social and cultural rights is fully mainstreamed into this approach, which France will support more specifically by promoting the International Covenant on Economic, Social and Cultural Rights (ICESCR).

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## **International Covenant on Economic, Social and Cultural Rights (ICESCR) and Optional Protocol**

The Covenant was adopted by the United Nations General Assembly on 16 December 1966 and came into force on 3 January 1976. France ratified it on 4 November 1980.

The ICESCR guarantees men and women equal rights in economic, social and cultural matters and prohibits all forms of discrimination.

At the recommendation of the Human Rights Council, on 10 December 2008 in New York, the 63rd Session of the United National General Assembly adopted by consensus the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights (ICESCR). The Protocol entitles any person or group of persons who deem that their rights under the Covenant have been violated to submit a written complaint to the Committee on Economic, Social and Cultural Rights.

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## **Economic and social development in the Least Developed Countries requires a specific approach**

- 2.26 The Least Developed Countries in particular have a high proportion of their populations living in extreme poverty and lack adequate internal mechanisms, especially economic, to meet their population's needs; for them, without the vital contribution of ODA, it would be almost impossible to invest simultaneously in basic services (health, education and vocational training, water, nutrition) and in the infrastructure to make them accessible (transport and energy especially, basic social infrastructure) at a level commensurate with these needs.
- 2.27 Most of these countries compound additional vulnerabilities: geographic isolation, weak institutional capacities at central or local government level, high dependence on a limited number of productive sectors, vulnerability to climatic hazards, etc. The succession of energy, food, economic and financial crises since 2008 threatens to undermine the progress achieved and compromises these countries' efforts to

reduce poverty. Stagnating or even falling per capita income makes it particularly difficult to finance both investment and social expenditure.

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### **Developing access to water and sanitation in slums**

Access to basic services in slum areas, which are often sidelined by conventional providers, raises myriad challenges, including providing drinking water for all social categories—thus lightening women’s workload—and improving health by reducing waterborne diseases that mostly affect young children. Although conditions are improving in Asia, they remain a cause of great concern in Africa, particularly on the fringes of cities where housing is dense and households have few amenities. French action in the water and sanitation sector aims to improve access to these services, especially in peri-urban areas. For this, it supports the development of infrastructure and services adapted to user needs, so as to ensure that water is available in key public places, such as clinics and schools, and to promote better hygiene and sanitation practices. All of these initiatives dovetail with overall support for governance in this sector. The AFD finances this type of project notably on the outskirts of Ouagadougou in Burkina Faso and Maputo in Mozambique.

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above. Globalisation has helped to highlight the preservation of global public goods as a growing challenge needing to be addressed by all countries, as a number of recent crises have shown.

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### **Epidemic control, regional integration and mobilisation of French expertise in the Indian Ocean**

Emerging diseases pose a growing threat, as they are linked with the globalisation of trade and climate change. The island states of the Indian Ocean are particularly exposed to this risk, as the recent outbreak of chikungunya has shown. The economic vulnerability of these countries, which are heavily tourism-dependent, calls for a regionally organised epidemic alert and response capacity. In 2007, Comoros, France (Reunion Island), Madagascar, Mauritius and the Seychelles set up the Regional Centre for Indian Ocean Health Surveillance and Research (CRVOI) under the Indian Ocean Commission. This project enables the exchange of epidemiological information, technical capacity building and the pooling of resources for health emergencies. The network is based on regional hubs of expertise: the Institute for Public Health Surveillance (InVS) laboratory in Reunion Island and the Pasteur Institute in Madagascar.

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## **3) Preserving global public goods**

### **The acceleration of globalisation makes preserving global public goods a major challenge**

2.28 Global public goods are public goods whose benefits (or risks, if not well managed) are not appropriable (and consequently not covered by market mechanisms) and cannot be contained within borders (and consequently not covered by national policy either). Climate protection, biodiversity conservation, the fight against transmissible diseases and financial stability are some examples of global public goods as defined

### **The future of global public goods is strongly linked to development patterns**

2.29 The preservation of global public goods can be linked into the development process, whether this is at the level of autonomous access to energy, reducing climate risk by adapting housing structures, developing public transport, preserving rare ecosystems through local community participation, or providing infrastructures for the early diagnosis and care of patients with infectious diseases. It is linked to poverty reduction because the poorest are often those first affected by the degradation of public goods and, conversely, they have greater incentives to invest in their safeguard if a less precarious existence empowers them to go beyond short-term approaches. It is often necessary

for communities to acquire new skills in order to implement technical or institutional solutions that reconcile development and the preservation of global public goods at a local level. Innovation is in itself a cooperation objective and its implementation is conducive to development.

## **The universal dimension of global public goods requires innovative approaches**

2.30 The cross-border nature of global public goods and the fact that they require collective management, even though they do not affect all countries to the same degree, mean that there is the need both to involve all public actors (international and regional organisations, national governments, local authorities) and non-state actors (businesses and civil society) in the search for sustainable responses and to set up mechanisms to facilitate consensus among these stakeholders:

- knowledge sharing must foster the emergence of a common understanding as to the nature and extent of the issues at stake and the responses that can be mobilised. This sharing notably requires structures that can make such issues more concrete for decision-makers and the general public. They have already been set up for climate matters (IPCC<sup>5</sup>) and are now under discussion for food security and biodiversity;
- targeted financing can have an enabling role if it can be adapted to a variety of arrangements to maximise impact. It can propose financial mechanisms to fund solutions that are only viable in the long run, use targeted co-financing to channel investment or help to put a market value on public goods, as was the case with the creation of carbon emissions trading. For global public goods requiring massive, long-term expenditure, innovative financing can offer sustainable additional sources of funds;
- collective regulations, although more complex to craft and implement, yield significant results when based on international consensus, as is the case of the agreement

on the reduction of greenhouse gas emissions that threaten the ozone layer, or the International Health Regulations that improve global health security without penalising trade and human mobility. Strengthening corporate social and environmental responsibility is also complementary approach for improving standards and practices, as its implementation is more flexible and gradual.

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### **Innovative financing tools for biodiversity conservation**

One of the main factors limiting the conservation of biodiversity is the scarcity of financial resources earmarked for environmental protection in developing countries. In 2010, the AFD began to introduce financial tools that mainstream environmental issues into economic approaches and market mechanisms. It participates in three conservation trust funds for Madagascar, the Congo Basin and Mozambique. The agency is also developing methods to offset biodiversity damage, which it aims to apply to large-scale mining and infrastructure projects. With these mechanisms, the AFD, while increasing its financial commitment to the sector, is also contributing to the emergence of endogenous mechanisms for financing biodiversity.

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## **4) Promoting stability and the rule of law as factors of development**

### **Legitimate and effective States are crucial to ensure the linkage between security and development**

2.31 Sustainable development cannot come about without the guarantee of the physical security of goods and people and the political and legal stability necessary for human and economic development. There is a direct linkage between political stability and development: enabling the State to guarantee the security of its population fosters a development-friendly environment, while preventing the marginalisation of

parts of the country by offering them better development prospects helps give them lasting stability.

- 2.32 Where fragility, instability or conflict situations exist, the top priority is thus to reinforce the State's legitimacy in its capacity to fulfil the sovereign responsibilities of control over the national territory, maintenance of security and the rule of law, exercise of justice and authority at local level. This legitimacy is also grounded on the effective delivery of basic services both to its population (health, education, water supply, sanitation, etc.) and to economic players, who are the engines of development (construction and maintenance of transport infrastructure, energy supply, etc.).
- 2.33 The second priority is to strengthen government legitimacy and expand the civic sphere, whether this involves the methods of appointing leaders, the way power is exercised, the independence of the judiciary, the structure of political, social and non-profit organisations, or more broadly, the empowerment of civil society.
- 2.34 Political crises, especially when they lead to violent conflict, impede the development process and may even cause long-term setbacks.

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### **Liberia: four decades of development wiped out by a 14-year civil war**

In the 1960s, Liberia enjoyed one of the highest economic growth rates in the world, largely due to the income derived from its many raw materials: diamonds, iron, gold, precious woods, rubber plantations, etc. Rent-capture by a minority, however, became a source of internal tensions that caused a serious deterioration of the political and social climate in the 1980s and a major civil war from 1989.

Preserved until then by its political stability, Liberia's economic situation rapidly declined as the country imploded. The conflict destroyed a major part of the country's infrastructure, and disrupted farming and mining activities. Per capita GDP was halved in the 1980s and halved yet again in the single year of 1990!

It was only in 2003, that the conflict really ended, a full fourteen years after it had begun. Socio-economic indicators then stabilised, but the losses were enormous. At present, Liberia is classified as an LDC: although it has posted GDP growth rates of roughly 7% since 2005 (according to the World Bank), the population is scarcely better off than it was in 1963.

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### **Local conflicts have repercussions for international security**

- 2.35 Crisis prevention means taking account of four categories of risk that lead to violence and conflict, which moreover may be interlinked:
- community divisions within a national or regional area, and substantial inequalities between social groups that may be the flashpoint of violent crises and conflict;
  - civil wars, initially confined to one country but which may have a contagion effect on the region;
  - large-scale trafficking (narcotics, weapons, people, etc.) and piracy, which develop where governments are unable to control their territory and borders;
  - transnational terrorism: terrorist movements are often fuelled by the frustrations of communities deprived of any prospects of development. These movements set up their bases in lawless areas where government authority is weak or non-existent (failed states).
- 2.36 Building a safer world and reducing tensions by addressing their structural causes are major stakes for development. French cooperation is designed to contribute to dealing with situations that pose potential or proven threats to the stability of its partners. By doing so, France is contributing to international security and the security of French citizens.

# A GLOBAL APPROACH TO DEVELOPMENT

## Mobilising multiple levers and promoting policy coherence

### 1) From aid to the overall financing of development

3.1 Responding to the challenges of international cooperation requires mobilising substantial volumes of funds, far in excess of traditional Official Development Assistance. France's approach in this area is based on the Monterrey Consensus, adopted by the United Nations in 2002, which recognises the diversity and complementarity of financing that contributes to development, with particular focus on the coherence of development policies and other public policies.

#### Mobilising local resources, a priority for development financing

3.2 Domestic private investment is a crucial development driver, which needs to be supported within a framework of social and environmental responsibility. This support includes the institutional and legal environment for businesses, improvement in services networks, access to information and new technologies, greater access to financial markets, particularly regional ones, and the development of insurance instruments.

3.3 As the main public source of development financing that is both predictable and sustainable, taxation provides governments with the means to discharge their sovereign functions and meet their citizenry's basic needs; at the same time, it makes them less dependent on development aid or borrowing. This thereby strengthens the government's legitimacy and democratic control over public policy.

3.4 France intends to promote effective, equitable and transparent tax systems and, for this, it will support capacity building for administrations that fight tax evasion and abusive tax avoidance.

3.5 France will press for greater transparency from multinational corporations and support the implementation of tax information exchange standards, tailored to the context of developing countries. It will seek to promote the development of adapted local tax systems and capacity building for regional economic commissions in the area tax harmonisation. France's cooperation strategy in tax matters<sup>6</sup> will serve as a basis for dialogue with its partners on these questions.

#### International private flows are of mounting importance

3.6 Private flows form the bulk of international financial flows to developing countries. In 2008, flows of foreign direct investment and migrants' remittances to developing countries were respectively 5 times and 2.5 times the amount of Official Development Assistance, while private giving was estimated at some USD 40 billion, roughly equivalent to the effective disbursements of Official Development Assistance to developing countries<sup>7</sup>.

3.7 Development cooperation policy must enable synergy between public and private players so as to encourage the mobilisation of private funds for development. This involves facilitating their operations (for example, promoting lower costs for migrant remittance transfers and improving practices in this area), reducing risks so as to channel the flows to specific countries (state guarantees) and providing targeted financing to enhance

their environmental and social impact (public-private partnerships).

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### **Migrant remittances to developing countries**

Affected by the international economic crisis, migrant remittances to developing countries were estimated by the World Bank at USD 316 billion in 2009, compared with USD 336 billion in 2008. These are still hefty amounts compared to total ODA from DAC member countries (USD 120 billion in 2009). France supports their use for development purposes, which is all too often hampered by high transfer costs and the insufficient maturity of banking networks in the migrants' home regions. The actions it supports are aimed particularly at:

- lower transfer costs through greater transparency from the remittances market;
- more flexible regulations for remittance transfers;
- incentives to use savings for productive development, notably via a joint initiative with the African Development Bank to create new financial products in the migrants' countries of origin and, in France, a co-development savings account and savings deposit account offering tax breaks to migrants who invest in productive development projects in their country of origin.

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### **Official aid flows need optimising but are still vital in many situations**

- 3.8 Compared to other financial flows, the resources for cooperation policy are limited. They should be articulated with other sources of development financing or used subsidiarily, in such a way as to produce maximum impact for issues of public interest and long-term stakes.
- 3.9 Convinced of the added value of having the capacity to intervene bilaterally, notably to support the development and financing of public policies, France will adapt its financial instruments accordingly to guarantee both the amount of resources earmarked for this

strand of intervention and their predictability. This is the whole purpose of the three-year programming exercise recording appropriations to the «Official Development Assistance» mission in the national budget. These allocations must be shared in a foreseeable manner between the bilateral, European and multilateral strands, with a fixed floor for budget resources earmarked for bilateral action. In addition, to optimise the use of government resources allocated to the «Official Development Assistance» mission, the three-year programming exercise will also comprise allocation principles governing the differentiated partnerships defined in this strategy framework document. Those countries that have concluded agreements for the concerted management of migratory flows will enjoy preferential treatment with respect to ODA.

- 3.10 France's cooperation system mobilises a broad panoply of instruments for financing development: technical assistance, expertise and training (aid for trade, aid for mobilisation of fiscal resources), general policy measures (reinforcement of international tax cooperation, reform of the representation of developing countries in international financial institutions), guarantee instruments that in principle do not entail financial transfers and, of course, direct financing: grants, co-financed grants, medium- and long-term loans, equity financing, etc.

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### **Leveraging loans while ensuring debt sustainability**

Loans are a powerful financing tool that can give maximum leverage to budget resources and support large-scale projects, in service of economic development and poverty reduction. France practices a responsible lending policy compliant with the rules adopted by the industrialised countries on prudent and sustainable debt, particularly in sub-Saharan Africa. In general, sovereign loans are reserved for countries whose risk of debt distress is judged to be low by IMF and World Bank analyses, and on no account are they granted to countries that have not reached the completion point of the Heavily Indebted Poor Countries (HIPC) Initiative. The financial conditions are usually concessional and include, where possible,

a counter-cyclical component to absorb any shocks that may temporarily impair these countries' repayment capacities. Loans to the non-sovereign sector (such as public undertakings) may be authorised on a case-by-case basis even in countries where the risk of debt distress is judged to be medium or high, if the rate of return on the project financed so justifies and if the debt of the public undertaking is dissociated from that of the State.

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- 3.11 Given the magnitude of the needs and the relative scarcity of government resources, France's policy gives priority to mechanisms such as loans that enable public funds to have a leverage effect in middle-income and emerging countries, as well as for specific economic sectors, particularly private sector support.
- 3.12 Even within a subsidiarity approach, the use of government grants is still necessary for targeted intervention in the poorest countries and countries in crisis, and for funding actions that although not cost-effective have major social and environmental benefits, and which are not covered by either the markets or private players active in development cooperation.
- 3.13 There is intense debate on international estimates of the amount of official financing required for international development. Whatever the estimate agreed on, France intends to contribute its fair share. It seems unlikely, however, that the funding of international solidarity can continue to weigh solely on the budgets of OECD countries, and more specifically that Europe, which now accounts for 30% of global GDP, can continue to finance 60% of global ODA.

## Innovative financing serving global public policies

- 3.14 The need to collectively manage a growing number of global issues inevitably means that policies common to all countries will be put in place to meet these challenges. The financing requirements for these global policies are considerable and long-term, and call for structural responses.

- 3.15 France supports the upsurge of innovative financing for development, in other words, new, more stable, more predictable financial flows that are less dependent on the annual budgets of DAC member countries and new donor countries than traditional aid. These forms of financing provide additional aid by levying tax on international activities that are subject to little or no tax at a global level, such as the airline ticket tax and the proposed tax on international financial transactions. This type of financing can also benefit from the prospects opened up by market guarantees and mechanisms—advance market commitments, government-backed bonds (IFFIm, etc.), auction of carbon credits, etc. It can also enhance and fuel the potential of solidarity contributions from the general public and migrant remittances.
- 3.16 France has pioneered the recognition of the major contribution that innovative financing can make to development, in particular by its action within the Leading Group on Innovative Financing for Development, whose Permanent Secretariat is provided by the France. It has committed itself at the highest level, notably at the United Nations MDG Summit in New York in September 2010, in favour of a tax on financial transactions to fund development and combat climate change. It will continue to make the identification, mobilisation and effective use of these financing innovations a major thrust of its cooperation policy, setting their use for medium- and long-term issues as a priority.

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## The Leading Group on Innovative Financing for Global Health

Innovative financing emerged following the twofold observation that budget flows for development goals are limited, as are market and private flows, and that additional and more predictable resources need to be found. Developing these flows is the aim of the Leading Group on Innovative Financing for Development, which was founded in 2006 and whose Permanent Secretariat is provided by France. In 2010, this forum for strategic thinking and proposals included members from 60 countries, main international organisations (World Bank, WHO, UNICEF, UNDF, etc.) and NGOs. Three

innovative mechanisms have already raised more than USD 2.5 billion of extra development resource and have helped vaccinate over 100 million children a year and ensure paediatric treatment against AIDS for 100,000 children a year:

- France's initiative of a tax on airline tickets, which helps to fund UNITAID, whose mission is to lower the cost of treatment for HIV/AIDS, malaria and tuberculosis;
  - the International Finance Facility for Immunisation (IFFIm), which finances the immunisation and health system strengthening programmes run by the Global Alliance for Vaccines and Immunisation (GAVI); and
  - the Advance Market Commitment (AMC), which aims to accelerate the development of new pneumococcal vaccines by guaranteeing funds for future purchases.
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## 2) Enhancing policy coherence

### Policy coherence is now vital due to the progress of globalisation

- 3.17 A number of sectoral policies have a major impact on the process of development and growth. Although sometimes complex, the active quest for synergies and the resolution of conflicting objectives must be promoted in terms both of policy content, including partner countries' policies, and the institutional means for policy implementation.
- 3.18 For France, this coherence is to a large degree affirmed within the framework of the European commitments it has helped formulate and which it implements in its national policies. The European Consensus on Development identifies twelve sectoral policy areas in which Member States reaffirm their commitment to ensuring a greater coherence with development objectives and which *de facto* cover the main coherence-related issues: trade, environment, climate change, security,

agriculture, bilateral fisheries agreements, social policy and employment, migration, research and innovation, information technologies, transport and energy.

- 3.19 In November 2009, the EU Council opted to address five priorities: trade and finance, climate change, food security, migration and security. This targeted approach, supported by France, will seek to enhance and exploit the synergies between these sectoral policy areas and development policy.

### Coherence between trade and development policies is a priority

- 3.20 Trade is an engine of economic growth and it is necessary to support developing countries with respect to their policies for a gradual and soundly based opening up of trade, particularly at intra-regional level. In this area, which is under the responsibility of the European Union, France will press for a rapid, ambitious, comprehensive and balanced conclusion of the WTO Doha Round and for the avoidance of protectionism. It will work, with an equal concern for balance, for the conclusion of the negotiations on the Economic Partnership Agreements under the Cotonou Agreement. In line with the French position on the need for a differentiated approach for developing countries, it will seek to strengthen the Generalised System of Preferences by effectively targeting the countries that need it most. Lastly, it will support the conclusion of bilateral trade agreements, taking into consideration both the impact of these agreements on Europe's economy and the preference erosion they might entail for the poorest countries already enjoying trade preferences. It is also necessary to help countries, especially the poorest, to bear the adjustment costs of trade liberalisation, both in terms of assistance to adapt their economies (reform of labour market, tax system, customs duties, budgets, etc.) and of financing. France will also support, via European policy, aid-for-trade policies (support for the productive sector, infrastructure, capacity building) and trade facilitation (more efficient border procedures).

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## Aid for trade

Aid for trade aims to build partner countries' capacity to integrate regional and international trade. In 2007, the EU adopted a strategy to raise its assistance to €2 billion a year as of 2010, of which €1 billion comes from Member States, as part of the pledges made at the WTO. In France's case, most of this aid is implemented by the AFD through projects for agriculture, tourism, banking and infrastructure, and through the Trade Capacity Building Programme (PRCC), a technical assistance tool for trade. Trade development is also supported by cooperation initiatives outside the scope of ODA, such as the Cape Town Initiative for economic growth in Africa. France's aid-for-trade strategy, approved in 2009, supports the setting up of regional trade policies connected to international markets, as well as the increase of a competitive supply-side capacity. It sets an aid objective of an annual €850 million from 2010.

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## The need for a stronger linkage between migration and development

- 3.21 Cooperation policy and the regulation of migration are tightly interconnected, since the former aims to help improve the living conditions of populations in developing countries, thereby helping to reduce migration made necessary by economic, social, political or ecological factors.
- 3.22 Development policy and migration policy must thus be coordinated so as to benefit the countries and regions experiencing out-migration, with the aim of maximising and sharing the positive effects of migratory flows between the country of origin and the host country. Enhanced coordination between development policy and migration policy also concerns French Overseas Communities, particularly as regards implementing cooperative action with their neighbouring countries.
- 3.23 In this respect, France subscribes to the global approach to migration adopted by the European Union in 2005, comprising three lines of action: promoting mobility and

legal migration, combating and managing illegal immigration, and reinforcing the link between migration and development. The implementation of this global approach requires coherence at two levels: first, between migration regulation and development assistance in the framework of partnerships between the country of origin and the host country and, second, in terms of harmonisation between host countries (national legal regulations on individual mobility and residence and integration policies). The European Pact on Immigration and Asylum adopted by the European Council in 2008 encourages partnerships between home, host and transit countries to foster synergies between migration and development<sup>8</sup>.

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## Senegal: supporting migrants' involvement in co-operative development

Under the agreement signed between France and Senegal on the concerted management of migratory flows, the Support Programme for Solidarity Initiatives for Development (PAISD) receives €9 million to co-finance local development projects with migrants and their partners in their regions of origin, to support Senegalese entrepreneurs established in France with their investment projects in Senegal, to mobilise the highly-qualified diaspora, to mobilise young people with proven competencies from the second and third generations of Senegalese nationals living in France for voluntary work in development solidarity initiatives, and to help reduce the digital isolation of remote areas.

Initial results show that the programme enjoys wide ownership (proximity to beneficiaries, prompt implementation, participation of the beneficiaries, guarantee of transparency of financial resources), that the projects selected are coherent with national development policies (achievement of the MDGs, links with the Poverty Reduction Strategy Paper) and with local development plans, and that many different partners are involved (local authorities, NGOs, public institutions, etc.).

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## The policy areas impacting development are increasing with globalisation

- 3.24 The list of government sectoral policies that affect development policy lengthens as globalisation spreads. In addition to trade and immigration, France will pay close, but not exclusive attention, to four other policy areas.
- 3.25 In the area of financial and investment policies, France will support developing countries in their efforts to access foreign investment, technology, know-how and knowledge on external markets, as well as private capital. This means improving the investment climate in these countries and promoting entrepreneurship. Flanking policies pursued within the framework of support for the Franc Zone and for debt relief as well as trade liberalisation will be strengthened.
- 3.26 As food security and support for the agricultural sectors that create employment and value added are crucial challenges, especially for the poorest countries, France will provide support to improve production capacities and the functioning of food markets, and also develop its support actions in those areas of health and safety likely to hamper market access. It will encourage international capacity building for the poorest countries to enable them not only to comply with sanitary and phytosanitary standards, but also to be actively involved in defining them. It will ensure that, within the framework of international agreements, the fishing resources of developing countries are protected and remain accessible to the local players in the fisheries sector. France will continue to seek coherence between European agricultural policy and development objectives and will support, within Europe, ongoing reform to sever the tie between agricultural support and production and promote developing countries' access to EU markets.
- 3.27 In the areas of environment and climate change, France will urge the industrialised countries, especially the European Union, to honour their commitments on greenhouse gas emission reductions. It will seek to ensure that development policies are adapted to the new constraints created by

climate change by supporting developing countries in their efforts to mitigate and adapt to climate change, while at the same time fostering innovation and the transfer of clean technologies.

- 3.28 In the area of social policy, France will pursue its objectives of promoting core labour standards, decent employment and the social protection floor both at country level and multilaterally. In this respect, it will mobilise the French business community on their social and environmental responsibility and support the promotion and implementation of economic and social rights in developing countries and more effective integration of these rights into multilateral programmes.

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### Universal Social Protection Floor

This global initiative is contained in the Global Jobs Pact adopted at the International Labour Conference in June 2009. It rests on an innovative approach that coordinates actions on supply and demand. It is based on a coherent set of basic social transfers and basic social services to which all citizens should have access. They guarantee:

1. the availability, continuity, and geographic and financial access to basic services, such as education and vocational training, health, food security, water and sanitation, housing, employment services...
2. a set of basic social transfers, in cash and kind, to provide a minimum income and livelihood security for poor and vulnerable populations and to facilitate access to basic services. It includes social transfers for children, workers with insufficient income and older and disabled persons.

*(Source: ILO)*

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- 3.29 In some cases, cooperation policy with a region or country may have serious consequences for French overseas communities, particularly for their economy and trade, as well as for the management of security and immigration. France will thus ensure that these communities' priorities are integrated into the cooperation policy pursued in their neighbour countries.

## 3) Strengthening the complementarity of bilateral, European and multilateral action

### Bilateral cooperation plays a crucial role in cooperation policy

- 3.30 Bilateral arrangements are key component of France's development cooperation. They involve a broad diversity<sup>9</sup> of players (state operators, civil society, local authorities, foundations, etc.) and dispose of a panoply of instruments (technical assistance, subsidised or non-subsidised loans, grants, budget aid, equity financing and guarantee mechanisms, etc.).
- 3.31 France's bilateral system has a comparative advantage in several ways: its flexibility and responsiveness; its capacity to innovate and intervene in complex fields due to political decision-making unity; its capacity to form coalitions with a diversity of players; and, not least, its experience with a full range of technical and financial instruments. On the other hand, if this potential is to come to fruition, it needs to successfully mobilise substantial resources in a predictable manner.
- 3.32 Bilateral development cooperation makes it possible to target the geographic and sectoral priorities that are essential from France's point of view. It more effectively uses not only its players' expertise in sectors where French know-how is recognised, such as urban development, water and sanitation, agriculture, health, education, etc., but also their in-depth local knowledge, especially in Africa. The experience and expertise acquired in bilateral development cooperation can also usefully inform the action of multilateral donors.
- 3.33 France will thus maintain an ambitious policy of bilateral cooperation as this helps, through common actions, to further a better understanding of its partners. The visibility it affords helps to enhance France's profile in these countries and encourages French public opinion to buy in to development cooperation.

- 3.34 Alliances between the players of bilateral cooperation around common objectives are a path that should be explored for better coordination between the different types of cooperation. Whether in the form of shared strategic thinking, co-financing or staff exchanges, bilateral coalitions constitute a clear focus for French cooperation.

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### Combined bilateral approaches

Coalitions of bilateral agencies, built around a hard core of cooperation between AFD, Germany's KfW and the European Investment Bank and extended to partners such as Japan's JICA, are a novel form of multilateralism for France. The AFD, KfW and JICA now account for 80% of bilateral aid and 20% of total aid allocated to the fight against climate change.

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### Non-state players are key players in bilateral cooperation

- 3.35 The growing influence of non-state players (NGOs, migrant associations, local authorities, foundations, enterprises, trade unions, etc.) in terms of the funds they raise, the projects they implement and their power of advocacy is illustrated by numerous initiatives in which civil society mobilisation plays a determining role. The international campaigns for debt relief and tax transparency are striking examples.
- 3.36 As they become more professionalised, non-governmental organisations are playing a significant role in terms of financial transfers, expertise, capacity building, knowledge of local organisations and networking. Of particular note are migrant associations, which offer a mine of specific know-how that should be put to more use particularly in co-development projects. To support their actions, the fraction of total ODA channelled through international solidarity organisations will be gradually scaled up to 2%. It already accounts for 6% of programmable grants.
- 3.37 More recently, private foundations are making it possible for companies to transmit their know-how without being subject to market requirements, by funding field programmes, as for example, research and advocacy actions.

3.38 At a time when decentralisation policy in many developing countries is charging local authorities with greater responsibilities, their French counterparts are playing a special role in cooperation—now recognised by law—through technical and institutional capacity building. This decentralised cooperation, often stretching over many years, is a novel asset that French development cooperation will continue to encourage and support.

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### **French Alliance for Cities and Territorial Development**

In 2030, cities in developing countries will be home to 4 billion people, 2 billion of whom may be living in slums, as against today's 830 million. The French Alliance for Cities and Territorial Development (PFVT), created in 2009, aims to provide a more effective response to the challenges of urbanisation. It brings together all the French players active in urban cooperation: the State, local authorities, professionals, businesses, research and training bodies, NGOs and qualified individuals. As a multi-stakeholder platform for dialogue on urban cooperation, it provides a common portal for French expertise in this field and fosters common stances so as to facilitate more active participation in international debates. In March 2010, it sent a 114-strong French delegation to the Rio de Janeiro World Urban Forum, which gathered together a total 13,700 attendees. The diversity of the delegates' profiles enabled them to make a substantive contribution to the discussions.

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3.39 Because businesses create wealth and their activities have economic, social, fiscal and environmental impacts, they are key players in development. Their knowledge of economic development and growing awareness of their social and environmental responsibilities make them indispensable partners in the drive for equitable and sustainable development. French cooperation policy will encourage the growth of dynamic relations between French businesses and their counterparts in developing countries, as well as opportunities for sharing the know-how,

technology and best practice enabled by these exchanges, which are sources of mutual benefit.

3.40 Alongside businesses, trade unions and other professional organisations, well experienced in dealing with their counterparts, contribute both to strengthening the social dialogue that helps build democratic governance and to promoting global compliance with basic social and environmental standards. France's approach of co-managing certain policies and services (vocational training, social welfare, etc.) also holds enormous potential for mutual economic and social benefits for France and its partners.

3.41 French cooperation policy will enhance the extraordinary wealth that this diversity of players represents. France will encourage the production and sharing of information that fosters mutual understanding between players and the emergence of a shared vision of development issues. It will pursue efforts to improve communication on the actions it implements and to strengthen consultation with non-governmental organisations in view of formulating and implementing development cooperation policy, as well as preparing major international events in on development.

3.42 In addition, France's development cooperation policy will support development initiatives undertaken by the different families of players. It will help them to bolster capacity building and share instruments and innovative practices, and also evaluate them. It will also set up and consolidate consultative frameworks to ensure ongoing dialogue between the Government and each of the main families of players, as well as foster multi-player networking and operational partnerships.

3.43 In addition to this, millions of citizens in France and other OECD countries play an everyday role in international solidarity by engaging in neighbourhood initiatives and making private donations, encouraged by tax incentives for philanthropy. Cooperation policy will seek to bolster this vital link between French citizens and development cooperation actions, be they public or private.

## European cooperation is the fruit of a novel project for political integration

- 3.44 Convinced of the relevance and value added of European action in favour of development, France has chosen to set its development cooperation policy within a European framework. The European Union has a special role on the international stage of development cooperation: it strives for a form of political cooperation that reflects fundamental values and basic principles and which is backed by massive mobilisation of funds, as the combined action of Member States and European instruments accounted for 56% of global ODA in 2009.
- 3.45 The EU's action is unlike that of either a Member State or a traditional multilateral player: it is the outcome of a highly original project for political integration. The implementation of the Lisbon Treaty, the updating of the European Consensus on Development and the negotiations on the financial perspectives for 2014-2020 all provide opportunities to review this European-level cooperation framework and endow it with a array of tools commensurate with Europe's international role on the world stage.
- 3.46 The European Union marks up considerable assets in the international aid community. The originality of its institutional model makes it the sole multilateral player to possess instruments for political dialogue, economic cooperation and development assistance, with also the capacity to mobilise substantial funds at Commission level. The responsibility for ensuring policy coherence (trade, agriculture, fishing, migration, etc.) is located at European level; EU aid also benefits from a wealth of experience in areas such as budget support, infrastructure financing and support for democratic governance and regional integration.
- 3.47 The challenge lies in articulating the bilateral actions of Member States with those of European instruments in order to make best use of their experience and know-how and reinforce their collective impact: this is the purpose of the European Consensus on Development adopted in 2005, the

cornerstone of this European policy, and of its implementing mechanism, the Code of Conduct on Complementarity and Division of Labour in Development Policy (2007). European development cooperation, now a component of EU foreign policy, must enable a more effective organisation of the synergies between Member State cooperation actions by encouraging harmonised practices, a division of labour and even joint programming exercises.

- 3.48 Although the European Union is deeply committed to development, its political role is still not on par with its financial commitment. The setting up of the European External Action Service will make it possible to move towards a development policy linked to the EU's strategic objectives.
- 3.49 The negotiations on the EU's forthcoming financial perspectives should thus serve as an opportunity to radically modernise European policy so as to adapt to a changing world, take into account the diversity of developing countries, ensure greater complementarity for bilateral actions and achieve greater leverage effects, notably by developing loan instruments and mixing solutions where the nature of the investment so justifies.
- 3.50 France will therefore propose that its partners pursue the Millennium Development Goals through a more integrated approach, particularly with respect to the role of growth and its modalities, and one that mobilises more diversified financing. France will invite the EU to strengthen its action in the area of food security. It will invite Member States to take global issues more fully into account and, through its instruments, support the European Union's «climate diplomacy». As regards the implementation of the Lisbon Treaty, it will propose scaling up Europe's crisis response capacity and strengthening the link between security and development in fragile contexts, and advocate that the cross-cutting objectives of democratic governance and regional integration be maintained. It will also propose that the EU place more focus on aid to trade, global public goods and higher growth. At the same time, France will ensure that the priorities of its Overseas Communities neighboured by developing countries are taken into account.

3.51 Within the framework outlined in this document, France has drawn up a strategy for European development policy<sup>10</sup> that presents both the French vision of European aid architecture and its main expectations in the area of European development policy.

## Multilateral aid mobilises the resources needed to tackle global issues

3.52 In bringing donors together under a common development objective, multilateral cooperation provides a framework that complements bilateral and European action. France's active participation in multilateral institutions gives it a degree of influence and significant responsibility with regard to the evolution of the international system and to the key discussions that define development assistance.

3.53 Multilateral cooperation is implemented through complex arrangements, the keystone of which is the United Nations system. This architecture is characterised by the pivotal role of international financial institutions (Bretton Woods Institutions and regional development banks), which have been revitalised due to the crisis and internal reform.

3.54 The United Nations system is an arena for building recognised legitimacy at international level with respect to international representivity and norms. Through the UN's own specialised agencies such as the ILO or WHO, and the non-UN institutions that contribute to defining and enforcing standards, such as the WTO, this world order under construction is indispensable insofar as it provides a universal framework for the international community's efforts in the area of development and collective regulation. The system's legitimacy also proves useful when it comes to interventions in the field, notably as a response to many different forms of crisis.

3.55 In parallel to this system, certain organisations have become reference frameworks for dialogue on specific topics, such as the measurement and effectiveness of aid by the OECD and the public debt management by the Paris Club. In recent years, a number

of multilateral sectoral initiatives have also emerged, generally known as vertical funds (Global Fund to Fight AIDS, Tuberculosis and Malaria, Global Alliance for Vaccines and Immunisation, Global Environment Facility, etc.).

3.56 Among the comparative advantages of international financial institutions are their operational and financial capacities to borrow from markets at highly competitive rates, their catalytic role in mobilising concessional resources from donor countries, their governance structure, which can bring developed and developing countries together within a framework for operational decision-making, and their expertise in economic and strategic analysis. This mix of skills gives them a prime role in the international system. Their governance systems mean that they can serve as fora for strategic dialogue with the emerging countries, whose contributions and responsibilities within these institutions, and in development cooperation generally, are set to increase. France's strategy towards the World Bank<sup>11</sup>, appended to this document, formalises the French vision of what role the Bank can play in the international community's collective response to the challenges of development.

3.57 Vertical funds enable France to substantially leverage its contributions in certain priority sectors that require action on a global scale, particularly in health, education, food security and combating climate change. These global funds foreshadow the development of global public policies. They also constitute an arena for experimenting with the particularly interesting idea of multi-player governance.

3.58 The multilateral institutions play a decisive financial and intellectual role in many fields that are important for development: health, education, agriculture, development of private and financial sectors, climate change, crisis aid, fragile states, trade, etc. This has been evidenced in all geographies that are priority for French development cooperation.

3.59 However, the proliferation of multilateral bodies, with more than 250 international organisations active in development, is creating an overlap of competences that

may detract from aid effectiveness. France will advocate for a rationalisation of the system, promoting synergies between its different components as well as with bilateral cooperation agencies, and better integration of all the international organisations within collective mechanisms that improve aid effectiveness.

## The complementary diversity of cooperation players and instruments

- 3.60 The complementary nature of bilateral, European and multilateral channels strengthens the capacity of French cooperation to intervene in a variety of circumstances. France's influence and capacity to promote its vision of developmental priorities are underpinned not only by proactive and visible bilateral cooperation action but also by a clear commitment to European and multilateral institutions.
- 3.61 France's actions as a member, shareholder and partner in multilateral institutions reinforce each other. This complementarity may translate into mobilising joint financing, setting up operational partnerships, sharing expertise, promoting innovative solutions tested bilaterally and carrying out joint studies and evaluations. French civil society can also add substantive value to these institutions through a more active presence, consultative groups, diverse missions, conferences, or even as actors in the governance of international organisations, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria.

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### Partnership with the Asian Development Bank (AsDB)

Since 1997, the Asian Development Bank and the AFD have co-financed 39 operations in seven countries, with respective commitments of USD 1.9 billion and USD 600 million, making the AFD the AsDB's third largest partner after Japan and the World Bank over the period 2001-2007. The two institutions signed a partnership agreement in 2003, renewed in 2010, and hold regular seminars to give their experts the opportunity to deepen their

exchanges on the analysis of development issues and the way their practices are changing.

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- 3.62 France will also use the European level as an opportunity to work with other bilateral development agencies by setting up partnerships (operational or geared to intellectual output and strategic thinking) and co-financing actions.

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### Neighbourhood Investment Facility and mutual recognition of procedures

The Neighbourhood Investment Facility (NIF) is a European mechanism enabling EU and bilateral financial institutions to combine their loans with grants sourced from a trust fund receiving an annual €700 million under the European Neighbourhood Policy and complemented by voluntary direct contributions. NIF funding targets the transport, energy and environment sectors, support for SMEs and social sectors, with two-thirds of funding going to countries in the Southern Neighbourhood. By giving priority to projects co-financed by several European institutions, the NIF has been a catalyst in the initiative for mutual recognition of procedures between the AFD, the European Development Bank and the German KfW, which are currently managing a phase of 10 pilot projects co-financed by the NIF. This exercise is encouraging the Commission to develop similar mechanisms in other geographical areas.

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- 3.63 Not least, France's contributions to European and multilateral institutions mean that it can participate in international solidarity actions in regions and sectors where its bilateral presence is more limited and witness up front this regional development.

- 3.64 France will systematically develop strategies towards international organisations with a strategic component relating to the responsibility of the Government as shareholder or donor and a component on operational synergies relating in this case to the responsibility of state operators (AFD and specialised operators).

## **To be effective, cooperation policy must take on board the increasing diversity of countries, players and modes of action**

- 3.65 The community of donors and recipient countries has been working for ten years on a common bedrock of principles to enhance the effectiveness of cooperation policies. The Paris Declaration on Aid Effectiveness adopted in 2005 identified five strategic thrusts: alignment with policy priorities defined by partner countries, coordination of donor countries, harmonisation of procedures, greater mutual accountability and results-based management. The Accra Agenda for Action (AAA) adopted in 2008 identifies an ensemble of actions to accelerate their implementation.
- 3.66 The emergence of new public and private donors, the increasingly diverse contexts found in developing countries, the growing importance of non-state players, the diversification of development cooperation instruments and their frequent mix with additional sources of financing need to be mainstreamed into the pursuit of the Paris Declaration objectives.
- 3.67 In this area, France will encourage a differentiated approach to countries so as to take into account their degree of economic development, aid dependence and fragility. It will work to enhance partner countries' ownership of the operational implementation of the aid effectiveness agenda, by supporting monitoring that focuses on the concrete progress achieved in each country. It will continue to encourage capacity building in developing countries to formulate national policies that can serve as benchmarks for their partners.
- 3.68 France will encourage the shift from an aid effectiveness approach to one centred on the effectiveness of development policy, in which external aid is just one modality. Over and above the attention paid to the administrative arrangements for implementing Official Development Assistance, there must be more focus on measuring the results of recipient country policies mixing different types of support, as well as

on their long-run effects on developmental processes. This involves promoting an aid effectiveness approach that allows flexible integration of this aid into public policies and development financing mechanisms in order to maximise its impact.

## **4) Fostering democratic governance, promoting laws and standards**

### **Development requires a State with a strategic approach, able to invest in the long term while maintaining social consensus**

- 3.69 The simultaneous success of Asian and Latin American countries that opted for different economic and development policies shows that the development process need not follow a single recipe.
- 3.70 Development is first and foremost an endogenous process: for a given territory and population, the pace and quality of the process are closely tied to the history, structural data and representations that underpin a country's capacity to establish and develop a social contract bringing together the population and its government.
- 3.71 Economic emergence and successful integration into the globalisation process require a government with a strategic approach, able to define and implement a growth strategy that maintains a social consensus, reconcile myriad domestic development challenges, arbitrate between them when necessary, defend national interests on the international stage, and invest for the long term in physical and human capital while preserving its natural and cultural heritage.

### **Development cooperation cannot sidestep governance issues**

- 3.72 The role of cooperation action depends primarily therefore on the country-specific

context and cannot be reduced to a one-size-fits-all model. The effectiveness of cooperation actions demands a partnership approach adapted to the context, based on equality between partners, a common analysis of needs and reciprocal contractual commitments.

- 3.73 All the forms of cooperation and development assistance that have disregarded the prime role of endogenous dynamics in development have failed, including those in emergency situations or failed states. No massive input of foreign funds or magic development formula, which are characteristic of the history of cooperation, is meaningful if local institutions are not respected within the cooperation relationship.
- 3.74 Cooperation policy cannot ignore governance issues by retreating into purely technocratic approaches to development. It should not use an unequal balance of power to impose a particular form of governance on its partners. Just as importantly, it should avoid short-circuiting legitimate governmental and administrative bodies on the pretext of short-term effectiveness, as this might well undermine them.
- 3.75 The variety of cooperation responses to governance aside, the real challenge is to have a form of cooperation that *per se* strengthens the internal processes and dynamics within societies, thus contributing to an enhanced institutional legitimacy and effectiveness and thereby to their capacity to steer the development process.

### **France sets governance as a priority for its cooperation, while respecting its partners' sovereignty**

- 3.76 France makes the promotion of individual rights, the rule of law and governance a core strand of its cooperation policy and considers them to be part and parcel of the political dialogue on the formulation and implementation of development strategies. This priority is grounded on the fact that governance is a critical dimension of the political fate of societies and their economic emergence. However, support for good governance comes up against the limits,

encountered by any outside party, of non-interference in the political and social balance of a sovereign country.

- 3.77 The first duty of a cooperation policy is to transparently assert its principled positions on sometimes-sensitive issues and to state the fundamental values on which it intends to base its partnership relations. This implies, in respect of basic rights and the protection of populations and individuals, that the cooperation dialogue must be both frank and respectful of sovereignty. In addition to the promotion of basic human rights, French cooperation policy on matters of governance gives priority to three strategic thrusts: consolidation of the State, promotion of democratic governance and promotion of gender equality, from local up to regional level.

### **Three functional priorities: State-building, democratic governance and gender equality**

- 3.78 France takes action in favour of modernising the State apparatus, notably through cooperation at the legal, judicial, administrative and territorial levels and by strengthening financial governance: support for mobilising national resources, preparing and executing budgets, monitoring the quality of public finances and reinforcing oversight institutions. France's actions are aimed at improving services for citizens and the business environment, notably through the fight against corruption. It also provides support for convergent policies of devolution and decentralisation pursued by governments.
- 3.79 A process central to development policy is what is termed «democratic» governance, which is based on support for participatory approaches at all territorial levels, from local to global. Going beyond an approach to governance that is limited to the sound management of public affairs and fighting corruption—without in any way underestimating the importance of this dimension—, democratic governance involves the principle of ownership. Rather than seeking to impose universal norms, this

approach proposes to partner societies a targeted range of experience and expertise to help them transform their collective modes of action and thus develop policies adapted to the challenges they face.

- 3.80 France's development cooperation policy also sets the promotion of the status of women high on its agenda, especially since this is a powerful engine for development. Gender equality in access to education, social and health services, employment, land tenure and financial services, but also to governance bodies at all levels, is a prerequisite for the political and economic enrichment of societies in a world where women still make up 60% of the poor, according to United Nations' estimates.

## Support for civil society, a necessary complement to bilateral dialogue

- 3.81 The effectiveness of cooperation policies and actions strongly depends on their responsiveness to citizens' needs. Inter-state dialogue is naturally the prime framework for government cooperation policy, but the population at large must also become increasingly involved. France will thus systematically mainstream the participation of partner countries' citizens and civil society into its bilateral actions and promote this at European and multilateral level, whether it is translated by the partner government involving citizens upstream in the framing of public policies, or in the management, monitoring and evaluation of the actions supported. France will also support the development of bilateral exchanges, as well as exchanges within international networks of twinned organisations set up by France and its partner countries.

## Local authorities as partners in local development

- 3.82 Local authorities are one of the arenas where governance is strengthened by the decentralisation process, particularly the participatory and democratic side of deve-

lopment. Decentralisation brings decision-making processes and public management closer to citizens and thus encourages the emergence of local democracy. It can contribute to adapting socio-economic development in domains that are disadvantaged by overly centralised approaches. It favours territorial cohesion, anchors democracy and helps to reduce poverty.

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## France, lead partner in implementing UN-HABITAT's international guidelines on decentralisation and access to basic services for all

Rapid urbanisation is leading to a growing urban divide and expanding slums, thus placing local authorities at the forefront of the fight against poverty and the efforts to achieve the Millennium Development Goals. In 2007 and 2009, France actively supported the adoption by the UN-HABITAT Governing Council of international guidelines on decentralisation and access to basic services for all: water supply, sanitation, waste management, energy, transport, communications, primary schools, health and public safety. France has been entrusted with the role of lead partner for their implementation. This will involve supporting decentralisation processes and inclusive urban policies in those States that commit to applying the guidelines with a view to ensuring aid coordination.

- 3.83 France's partnerships in this field combine support for government decentralisation and devolution policies, support for associations of local elected officials, strengthening local government, mobilising human and financial resources, improving citizens' living conditions and sustainable economic development. French local authorities play a key role in this process via their decentralised cooperation initiatives. Over 5,000 French local authorities have engaged with some 10,000 partner authorities on over 12,000 cooperation projects. Local authorities in the French Overseas Communities are particularly well placed to undertake this type of cooperation in their neighbourhood.

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## Decentralised development cooperation

Decentralised development cooperation covers all international cooperation actions undertaken by French local authorities (regions, départements, municipalities and groupings) together with a local authority outside of France. Based on agreements between partners, it may take various forms: development assistance, institutional support, joint management of goods and services, cross-border cooperation or inter-regional cooperation. At present, nearly 5,000 French local authorities are engaged internationally with some 10,000 partner authorities, in more than 12,000 decentralised cooperation projects. In 2008, local authorities allocated €72 million in ODA to projects in developing countries, of which nearly 60% in sub-Saharan Africa and 15% in North Africa.

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## The regional level, a necessary step towards globalisation

- 3.84 Regional integration enables more effective management of a number of challenges, including international river basins, migratory flows, which are principally intra-regional, and major transport and energy infrastructure, more particularly in very geographically fragmented regions. It also helps manage tensions and embryonic conflicts, which are often regional (regional peace-keeping cooperation).
- 3.85 It offers countries a learning environment for transition to economic liberalisation by creating competition between countries at similar stages of economic development and which is fostered by policy harmonisation. It also gives them greater collective clout in international discussions than they would have individually.
- 3.86 Stronger regional coordination contributes to a greater effectiveness of national policies. Integrated markets provide economies of scale and encourage private investment. Regional integration is also a way of improving governance through harmonised legislation, management of common institutions, pooling of public resources and cost sharing, particularly for infrastructure.

Development cooperation policies, often devised at national level as they entail partnerships, also need to ensure regional coherence, which is crucial to greater effectiveness.

## 5) Encouraging the production and exchange of knowledge and culture

- 3.87 As key factors for long-term development and the historic priorities of French cooperation policy, the knowledge economy and the promotion of cultural diversity will remain crucial components of this policy.

## Research, higher education and the promotion of innovation are key to sustainable development

- 3.88 The rise of global challenges and the need to find new concerted responses and adapt them to diverse economic, social and natural environments require major investments in research and innovation. French cooperation will support development research in France and encourage the setting up of international partnerships with both emerging countries and countries with still nascent scientific communities, where it will support scientific development. It will build partnerships and research networks to bolster the international activities of French research institutes specialising in development questions, such as the Inter-Establishment Agency for Research for Development (AIRD), universities and think tanks. It will encourage European and international research programmes and the integration of developing countries' researchers into international scientific networks.
- 3.89 It will encourage the sharing, comparison and compilation of scientific research on major joint issues such as climate,

biodiversity, food security and economic regulation, in order to foster consensus positions that facilitate collective solutions to these problems. Similarly, it will pursue the work begun by the commission chaired by Professors Stiglitz, Sen and Fitoussi<sup>12</sup> to review the methods used for addressing and measuring development and wealth.

- 3.90 In order to encourage innovation in developing countries, France will also support them for the adoption of systems that protect intellectual property rights in line with their specific circumstances. Within the European Union, it will contribute to finding a fair balance between protection for European industries and the dissemination of technology to developing countries, including a special approach for the least developed countries. Technology transfer, assistance for the creation of innovative businesses and capacity building for public authorities in developing countries will also be encouraged.
- 3.91 Access to quality higher education is necessary to meet not only the needs of society and the economy with respect to innovation, but also the aspirations of the world's fast-growing middle class for upward social mobility through education and skilled employment. Faced with an increasing social demand that has to adapt to a changing labour market, state higher education often suffers from insufficient funding and poor responsiveness, without there being a satisfactory alternative from the private sector. French cooperation will support the balanced development of public and private higher education institutions through partnerships for higher education and vocational training. It will also support the development of university studies abroad, mainly through its Francophonie initiatives.
- 3.92 France will pursue its policy of hosting foreign students in France: each year 260,000 foreign students receive virtually free higher education in France. This is an investment that the Government and some local authorities supplement with targeted individual support in the form of study grants. Within the French cooperation framework, it will also ensure that the mechanism for hosting developing country students in France places priority on the needs of the countries of origin.

## **Culture, the neglected pillar of development**

- 3.93 France encourages the development of culture, arts and languages as a wealth of resources for maintaining cultural diversity, facilitating dialogue between cultures, peace and development. In the cultural field, France's cooperation policy seeks notably to support national policymaking designed to structure and professionalize the cultural sectors, and to support recognition of local cultural resources and help artists from developing countries to access international circuits. French cooperation also actively promotes the French language in the framework of policies in favour of multilingualism, especially in Africa, where French is one of the continent's languages that facilitates integration.
- 3.94 France's action also translates into support for multilateral initiatives, particularly by UNESCO and the International Organisation of La Francophonie, and advocacy for a new external cultural strategy for the European Union that more effectively mainstreams culture into development policy. At bilateral level, initiatives include the French network for cultural and linguistic cooperation abroad and its specialist operators, the two pillars of which are the Institut français and the Agence pour l'enseignement français à l'étranger.

## **Dissemination of knowledge and ideas through a range of media guarantees the pluralism so vital for development**

- 3.95 Making the world's vast cultural, scientific and literary wealth accessible to as many as possible is a way of preserving existing knowledge, enhancing mutual understanding, and envisioning possible futures; it guarantees pluralism in debate, which is a factor for development. France actively encourages all forms of dialogue within and between societies by supporting the dissemination of knowledge: debates, conferences, exhibitions, publications and communication geared to the general public, and one-off cultural events. Cooperation policy will encourage access to free and pluralistic

media by supporting the professionalisation of audiovisual sector.

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**Promotion of scientific and technical culture (PCST) in Africa and Madagascar**

PCST is promoting more effective dissemination of scientific and technical knowledge in Africa. The project was set up in late 2004 and is

managed by the Institut de recherche pour le développement (Research Institute for Development) in the following countries: Burkina Faso, Cameroon, Central African Republic, Chad, Djibouti, Madagascar, Mali, Morocco, Senegal and Yemen. It aims to build national capacities to disseminate scientific culture, professionalise the players and bring together their initiatives, offer them greater visibility and mobilise decision-makers. From 2004 to 2009, it supported over 150 projects.

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# IMPLEMENTING DIFFERENTIATED PARTNERSHIPS

## Maximising the impact of France's actions

- 4.1 Development cooperation is one of the key assets of France's international action. The missions assigned to development cooperation vary from one country to another in line with the challenges they face. This means that they also differ with respect to the strategic objectives pursued and the partnerships formed.
- 4.2 France's action in the area of development cooperation will focus on two priority regions, sub-Saharan Africa and the Mediterranean region; it will at the same time be rolled out in two categories of country: crisis countries and emerging countries.
- 4.3 As a necessary supplement to the differentiated partnerships, France will pursue its efforts at international level with a view to establishing rules, mechanisms and forms of collective financing on a global scale.

### 1) Africa: supporting growth and achievement of the MDGs

#### Africa, Europe's neighbour, faces major challenges

- 4.4 The last of the world's regions where demographic transition is still in progress, sub-Saharan Africa with its present population of 850 million will rise to 1.8 billion, or 20% of global population, by 2050, according to United Nations projections—which tops those for China or India at the same date. The region's population, now over 60% rural, is urbanising rapidly with over half set to become city-dwellers by 2035. Its population is young, with two-thirds under 25. Because of this population trend, the number of new labour market entrants will jump from a current 17 million annually to 27 million in 2030, in a context where employment prospects are uncertain. The continuing increase over the next 40 years in the number of working-age individuals compared to total population may be an asset if these young people receive suitable training and find jobs.
- 4.5 Africa holds vast potential. It possesses huge reserves of mineral wealth, natural resources and arable land. The majority of African countries have made rapid economic headway. Capital flows to the continent have stepped up sharply since the turn of the millennium, with considerable investment in the mining sector, infrastructure, telecommunications, transport and the agri-food sector. Wagering that its demographic dynamics will turn into a market dynamics, new investment funds are now seeking returns on the continent higher than those in industrialised countries, while the new powers, with China in the lead, are investing there heavily and probably for the long term.
- 4.6 Since the advent of the new millennium, Africa has combined three assets: a sharp drop in the number of conflicts; a substantially improved macro-economic environment, notably a lowering of inflation and public debt; and a growth rate that has outstripped that of Brazil and India over the 2000-2010 period, and which is now projected to continue at over 6% until 2015.
- 4.7 However, Africa is lagging considerably as far as the achievement of the MDGs is concerned. Poverty is widespread, although unevenly distributed: 50% of the region's population was affected in 2007. The continent's eco-

conomic development is also hampered by its geographic fragmentation. Moreover, its economic growth generates fewer formal sector jobs than in other developing regions.

4.8 To respond to the challenges of these constraints and opportunities, French cooperation policy has given top priority to its partnership with Africa to find solutions for faster sustainable development. This policy comprises two strands:

- throughout the continent, support for sustainable, job-creating growth, by developing infrastructure and the private sector and deepening regional integration;
- priority allocation of bilateral resources with the most attractive concessional rates to support the achievement of the MDGs and strengthen the rule of law in a group of fourteen countries, mainly in the Least Developed Country category.

## **France will strengthen its partnerships with sub-Saharan Africa for sustainable, job-creating growth**

4.9 French cooperation policy seeks to provide structural responses to the challenges sub-Saharan Africa needs to tackle if it is to maintain long-run growth and sustainably reduce poverty. For this, France participates in the financing of investment programmes in the sectors of infrastructure, urban development and access to water and sanitation. According to World Bank estimates, inadequate infrastructure, especially road transport, telecommunications and electricity, deprives sub-Saharan Africa of 2 percentage points of growth each year. Upgrading this infrastructure would mean raising nearly USD 100 billion annually over the next ten years. Two-thirds of this investment would be financed by African taxpayers and transport users, with a further share from foreign direct investment. International public donors, however, have an important role to play in meeting these needs, whether through direct funding or in the form of guarantees to help raise private funds.

4.10 French cooperation policy in sub-Saharan Africa also aims to directly promote economic growth and job creation. Under the Cape Town Initiative, France has been working since 2008 to support the private sector: €2.5 billion will be mobilised over five years to assist 1,900 mainly small and medium-sized businesses, with 300,000 jobs eventually being created and additional investor financing of over €8 billion raised. With the same objective, the June 2010 Africa-France Summit saw more than 200 French and African enterprises commit to setting up partnerships that comply with a charter of common values centred around corporate social and environmental responsibility.

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### **Enterprise upgrading programme in Senegal**

Since 2003, the AFD has supported the enterprise upgrading programme in Senegal jointly with the European Commission and the United Nations Industrial Development Organisation (UNIDO). The programme operates in a setting marked by the cost and uncertainty of local energy supply and a significant impact of industry on the environment, both local (pollution) and global (carbon emissions). The programme aims to step up the competitiveness of targeted enterprises in Senegal by reducing both their energy bills and their impact on the environment. It is supplemented by a concessional loan to the Senegalese subsidiary of the Société générale (SGBS) geared to refinancing these enterprises' investments at a highly attractive rate.

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4.11 France will also continue to work to strengthen African multilateral institutions: the African Union, African Development Bank, the continent's largest African donor, sub-regional banks, bodies promoting economic integration, river basin agencies and other regional institutions such as the Organisation for the Harmonisation of Business Law in Africa (OHADA). This support will involve in particular the Euro-African Partnership and Franc Zone institutions.

4.12 Migration is also a salient factor for the region's development. Twenty million Africans live outside their country of birth, 4 million of whom live outside Africa. There is a regular dialogue on migration issues between Europe and Africa, grounded on their common interest to regulate migratory flows by reducing the disparities in their economic and social development, in line with the Millennium Development Goals. Agreements on the concerted management of migratory flows and co-development are partnership instruments geared to building up competencies in the home countries.

### **Funds earmarked for MDG achievement will go to 14 priority countries, mainly poor Francophone countries in sub-Saharan Africa**

4.13 The meeting on 5 June 2009 of France's Interministerial Committee for International Cooperation and Development (CICID) established a list of fourteen priority poor countries that will benefit from the most concessional aid in view of financing social services and strengthening the State<sup>13</sup>. These countries were selected using a set of economic and social criteria, and also considering the depth of their cultural and linguistic ties with France, and to immigrant communities.

4.14 The fourteen priority poor countries will naturally have access to support for bolstering economic development, particularly infrastructure and the private sector. However, considering the particularly acute economic and financial constraints that hamper their capacity to tap into financial markets, France will target its most concessional financing (grants and very-low-interest loans) to these countries on promoting the access to basic services for their poor and on improving the status of women. These countries will also have priority support for state capacity building in the area of developing and implementing public policy. **Overall, for the three-year budget period 2011-2013, the 14 priority poor countries will receive at least 50% of France's bilateral grants.**

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### **Improving teaching quality and building management capacities in educational systems in Burkina Faso**

Since 2002, Burkina Faso has run a national education development programme to enrol all country's children in primary school by 2015. To that end, under the Education for All - Fast-track Initiative, the country has received funding on five successive occasions, totalling €53 million. These grants, combined with funding from other partners and the state budget, have helped finance educational investments and led to a significant rise in the enrolment rate (72% in 2008, compared with 46% in 2001). Part of the AFD assistance more specifically targets improved financial management, teaching quality and the transfer of powers to local authorities.

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### **France will mobilise all its bilateral cooperation resources for Africa and encourage heightened multilateral mobilisation**

4.15 Bilateral cooperation will adapt to the needs, priorities and capacities of France's partners by drawing on its diverse modes of intervention: loans, concessional or otherwise, grants, guarantees, equity financing, technical assistance, scientific and academic cooperation. In countries that have been hit particularly hard by the debt crisis, innovative financial solutions will be mobilised, such as loans where repayments are adapted to fluctuations in export earnings (known as counter-cyclical loans). **Overall, for the budget triennium 2011-2013, sub-Saharan Africa will receive over 60% of France's bilateral aid.**

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### **Niger: helping economies and societies adapt to climate change**

In the last three decades, Niger has suffered the effects of persistent drought, which has accelerated the degradation of the natural environment and encroachment of the desert. The availability of surface water for

farming is seriously threatened by erosion and desertification. In response, the AFD has granted €11 million to the Government of Niger for a project to improve rainwater infiltration on plateaus and in valleys and increase farming and forestry production by developing the Badaguichiri river basin. The project will help to improve the absorption of CO<sub>2</sub> emissions by protecting and developing 10,000 hectares for silvopasture, fixing 25,000 tonnes of CO<sub>2</sub> by the end of the project. Developing the river basin also improves soil resilience and reduces vulnerability to extreme events such as drought. The project thus brings responses for both better water management in arid areas and the preservation of natural resources, which are particularly fragile in Niger due to the harsh climate and population pressure.

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4.16 France will also continue to encourage the numerous initiatives by French and African civil society that enrich the bilateral cooperation relationship.

4.17 The high level of financing from the EDF (European Development Fund) and the actions of the EIB (European Investment Bank) provide a major contribution to cooperation with Africa, particularly with respect to trade liberalisation and support for the productive sector. France will work with its partners to adapt these European financial instruments. It will support the expansion of EIB activities in the region, working closely with African banks and European bilateral agencies. Increased use of loans and mechanisms mixing loans and grants should make it possible to scale up available financing and to reserve grants first and foremost for poverty reduction and for support to social sectors, particularly in the poorest countries.

4.18 France will support the African Development Bank, which has refocused its actions on a range of targeted sectoral priorities: infrastructure, private sector, governance, fragile states and regional integration, thus creating a leverage effect for these priorities; geographically, the group's actions dovetail with the CICID's desire to concentrate funding, since the fourteen priority poor countries are eligible for the AfDB concessional financing window, the African Development Fund.

The AfDB plays a major role in terms of African ownership, intellectual output and policymaking capacity, as well as training for African managers whose development will be supported by France's development cooperation.

4.19 As fifth largest contributor to the World Bank's International Development Association (IDA), the world's largest concessional fund, France will also ensure that an increasing share of this fund is earmarked for sub-Saharan Africa, with the objective of at least 50% already set for IDA15. It will advocate in favour of continuing to give Africa priority with respect to the Global Fund to Fight AIDS, Tuberculosis and Malaria and the other vertical funds to which it contributes.

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## The Franc Zone

The Franc Zone covers three separate regions each with its own currency: the eight West African Member States (Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo) of the West African Economic and Monetary Union (WAEMU), the six Central African Member States (Cameroon, Central African Republic, Chad, Congo, Gabon and Equatorial Guinea) of the Central African Economic and Monetary Union (CAEMU), and Comoros.

This monetary cooperation, whose longevity is unique, is based on four founding principles: France's guarantee of unlimited convertibility, fixed parity between the Franc Zone currencies (CFA francs and the Comoros franc) and the euro, free transferability of funds within each sub-region and the centralisation of foreign currency reserves.

The Franc Zone has enabled WAEMU and CAEMU member countries to lay the foundations for regional integration and solidarity, which are vital to increasing their growth potential and bolstering their resilience to external shocks. Within this framework, France gives financial support to the two sub-regions' development banks, the West African Development Bank (WADB) and Central African States Development Bank (CASDB), and each year provides general budgetary aid to finance regional integration projects. The Franc Zone's regional Unions have adopted a process of macroeconomic

convergence to strengthen the operation of these monetary unions and guarantee the sustainability of budget policies.

The France Zone is, not least, a prime forum for dialogue, with half-yearly meetings of the finance ministers of the Member States.

## **2) Mediterranean: sustainable development with prospects for convergence**

4.20 As a zone of contact between Europe, Asia and Africa, between Christianity, Islam and Judaism, the Mediterranean Basin is a sphere of encounter, tension and conflict as well as a strategic gateway. France and its neighbouring countries on the southern and eastern shores of the Mediterranean have woven close ties as a result of this geographic proximity and the inter-relationship between these societies, notably due to the presence in France of large communities from these countries, to historical migratory flows and to an extensive Francophone community on either side of the Mediterranean.

### **The Mediterranean Basin: four challenges to be met through regional cooperation, notably within the Union for the Mediterranean partnership**

4.21 Despite their proximity, the Mediterranean Basin countries have followed diverging trajectories. The income disparities between the European Union and its neighbours are high and not easy to reduce. The population level in the European Union has largely stabilised, whereas in the countries south and east of the Mediterranean it is still growing: the United Nations estimates that over the coming twenty years the Mediterranean region from Turkey to Morocco will see the arrival of 60 million young people, including graduates, on the labour market, and that

population growth and migration will mean 75 million more city-dwellers by 2030, mainly in coastal areas. This evolution will pose not only the challenge of scaling up what is currently an inadequate level of investment, but also a major social and environmental challenge in the receiving areas, thus accentuating the issue of food security. These fast-paced changes are forcing Europe's Mediterranean neighbours to make far-reaching and simultaneous transformations to their economies and labour markets, societies and institutions, as well as to their relationship with a fragile and endangered environment. In this setting, implementing a social protection floor to improve social cohesion, stability and sustainable development is of heightened importance.

4.22 In this process, Europe is a leading partner for the countries south and east of the Mediterranean. By taking advantage of geographic and cultural proximity and ensuring the sustainable use of fragile natural resources, the Euro-Mediterranean partnership has all the necessary conditions to develop the Mediterranean into an attractive economic area that carries benefits for the region's populations. It must strengthen regional integration, particularly with respect to productive sectors and financial markets, which remain limited as evidenced by the relative weakness of trade and investment flows.

4.23 It was to give practical shape to this special partnership that the Mediterranean was included in the European Union's Neighbourhood Policy. The Barcelona Process, launched in 1995, seeks to encourage economic convergence, build a political partnership and promote cultural exchanges. To go a step further, at the Paris Conference on 13 July 2008, the President of the Republic launched the Union for the Mediterranean. The Union offers a partnership approach between European Union member countries and all of the countries bordering the Mediterranean that develops a practical solidarity-based mechanism for the States concerned enabling them to address common issues through projects of direct benefit to citizens.

## French cooperation in the Mediterranean has three distinct priorities for three groups of countries

4.24 France's cooperation policy in the region pursues three complementary priorities: support for job-creating growth in the countries around the Mediterranean with a view to economic convergence together with support to accompany social change so as to increase cohesion and limit tensions and conflicts constitute two major challenges for France, Europe and the southern Mediterranean countries. The preservation of the Mediterranean Sea is the third challenge, as this virtually closed sea is one of the most polluted in the world and, according to various climate change scenarios, particularly vulnerable.

4.25 These priorities comprise five concrete objectives in line with the initiatives of the Union for the Mediterranean:

- encourage the harmonious development of territories, and in particular support the settlement of new city-dwellers by supporting public infrastructure and services;
- support a higher level of human development via university and cultural cooperation and the development of circular migration;

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### Vocational training in Tunisia to support growth

Since 1996, the AFD has supported Tunisia in its policy for upgrading vocational training. This means promoting a skill-based approach, alternating study with work experience and partnership between the administration and the professional branches concerned. In practice, the AFD has set up three successive credit lines for a total of €73 million to support the creation or restructuring of 24 vocational training centres for tourism, agriculture and industry, with an annual flow of 13,000 trainees. The AFD grants loans to finance capital investment and educational engineering and strengthen the institutional mechanism. An additional grant goes to Tunisian professional branches to foster exchanges with their counterparts in France.

With financial support from the Ministry of Immigration, Integration, National Identity and Co-Development<sup>14</sup>, under the agreement on the management of migratory flows and co-development concluded with Tunisia, the AFD grants €17.8 million to finance vocational training centres offering courses in construction and public works, welding and steel construction, and applied aeronautical engineering.

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- contribute to modernising the productive sector by supporting the development of SMEs, improving the provision of financing and vocational training, the quality of infrastructure, and energy management;
  - promote agricultural and rural development contributing to food security;
  - encourage better management of natural resources, particularly water resources and coastal areas, and the protection of cultural heritage.

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### Wastewater treatment in Cairo

Cairo, with a population of 12 million, discharges nearly 5 million m<sup>3</sup> of wastewater per day. Greater Cairo's master plan for sanitation provides for wastewater treatment in three modern plants in order to cope with the needs of a growing population. In 2009, AFD granted a €50-million loan to co-finance with the African Development Bank and the Egyptian government an extension to the East Bank treatment plant, Gabal El Asfar, costing an estimated €230 million to serve 1.5 million users. The work will be carried out by a public entity attached to the Ministry of Housing, Utilities and Urban Development, which will grant a two-year Build-Operate-Transfer to an international private operator. The project will prevent the direct discharge of untreated wastewater into the natural environment for the next 10 years.

4.26 These priorities apply differently to three groups of countries:

- France maintains strong ties of proximity with the countries of North Africa and has made Egypt a major economic and political partner in the Middle East. It proposes to these countries, all of which face similar

challenges for economic growth and job creation, a comprehensive approach that mobilises a whole range of tools—loans, grants, and expertise. This cooperation, supplemented by consultancy for national policymaking, aims to make France a key partner for these countries;

- in the countries of the Middle East, where the geopolitical stakes are high, France will target actions on critical issues. The instruments used will be mainly loans and technical assistance, except for the Palestinian Territories, where its interventions will mostly involve grants;
- in Turkey and the Balkans, the cornerstone of cooperation is convergence with the European Union in terms of regulatory *acquis*, social and environmental standards and economic competitiveness.

## Mediterranean cooperation mainly mobilises financial intermediation and knowledge exchange, in close association with the European Union

4.27 The Mediterranean countries are all middle-income countries. Bilateral cooperation will thus use a broad range of financial instruments: chiefly loans with low rates of concessionality, guarantees, investment funds and public-private partnerships, and, on occasion, grants in order to remove bottlenecks, to seed investment dynamics or to target financing for actions which though not cost-effective have a high environmental or social impact. **Overall, Mediterranean cooperation should mobilise 20% of French bilateral development aid for the budget triennium 2011-2013.**

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### One response to the crisis: the Investment Facility to Support the Economic Development of the Mediterranean (FISEM)

The FISEM is a product designed to respond to enterprises' structural requirement for equity financing, which has aggravated by the global crisis. It does this in three main ways:

- financing SMEs via investment funds, thus contributing to a broader, more sustainable shareholder base and improved standards of governance and risk management;
- recapitalising and consolidating the banking sector, enabling it to respond to the liquidity squeeze and encourage investment;
- helping to finance major industrial projects, encourage investment, boost outsourcing, and promote corporate social and environmental responsibility.

The FISEM mainly intervenes through investment funds and «funds of funds», but for major operations it may invest directly. A «venture capital» facility is used to support innovation and the development of high-growth businesses in sectors with delayed returns on investment.

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4.28 French cooperation will give a prominent place to knowledge sharing: university cooperation, vocational training, expertise and consultancy, shared knowledge production, counterpart exchanges under decentralised cooperation and twinning initiatives, etc.

4.29 At European level, France will support a neighbourhood policy based on ambitious partnerships in order to foster the creation of an area of political stability and economic prosperity. This objective involves in-depth dialogue notably on democratic values and energy and environmental policies, encouraging the transfer of the *acquis communautaire* in these fields. France will ensure the pursuit of the objective to allocate two-thirds of EU Neighbourhood Policy funding to its southern neighbours, in line with their population size and the scale of the economic and social challenges facing them. To determine the appropriate levels of budgetary aid, France will press for each country's specificities to be taken into consideration.

4.30 As a partner and shareholder, France will support reinforced action in the region by the World Bank, which France and other European players have partnered within the Marseille Centre for Mediterranean Integration. France will also support the actions of international financial institutions and other donors for large-scale initiatives

such as the Mediterranean Solar Plan, which will receive contributions from the World Bank's Clean Technology Fund.

### **3) Emerging countries: managing global balances**

#### **The capacity of emerging countries to meet their internal challenges impacts on global development and the daily lives of French citizens**

- 4.31 The gap between the economic and social models of the major industrialised and emerging countries is narrowing and the widespread adoption of growth models poses a major threat to global balances. This makes cooperation with the emerging countries a necessity in order to find new approaches that reconcile large-scale economic and social progress with the overarching constraints of financing, employment and the environment. The emerging countries are already having a huge impact on global balances, whether in terms of commodities, arable land, trade dynamics or financial flows and monetary issues.
- 4.32 The trajectories of the major emerging countries over the next twenty years will have a structural effect on the entire global economy, on access to commodities and fossil fuels, on the environment, the economy and working conditions, international security, etc. This means that citizens living in France and the poorest countries are as much concerned as their own citizens.
- 4.33 Yet, the emerging countries still up against major challenges. They need to invest massively to sustain growth and manage its social and environmental consequences. They need to organise the redistribution of wealth so as to maintain social consensus and territorial balance at a time when economic change and rapid urbanisation are exerting considerable pressure on their modes of political and social regulation and vast pockets of poverty still subsist.

4.34 The exceptional dynamism of the emerging countries thus raises, even more pressingly, the question of economic development models and their impact on economic, social and environmental balances.

#### **Cooperation with emerging countries enables joint preparation of the responses to future challenges**

- 4.35 French policy for cooperation with emerging countries aims to jointly explore the issues that need addressing so as to create the conditions for sustainable and shared economic and social progress. For this, it will lay particular emphasis on the social and environmental dimensions of development. In this area, it is pursuing two priority objectives, through its support for policy development and financing:
- first, encourage these countries to move towards a growth model that consumes fewer natural resources, produces fewer greenhouse gas emissions and is more equitable, notably through a strengthening of domestic demand and social protection mechanisms;
  - second, encourage these countries towards greater involvement in assistance to the poorest countries by participating both in the efforts to mobilise funds for these countries and in the international debate on changing practices in this field.
- 4.36 These two objectives can be achieved only if the emerging countries take them on board in their own manner, which is the result of their historical and social legacy.
- 4.37 France's approach to cooperation is one that encourages the quest for innovative solutions by mobilising technical and financial expertise and supporting the joint development of exemplary projects that demonstrate the socio-economic soundness of approaches dovetailing growth, greater social impact and limited environmental impact. By working with emerging countries on practical solutions to the problems they face, these cooperation initiatives help to build up a relationship of trust vital to the success of negotiations on the overarching global issues.

- 4.38 In this approach to developing new know-how and identifying common rules, there is mutual benefit to be gained by comparing experiences and mixing expertise, whether this be inventing models for sustainable and socially inclusive cities or economic growth paths that are employment-intensive and have limited impact on natural resources.
- 4.39 This cooperation broadly leverages, on a collaborative basis, the know-how of French players: businesses, local authorities, researchers and academia, specialised public institutions, etc.

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### Combating climate change in Indonesia

Indonesia is the world's third largest emitter of greenhouse gases. Since 2007, the Indonesian government has been working to step up restrictions on this issue in national development policies. The country's commitment was substantially scaled up with the presidential announcement in September 2009 that it would unilaterally reduce its emissions by at least 26% by 2020 compared with the current trend scenario. In 2008, Japan and France, joined by the World Bank in 2010, decided to grant budgetary aid to encourage this substantive and innovative gesture from an emerging country. The AFD granted three successive loans, transferred directly to the state budget, to support its three-year programme to combat climate change. It also supplied expertise notably on issues relating to forests and industrial energy efficiency. The programme encourages both the endogenous evolution of government policymaking and interministerial cooperation to fight against climate change, at the same time promoting French know-how. It has been transposed to Mexico, Mauritius and Vietnam, at a total cost of over a billion euro.

- 4.40 France will also foster the dialogue with the emerging countries on policies for development assistance to the poorest countries and on support for fragile states and crisis countries. The dialogue with these new donors should draw on the diversity of French approaches and know-how to produce common rules that are primarily in the interests of third countries.

### Bilateral cooperation, third-country cooperation and strategic dialogue are complementary

- 4.41 Since it intervenes primarily in countries that are of systemic importance at both global and regional level, cooperation with the emerging countries mostly uses medium- and long-term loans at low or non-subsidised rates. This assistance is an entry point for technical cooperation and promoting expertise, know-how and technology. It may be supplemented in some cases by a technical assistance component and ad hoc matching grants. **Overall, cooperation with the emerging countries is likely to mobilise no more than 10% of France's bilateral aid for the triennium 2011-2013.**
- 4.42 In areas such as economic and trade cooperation, promotion of sectoral dialogue, support for higher education, scientific and technical cooperation and energy and environmental questions, European cooperation is taking on a growing importance. France will encourage the adaptation of Europe's Development Cooperation Instrument in line with the needs of the emerging countries so as to ensure continuity in the partnerships until these become eligible for the European Instrument for Industrialised Countries. This eligibility should be facilitated, particularly for programmes that do not fall within the scope of development assistance. This evolution implies greater use of loans, private financing and trade advantages. Nonetheless, grants must still be made available, particularly to support reforms in key sectors.
- 4.43 These cooperation actions are naturally pursued through the international strategic discussions, within the framework of the G-20, the international financial institutions (particularly regional development banks, in which regional countries have the majority of votes) and the United Nations, where practical cooperation, knowledge sharing, greater mutual understanding between players and joint action in third countries should encourage the emergence of common stances on major international issues. The common development of innovative solutions for green and inclusive

growth will enable these countries to play a constructive role in international fora, such as the international climate negotiations, without needing to sacrifice their rate of development.

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### **Regional cooperation between French Guiana and Brazil**

French Guiana and the State of Amapá in northern Brazil share a 730-km border where France and Brazil have decided to intensify their cooperation actions. The two territories are part of the Guiana Shield and have common challenges, particularly in the areas of spatial planning, forest management and biodiversity conservation. The French Global Environment Facility (FFEM) provides co-financing for the development of a policy for sustainable management of forests and biodiversity in the State of Amapá. The opening of a bridge over the Oyapock in late 2010 and the creation of the Franco-Brazilian centre for Amazonian biodiversity are further evidence of the two countries' determination to strengthen regional ties through cooperation initiatives.

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## **4) Countries in crisis: bolstering stability**

### **Giving priority to prevention and then to coordinating any necessary interventions**

- 4.44 The priority in fragile countries is to develop preventive approaches to avoid the outbreak of conflict. The reason is that the immediate human and material cost of crises and the cost of crisis-exit operations, which are long-term responses with uncertain results, often involving large, complex military forces, are disproportionately high compared to the cost of prevention.
- 4.45 Preventive approaches are based on strengthening the State, as the guarantor of the common good, with respect to the government's capacity to listen to its people and address in the long haul the economic and social inequalities that undermine the cohesion of fragile societies. They are also based on promoting robust and diversified

civil societies. This means in particular providing support for the economic and social integration of young cohorts arriving on the labour market and of migrants leaving the countryside for cities, thus reducing the likelihood that they will turn to crime.

- 4.46 The second key role of cooperation during and immediately after crises is to coordinate humanitarian assistance, reconstruction programmes and the return to development assistance so as to avoid gaps in delivering assistance to vulnerable communities and institutions. Effective articulation of the response phases is also crucial for disaster response as seen yet again after the Haiti earthquake in early 2010, as well as for displaced communities in need of resettlement assistance and for the transfer of responsibility from the specialist bodies working in displaced-person and refugee camps to those players whose mission is to manage the process of resettling these people in their areas of origin.
- 4.47 In every case, France's involvement is guided by the principle of not imposing a preconceived framework for action but rather helping societies to establish or restore their own modes of collective action. Support and political will from governments is indispensable. For rehabilitation and reconstruction policies, the restoration (or creation) of basic infrastructure goes hand in hand with the revival or creation of the main public services.

### **French development cooperation will specifically focus on three regions with a high concentration of poverty, instability and security risks**

- 4.48 Three geographic zones are of particular import to France with respect to its contributions to building a more secure world as much for the benefit of local populations as for its own security concerns. These zones stretch along an arc of crisis from Mauritania to Central Asia via the Horn of Africa and the Middle East, which is characterised in some places by worryingly fragile states, inadequate or insufficiently inclusive development, episodic clashes and armed conflict.

4.49 The Sahelo-Saharan region suffers from both serious lags in development and a rise in security threats and trafficking that States are finding hard to tackle. Cooperation action aims to provide support for the populations by re-establishing basic services and bolstering the government in the exercise of its sovereign missions (police, civil security, justice, devolved administrations), and at the same time by increasing civil participation in decision-making processes. It also aims to reduce the causes of tension, and where security threats become critical, to run programmes to strengthen security forces (customs, police, army) that are accompanied whenever possible by actions to help rapidly roll out public services in response to local communities' needs. These are situations in which the security and development components are closely interlinked or even implemented simultaneously.

4.50 In the Middle East, the strengthening of civil society and local authorities should lead to concrete progress and the reestablishment of social ties. Whether in the Palestinian Territories or Iraq, France's diplomacy is committed to a political settlement of the regional crises. French cooperation policy aims to provide on-the-ground support to strengthen socio-economic players and democratic institutions. In the Palestinian Territories, for example, it supports those civil society organisations that provide citizens with basic services. It also supports local authorities by financing urban amenities and drinking water supply and providing management capacity building. In addition, it aims to enhance social cohesion in countries torn by multiple societal divides and community tensions, while at the same time supporting collective investments that directly help to improve the populations' material living conditions.

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### **Support for strengthening West Bank municipalities**

In the West Bank, France contributes financially to a multi-donor fund designed to finance basic infrastructure, build municipal capacities in technical and financial management and harmonise the conditions of the contributing

donors' interventions. Given the political situation, municipalities play a key role in delivering services to the population. Within this programme, the AFD concentrates its action on a limited number of municipalities, where it finances projects for roads, urban water services and social facilities and where decentralised cooperation initiatives by French local authorities are concurrently being rolled out.

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4.51 In Afghanistan, French cooperation will continue to implement development actions that have a rapid impact on the welfare of Afghan communities, particularly in those areas where French military personnel are deployed.

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### **Rural development in Afghanistan**

As part of NATO's security intervention in Afghanistan, France has sent military resources to the Surobi District and Kapisa Province, near the capital, Kabul. This intervention is supplemented by development projects in the same region. These projects target the development of farming activities and the delivery of basic services (education and health in particular). They are geared to producing rapid and positive results for the communities living in areas where French military personnel are deployed.

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4.52 This focus on three structurally fragile zones does not mean that France will not respond to emergencies caused by political or natural crises in other zones. Since crises and natural disasters usually mobilise a large number of players, France will act within the coordination frameworks set up in each case and will operate to complement other players in those sectors where it has acknowledged competencies.

4.53 **For the budget triennium 2011-2013, 10% of the bilateral grants of French development cooperation will be reserved for crisis and post-crisis responses** (excluding therefore the resources invested in countries where the response is of a preventive nature).

## Successful preventive and crisis management strategies require flexibility and coordination

4.54 The success of French cooperation depends on three complementary conditions:

- the capacity of French public and private players to conduct coordinated long-term actions is essential. Whether for security crises or natural disasters, once the emergency humanitarian assistance and stabilisation is completed, crisis management should include a phase of reconstruction and revival of development processes. This phase needs to be prolonged by setting up preventive mechanisms, tools and procedures to limit the consequences of such situations;
- effective coordination between widely differing public and private players that mobilise in crisis situations should enable most needs to be covered collectively. This requires a structure facilitating the ongoing exchange of information, the framing and implementation of a response strategy, the allocation of human and financial resources and an assessment of processes and outcomes in order to improve future responses. A core aspect of concerted action needs to include the modalities for cooperation between the civilian and military response components; this should be done around common objectives and in compliance with the respective legal frameworks and modes of action;

- finally, any response to a crisis situation depends on appropriate financial tools such as grants, which are rapidly rolled out and flexible with regard to their purpose and modalities.

4.55 The European Union is today a foremost player in the financing of conflict prevention and peace building. France will encourage the development of European capacities for analysis and action in fields such as security sector reform programmes, law enforcement and police, disarmament programmes, demobilisation and re-integration of ex-combatants. It will encourage the European Union to continue its support for the African Peace and Security Architecture via the African Peace Facility, the main source of predictable financing for African peacekeeping and security operations, with support for African capacity building (particularly for the African Union) in the area of administrative and financial management of the allocated funds.

4.56 France will also ensure that conflict and post-conflict states continue to receive special treatment from international financial institutions in order to assist reconstruction and prevent crises. This could involve, for example, arrangements allowing post-conflict countries a period of three to six years during which they are allocated resources via a procedure derogating from the requirements of the general performance-based allocation system.

# THE EMERGENCE OF GLOBAL POLICIES

- 5.1 Since the turn of the millennium, development cooperation has undergone a profound change. It is now part of a multilateral framework in which common objectives are forged (Millennium Development Goals, preservation of global public goods), common intervention modalities devised (Paris Declaration commitments on aid effectiveness) and new response tools developed, as for example vertical funds like the Global Fund to Fight AIDS, Tuberculosis and Malaria or the Global Environment Fund. Worldwide, it has resulted in intensified collective action and co-financing initiatives to support national, regional or global programmes and policies.
- 5.2 Development cooperation has also seen a sharp rise in the number of players, together with different ways of operating, which raises formidable challenges for coherence and efficiency. The growing importance of large foundations and non-governmental organisations and the arrival of emerging countries as donors increase the potential cumulative effect of development assistance, yet at the same time make its architecture more complex. This means that greater cooperation between players, based on modalities adapted to this complexity, is indispensable.
- 5.3 Although Official Development Assistance plays a prominent role in financing the economic development of some countries (particularly the least developed countries and conflict and post-crisis countries) and basic social services, its long-term effectiveness depends heavily on the decisions relating to other sectoral policies in the developed and emerging countries.
- 5.4 In a globalised world, policy coherence will increasingly play a determining role for the effectiveness of cooperation policies. Trade issues (market access, fewer competitive distortions) and migration issues (regulating international mobility, managing brain drains, sharper focus on the role of communities) are taking on greater importance due to their impact on the developing countries' economies.
- 5.5 In this world of interdependence, there is a clear need for collective governance and an overarching approach to development. French development cooperation policy will encourage debate and innovation conducive to the emergence of new global public policies.
- 5.6 Building on its leading role in international organisations (United Nations, international financial institutions, OECD, G-8, G-20) and its membership of the European Union, France will encourage a pluralistic debate on the long-term stakes for development cooperation both within and among these institutions. As was the case for the Global Fund to Fight AIDS, Tuberculosis and Malaria and for current initiatives such as the World Water Forum, which France will be hosting in 2012, France will promote innovative governance solutions that bring together governments and the representatives from civil society and the private sector that are playing a growing role in international dynamics.
- 5.7 Through the research France has led, particularly on the measurement of economic performance and social progress<sup>12</sup>, and through the participation of French experts in international scientific themed panels, it will contribute to the international public debate, the emergence of a consensus on the different issues, and proposals for sustainable global development.
- 5.8 As provider of the Permanent Secretariat of the Leading Group on Innovative Financing for Development, France will also pursue its action to foster the development of innovative financing mechanisms enabling global issues to be financed by the international community, as for example the airline ticket tax, the International Finance Facility for Immunisation, more targeted channelling of migrant remittances and the currently debated tax on international financial transactions.

# A DUTY: EVALUATION AND ACCOUNTABILITY

## **A more detailed measurement of the development cooperation effort is needed to reflect the diversity of needs and instruments**

6.1 The main indicator used at present to measure developed countries' contribution to development financing is the measure of Official Development Assistance (ODA), as defined by the OECD Development Assistance Committee and generally expressed as a share of the donor country's Gross National Income<sup>15</sup>. This synthetic indicator sums amounts of a widely differing nature and does not integrate all the instruments used for development financing. As a result, it does not satisfactorily report either the level of financing a partner country will concretely receive for the investment it needs, or the level of budget commitments made by the donor country, which means that its taxpayers and Parliament cannot get a precise picture of the national efforts undertaken.

6.2 France will consequently seek to enhance its capacity to report the French contribution to development using a more refined indicator of aid flows. The current indicator must undoubtedly be maintained since it is harmonised at international level and measures the extent to which developed countries honour their commitments. France will seek to promote the complementary use of a broader indicator allowing for more comprehensive reporting of the all the contributions to development financing.

## **Measuring the impacts of cooperation policies is a complex but necessary task**

6.3 Measuring the quality of the actions carried out and assessing their results is indispensable. Not only is this a democratic requirement with respect to Parliament and French citizens, but also to the populations and authorities in beneficiary countries. This analysis of results is also vital to improving the relevance and effectiveness of the operations carried out, to heightening the accountability of the players tasked with implementing them and to capitalising on past experience.

6.4 Measuring the effects of cooperation policies, however, runs into major difficulties. Development assistance is the outcome of complex, closely interlinked national policies, in which the international community generally plays but a minor role in terms of shaping or financing them. It is thus extremely difficult to separate out the different effects of external aid on the overall evolution of a country's economy or social context, particularly since the country involved may be largely affected by externalities: fluctuating world prices, international financial or economic crises, the consequences of variations in rainfall, etc.

## **Evaluation will take four complementary routes to a closer monitoring of results**

6.5 France will strengthen the evaluation of its actions in favour of development, using a mix of instruments:

- external evaluations of projects, whose direct outputs are more readily measurable, will be systematically conducted on the basis of best practice identified by the OECD. This will contribute to discussion on sectoral development and to more adapted approaches;

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### Evaluation within the French system

The three key players in French cooperation (MAEE, MINEFI and AFD) each have evaluation systems that function on a concerted basis. They are designed to measure the effectiveness of their bilateral actions and contributions to European and multilateral institutions in order to better manage intervention modalities and the channels used to finance French cooperation objectives, to improve the functioning of the institutions responsible for cooperation through discussions on methodology and the capitalisation of experience, and inform the public and elected officials about the use of public funds and the results achieved by this cooperation policy. The evaluations are systematically carried out by external organisations, some of which are from partner countries, in order to build local capacities in this area of expertise. Most evaluations are available to the public both as publications and websites. From 2007 to 2009, the three evaluation units carried out 77 evaluations of countries, sectors, institutions, instruments and even cooperation policy. These central-level evaluations are supplemented by decentralised evaluations.

- an enhanced scientific approach will be systematically used for impact evaluation. France will support the development of work enabling the economic and social effects of cooperation policies to be reported on an objective and quantitative basis and will ensure that these evaluations are used to draw lessons from the actions it finances.

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### A scientific approach to the impact of cooperation policies

For some years now, the AFD has invested in funding and conducting impact evaluations

in partnership with French and international scientific teams. So far, ten impact studies are either completed, underway or in preparation. Impact evaluations are based on the rigorous measurement of what effects an intervention has on its beneficiaries' welfare and on an in-depth study of the behavioural or contextual mechanisms that led to the changes observed. Rather than measure all of a project's impacts, they examine those aspects deemed crucial to understanding the effects of the development action. For example, recent studies have examined the sustainability of health insurance in Cambodia, the impact of various types of microcredit on rural poverty in Morocco and the factors explaining developmental disparities between neighbouring cotton-growing areas in Mali and Burkina Faso. Actions are selected for impact measurement on the basis of the dual objective of producing both development-related knowledge and operational recommendations concerning the action studied.

- the cross-analysis of contributing countries' cooperation policies (like the OECD DAC «peer reviews») has proved effective for benchmarking and gathering highly useful assessments of the quality of these policies. France will strengthen its participation in these exchange programmes and encourage their extension to new public and private cooperation partners.
- not least, synthetic indicators of projected and actual results will be developed. A table of indicators will be produced reporting the expected effects of programmes funded from bilateral, European and multilateral sources, and providing an assessment of the results once they are completed. The table will be used for simple, explicit communication on government action.

### Informing the public about ODA must lead to accountability for France's action

6.6 Public opinion needs to be mobilised in order to generate new dynamics conducive to development. For this, it is vital that citizens have greater access to information on developmental issues, strategic choices and the outcomes of government action in favour

of development. In this perspective, initiatives for development education either within a public framework or at the instigation of civil society will receive particular attention.

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### **“Eight times yes!” (Huit fois oui) campaign**

In September 2008, the Ministry of Foreign and European Affairs and the AFD launched an information and awareness campaign on development assistance dubbed «Eight Times Yes!» in order to inform the French public, and especially of schoolchildren, about the eight Millennium Development Goals. A website dedicated to the MDGs, [www.huitfoisoui.fr](http://www.huitfoisoui.fr), gives a detailed presentation of each MDG, with links to events in France and other countries, as well as stories of projects relating to each MDG. It proposes an exhibition display to schools and local authorities to make schoolchildren more aware of development challenges and international solidarity. In spring 2009, the display was offered free of charge to 3,100 schools in Metropolitan France (secondary and primary schools), and over one-third placed their order. A further approach was made to all junior secondary schools in Metropolitan France and French schools abroad, that is 7,119 establishments, to offer the display free of charge. In less than a month, nearly 2,000 schools had ordered it, showing the teaching community's strong interest in the topic.

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### **Monde.org – the Home of Development**

The web portal Monde.org – Maison du développement provides development information in French using Web 2.0 technology. It facilitates communication and exchange and the creation of communities, as well as proposing links to other portals and communities. The site compiles and publishes information from a large number of partner sites: World Bank, European Commission, AFD, France Coopération Internationale (FCI), OIF, UNDP, IMF, Médiaterre, etc. The beta version was launched in June 2009, and the site now contains over 2,000 compiled news items and 2,300 publications.

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6.7 As in the approach used to prepare this document, French cooperation decision-makers will pursue regular dialogue with civil society representatives and socio-professional stakeholders concerning the priorities and modes of action for international cooperation. They will continue to report to Parliament on the results of Government action, in accordance with the LOLF, integrating the priorities defined in this framework document into budget programming, the cross-cutting policy document and performance analyses. In addition, a report on the international financial institutions will be presented each year. In addition, every two years the policymakers will submit to Parliament an overview report on the implementation of France's development cooperation policy. The first report will be presented in 2012.

# APPENDICES

## Appendix I – The institutional organisation of development cooperation

→ The strategic guidelines for international cooperation and development assistance policy are defined by the Interministerial Committee for International Cooperation and Development (CICID), chaired by the Prime Minister and comprising all the ministers concerned by development assistance. The CICID Secretariat is run jointly by the three ministries more specifically involved in steering and implementing cooperation policy: the Ministry of Foreign and European Affairs (MAEE) and the Minister responsible for Cooperation, the Ministry of the Economy, Finance and Industry (MINEFI) and the Ministry of the Interior, Overseas France, Local Authorities and Immigration<sup>14</sup>. The CICID brings together as needed the ministries responsible for Education, Higher Education, Research, the Environment, Agriculture, External Trade, the Budget, the Interior and Defence, and thus has the role of ensuring policy coherence.

The indicative budget programming for resource allocation by country and sector is drawn up at the Strategic Guidance and Programming Conference (COSP) held every year for French ODA players under the chairmanship of the Minister responsible for Cooperation. The COSP also validates partnership framework documents (documents prepared jointly with countries receiving French development assistance, which set priority actions in these countries).

The Minister responsible for Cooperation is the lead minister for French cooperation and, as such, has cross-cutting responsibility for

coordinating the public players. It is the French ambassador accredited to the partner country who acts as overall coordinator for the implementation of cooperation policy in the field. Policy implementation mobilises the three ministries acting as CICID Co-Secretaries and the French Development Agency (AFD) as key operator, specialist operators, and the French Global Environment Facility (FFEM).

The Directorate-General of Global Affairs, Development and Partnerships (DGM) co-leads cooperation policy for the MAEE, which ensures notably the monitoring of the United Nations system, European cooperation policy and a number of thematic vertical funds, as well as the formulation and implementation of cooperation policy in the sectors of governance, culture, research and higher education.

The Directorate General of the Treasury (DG Trésor) co-leads cooperation policy for the MINEFI and is responsible for relations with the international financial institutions, questions relating to debt management (Paris Club Secretariat), monetary cooperation with the Franc Zone countries, financial cooperation and trade policies (development-related negotiations within the WTO). It also has specialised cooperation instruments designed for emerging countries (FASEP and RPE grants).

The International Affairs and Cooperative Development Department (SAIDS) of the Ministry of the Interior, Overseas France, Local Authorities and Immigration co-leads cooperation policy and the implementation of co-development projects.

The French Development Agency (AFD) is the principal implementing operator for the development cooperation policy defined by the Government. The AFD has a dual status as a public agency and a specialised financial institution. Its development assistance mainly

translates into loans (concessional or at market rates), subsidies, equity stakes and own-risk guarantees, and into management responsibilities on behalf of the French State or third parties. Its subsidiary Proparco participates in the development of the private sector through equity financing, guarantees and market-rate loans. On behalf of the French State, it manages the French Global Environment Facility, and sits on its steering committee with the MAEE, MINEFI, MEDDTL and MESR. The AFD comes under the joint supervision of the DGM, DG Trésor and the Ministry of the Interior responsible for Co-operative Development, as well as of the Minister responsible for Overseas France. The AFD has a 16-member Board of Directors on which the French Government holds six seats. The Government's positions with respect to the AFD are decided by the Strategic Steering Committee (COS), headed by the Minister responsible for Cooperation, who also supervises the drafting of a single targets and resources agreement between the AFD and the French Government. The implementation of French cooperation policy depends also on a group of specialist state operators.

## Appendix II – Cooperation policy reference documents

→ The Framework Document for Development Cooperation is intended to provide an overall medium- and long-term framework for cooperation policy. The policy is described operationally in documents that specify, within this framework, guidelines of a budgetary, geographic or sectoral nature.

### Strategies towards European and multilateral institutions

→ The multilateral window of French development cooperation is based on a set of strategy documents that detail French strategy towards multilateral institutions, including:

- the strategy document for European development policy;

- the strategy document for the World Bank.

### Sectoral and thematic strategies

→ France's cooperation action operates sectorally and thematically via specific, more detailed strategies, particularly in the following sectors:

- education and training;
- gender;
- water and sanitation;
- health;
- AIDS control;
- agriculture and food security;
- nutrition;
- development of infrastructure in sub-Saharan Africa;
- protection of the environment and biodiversity;
- development of the private sector;
- tax resources in developing countries;
- aid for trade.

### Budget documents

→ Each autumn, the government presents its Budget Act («projet de loi de finances (PLF)») for the upcoming year, which summarises in a single programming document all government resources and outlays and determines their nature, amount and assignment. It is examined by Parliament and approved within 70 days of submission. Pursuant to the provisions of the Constitutional Bylaw on Budget Acts, the Budget Act is organised into policy missions that each comprise a set of programmes. It is accompanied by annual performance plans and cross-cutting policy documents (DPTs).

Three programmes in the «Official Development Assistance» mission account for most of the budget appropriations primarily targeting cooperation policy, namely:

- programme 110: economic and financial aid for development, under the MINEFI;
- programme 209: solidarity with developing countries, under the MAEE;
- programme 301: co-development and migration, under the Ministry of the Interior,

Overseas France, Local Authorities and Immigration.

With a view to the effectiveness of government action and accountability to citizens, to Parliament and to the beneficiaries of these policies, the programmes in a mission are subject to an annual performance analysis. The annual performance plans are brought together in a single fascicle for each mission and present the quantitative objectives to be met and an analysis of costs and operators for each programme. Annual performance reports (RAPs) compare forecasts and execution not only in budgetary and full-cost terms but also with respect to the objectives, indicators and targets contained in the annual performance plan for that financial year.

A cross-cutting policy document (document de politique transversale – DPT): «*Politique française en faveur du développement*» (France’s policy for development), presents an overall vision of all the programmes that contribute to cooperation policy, the coherence of the whole, the comprehensive strategy for performance improvement and the budgetary resources required. The DPT identifies 23 programmes reporting to 8 ministries that contribute in whole or in part to cooperation policy.

All these documents are freely accessible to the general public at: [www.performance-publique.gouv.fr](http://www.performance-publique.gouv.fr)

## Partnership Framework Documents (DCPs)

➔ The *document cadre de partenariat* (Partnership Framework Document) is the instrument for mapping on a multi-year basis France’s ODA to the 55 member countries of the Priority Solidarity Zone and has a 5-year timeframe.

As a public document signed by both parties and established on the basis of the partner country’s development strategy (Poverty Reduction Strategy Paper or equivalent), the DCP ensures greater predictability and facilitates more effective ownership by the partner country of cooperation actions.

The DCP engages all public players active in French cooperation, in particular ministries and other public institutions. It determines a limited range of priorities selected from those sectors furthering the achievement of the MDGs, which must cover 80% of total assistance allocated to the MDGs. This rationale of concentration is geared to improving the effectiveness and visibility of France’s action by encouraging a division of labour with other donors. Action focused on MDGs is accompanied by cross-cutting responses: governance, culture and Francophonie, higher education and scientific research, decentralised and non-governmental cooperation.

### Countries that have signed a DCP

Algeria	Laos
Benin	Lebanon
Burkina Faso	Madagascar
Burundi	Mali
Cambodia	Mauritania
Cameroon	Mauritius
Cape Verde	Morocco
Chad	Mozambique
Comoros	Namibia
Congo Brazzaville	Niger
Democratic Republic of the Congo	Palestinian Authority
Djibouti	Senegal
Ethiopia	South Africa
Gabon	Tanzania
Ghana	Togo
Guinea	Tunisia
Guinea Bissau	Vanuatu
Haiti	Vietnam
Kenya	Yemen

In this way France ensures that its interventions are coordinated with those of its bilateral and multilateral partners, complying with the European Code of Conduct on Complementarity and Division of Labour in Development Policy.

## Appendix III – The budget for development cooperation policy

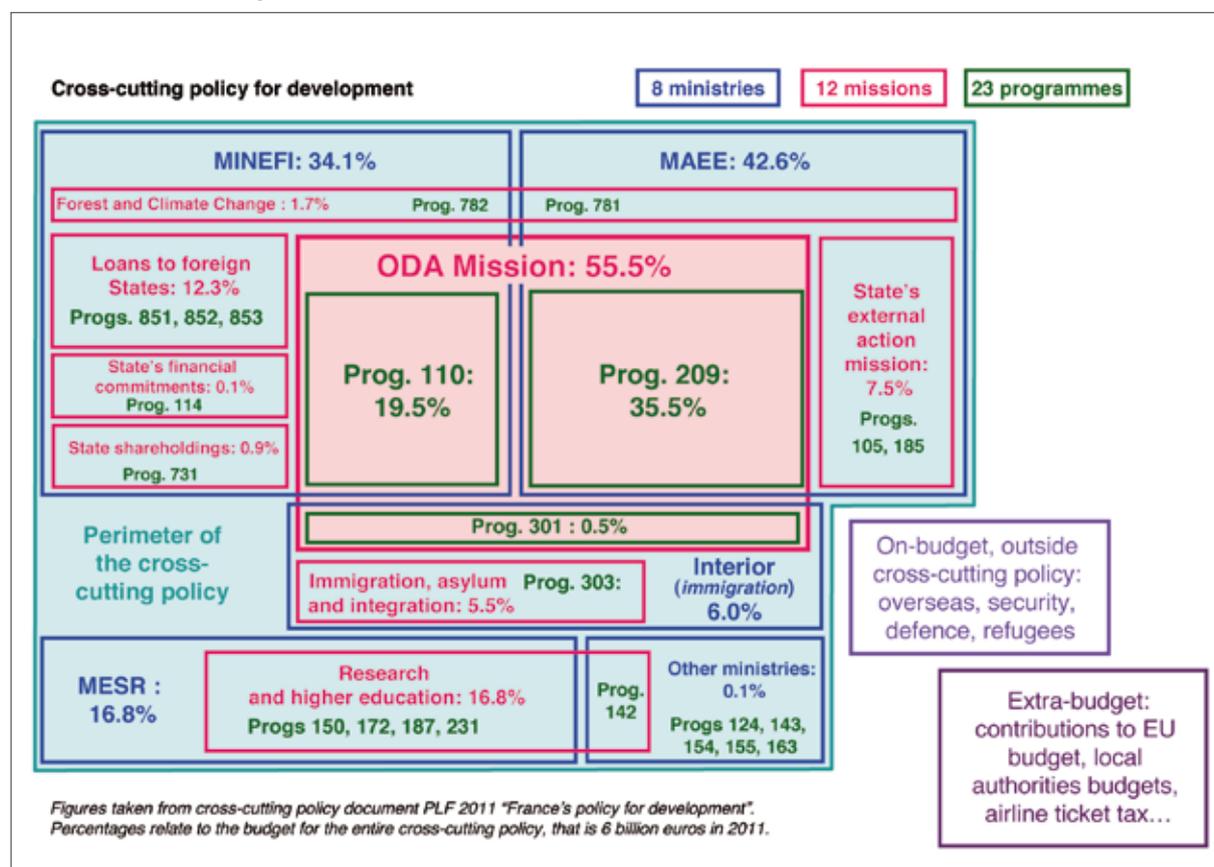
### Budgetary breakdown of the French effort in favour of development

➔ The main budgetary expenditures involved in this effort are grouped under France's cross-cutting policy for development, which comprises 23 different budgetary programmes in 2011 (funding appropriations for this policy amount to €6 billion for 2011).

The resources (55.5%) relating to this cross-cutting policy are concentrated within the interministerial «Official Development Assistance» mission, which includes Programme 209 («Solidarity with developing countries») run by the MAEE, Programme 110 («Economic and financial aid for development») run by the MINEFI, and, since 2008, Programme 301 («Co-development and migration») run by the Ministry of the Interior, Overseas France, Local Authorities and Immigration. If the seven other programmes and missions under their responsibility are included, the three CICID Co-Secretaries together manage more than 80% of the appropriations to the cross-cutting policy.

The rest of the cross-cutting policy is divided between the 10 programmes, whose resources are only in part earmarked for development actions. These programmes are mostly managed by the Ministry of Higher Education and Research.

### The ODA mission, cross-cutting policy, budgetary and extra-budgetary efforts for cooperation policy



To complete the items covered in the cross-cutting policy document come the budgetary expenditures «outside the cross-cutting policy», which mainly relate to the Overseas Communities and security issues, such as training for police and gendarmerie personnel in developing countries. 0.3% of the budget for Gendarmerie Nationale Programme 152 is counted as ODA.

A set of public development-related expenditures that are not integrated into the state budget can also be at least partly recorded as ODA. This is the case, for example, of contributions to the Community budget and local authorities' budgetary expenditures for development.

It should be pointed out that part of the cost to the taxpayer of development cooperation policy is not currently measured as it does not translate into budget flows: customs exemptions for goods from the Least Developed Countries, tax deductibility for private giving to development, the hidden cost of state guarantees, etc.

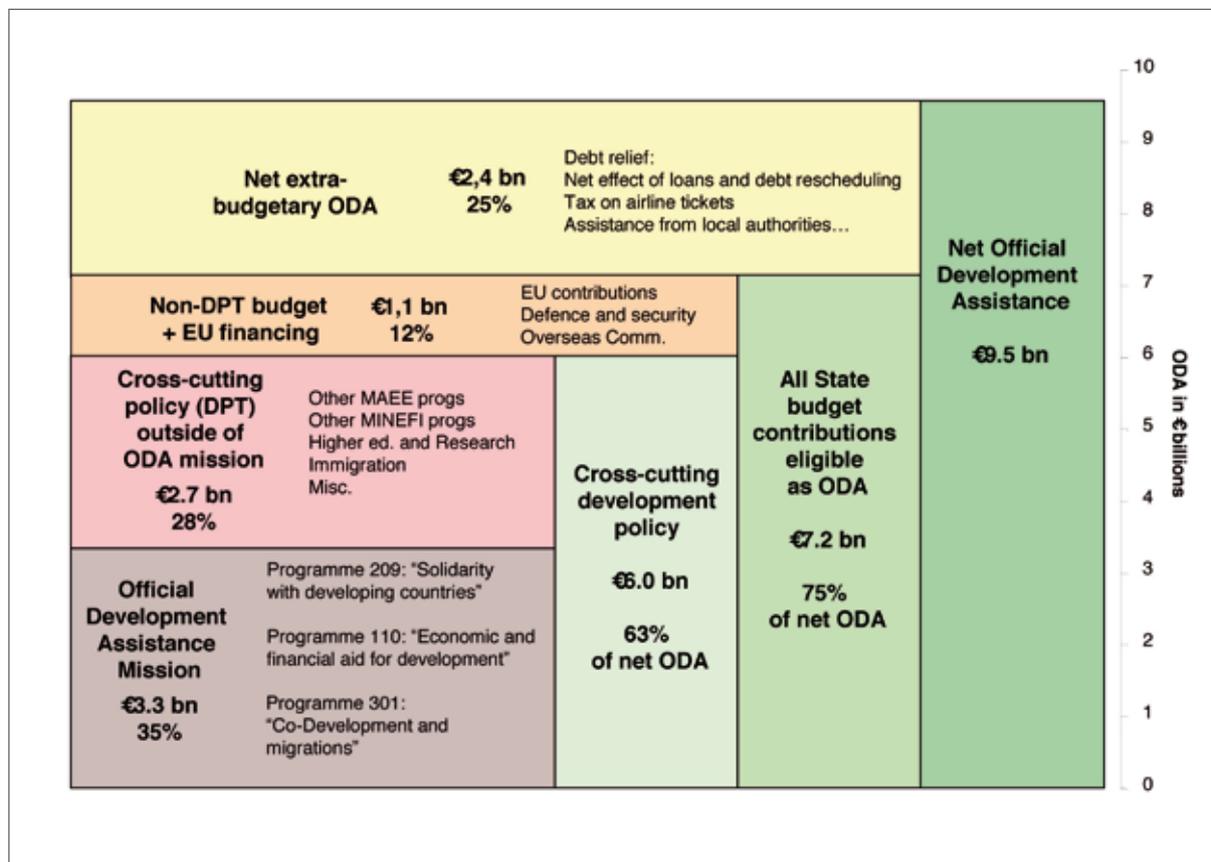
## How the «ODA» mission relates to the DAC ODA indicator

➔ The relationship between the State's budgetary effort for development and ODA as reported to the OECD-DAC is not direct, since the DAC indicator includes extra-budgetary items.

Four separate ensembles can be distinguished which vary in proportion year on year and for which indicative forecasts for 2011 are given as recorded in the Budget Act.

- the ODA mission resources, directly allocated to cooperation policy (35% of total ODA projected for 2011);
- other DPT programmes (28% of total ODA projected for 2011);
- non-DPT public expenditure, notably 12% financing for the EU budget;
- items with no direct impact on the state budget (loans, decentralised development

### From the budget for Official Development Assistance: 2011 projections



Source: cross-cutting policy document «France's policy for development», PLF 2011.

cooperation, debt relief, airline ticket tax) amounting to an estimated 24% of total ODA projected for 2011.

## Appendix IV – Official Development Assistance in figures

### A standardised definition from the OECD Development Assistance Committee

➔ The measurement of Official Development Assistance is defined by the OECD Development Assistance Committee<sup>16</sup> (DAC). The amounts eligible for inclusion in ODA must meet four criteria:

- the beneficiaries must be countries or territories considered as developing by the DAC or multilateral development institutions;
- the aid must be provided by official agencies, including State and local governments, or by their executing agencies;
- each transaction must be administered with the promotion of the economic develop-

ment and welfare of developing countries as its main objective;

- each transaction must be concessional in character, as defined by the DAC.

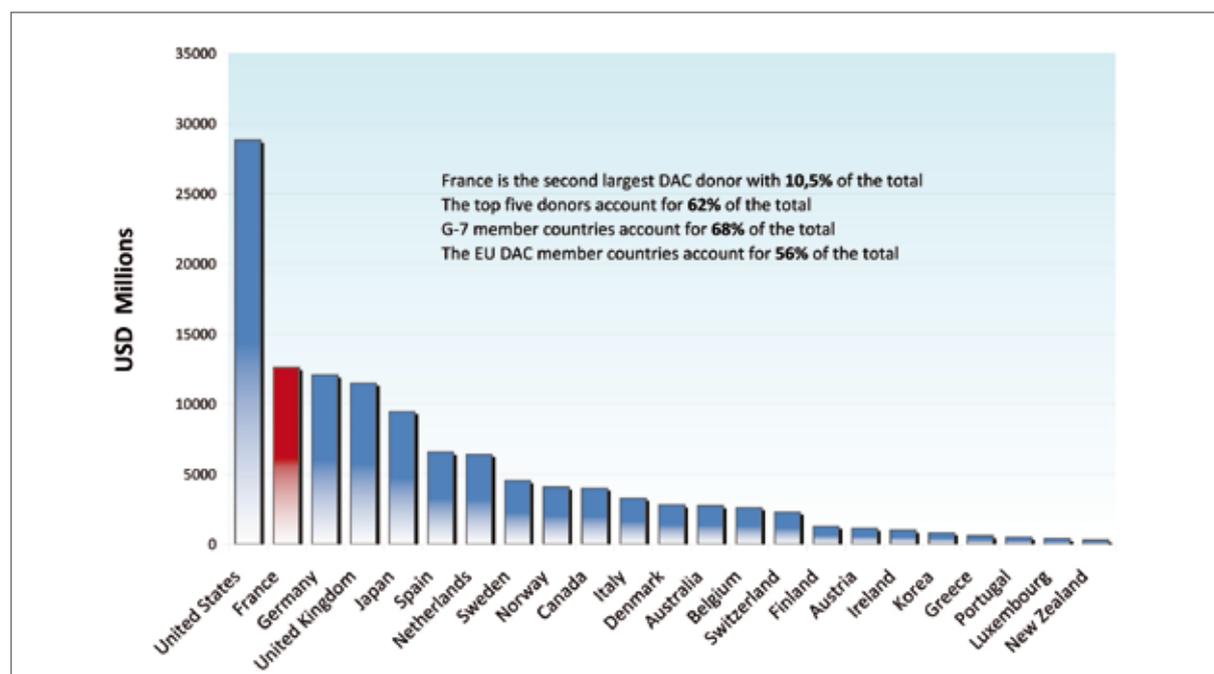
The DAC List of Aid Recipients is reviewed every three years and based on per capita Gross National Income data.

Contributions to international institutions may be reported fully or in part under ODA, depending on the nature of the institution.

### In 2009, France was world's the second largest donor and its ODA/GNI ratio was above the DAC country average

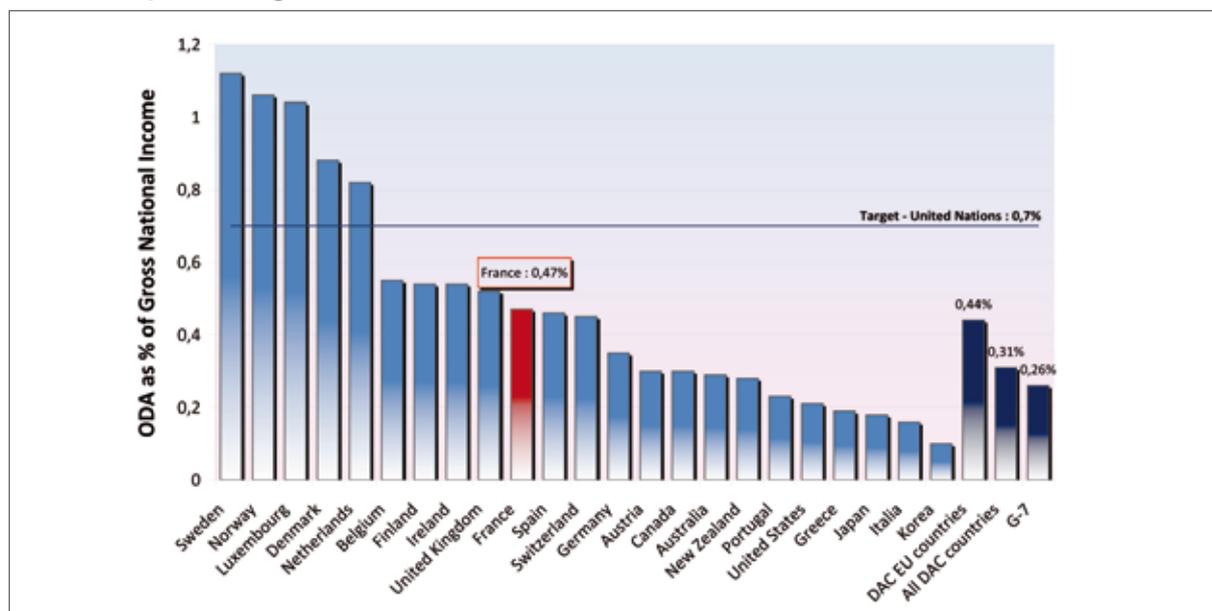
➔ In 2009, the net global ODA from the 23 DAC member countries reached USD 120 billion. With 10.4% of the total, that is USD 12.6 billion, France is the second largest donor after the United States and Europe's largest donor, followed closely by Germany and the United Kingdom. The G-7 countries provide 68% of ODA as calculated by the DAC. The 15 DAC European Union countries account for 56% of ODA.

### Net ODA of DAC Member Countries in 2009



Source: OECD.

## ODA as a percentage of GNI for DAC countries in 2009



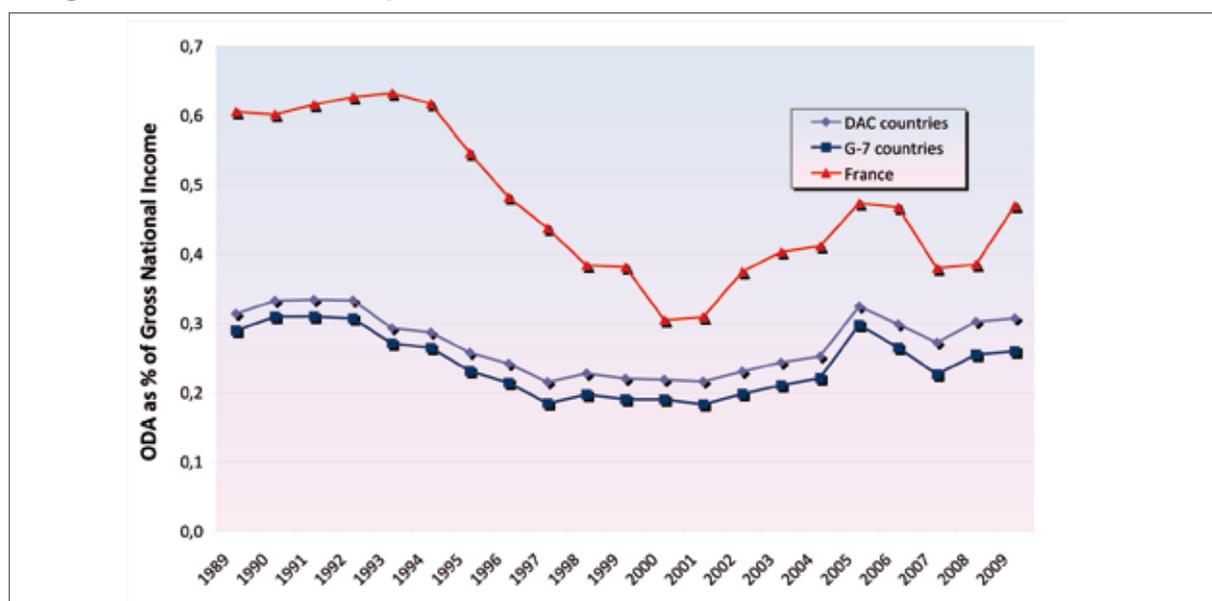
Source: OECD.

The largest contributions relatively (ODA as a percentage of Gross National Income) are from Sweden, Norway, Luxembourg, Denmark and the Netherlands, the only countries to have reached ODA contributions in excess of 0.7% of their GNI in 2009. French ODA in 2009 was 0.47% of its GNI, within the DAC EU-country average (0.44%) and well above the average for all DAC members (0.32%) and a fortiori G-7 countries (0.28%).

## Global ODA and French ODA rise after low point in late 1990s

➔ French ODA is on the rise, both as a percentage of GNI and in total volume, after a low point around 2000. This increase is due partly to debt relief operations, particularly between 2003 and 2006, but also reflects a

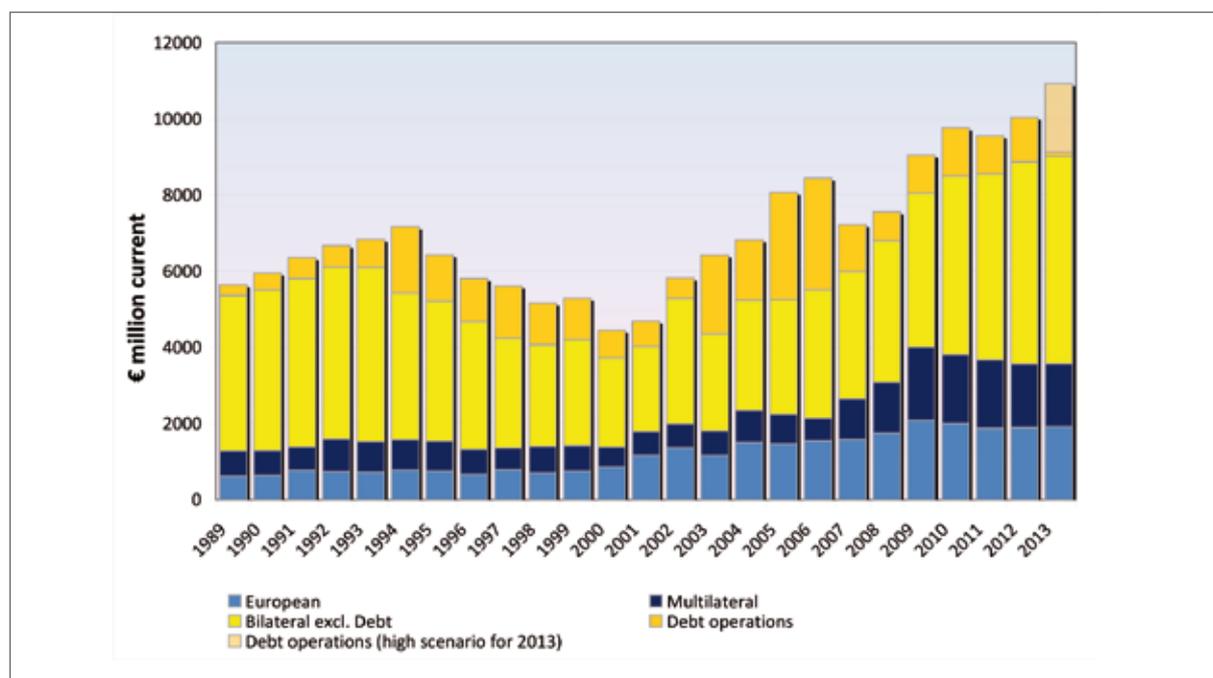
## Long-term trend of the cooperation effort, France, G-7 and all DAC countries



Source: OECD-DAC.

## Structure of France's ODA 1989-2013

1989-2009 data, 2010-2013 estimates



Sources: OECD-DAC to 2009, PFL 2011 thereafter.

scaling-up of multilateral and European aid (up from 23% to 41% of the total over the period), while bilateral ODA apart from debt relief has tended to fall.

## Appendix V – Structure and destination of France's ODA

### Breakdown of France's ODA

- ➔ The €9,048 million reported to the DAC as France's **net ODA** in 2009 comprised:
  - €5,040 million in bilateral ODA, 56% of the total;
  - €2,083 million in European ODA (EDF and EU), 23% of the total;
  - €1,925 million in multilateral ODA (excl. EDF and EU), 21% of the total.

European instruments are the largest beneficiaries of French multilateral aid (23% of total net ODA), followed by international financial institutions (13%) and vertical funds (6%).

The non-programmable fraction of French bilateral aid in 2009 was 26% of its total net ODA if one includes debt relief (7%), the imputed cost of students (7%), research for development in the donor country (4%), food aid (0.4%), humanitarian aid (0.3%), aid to refugees in the donor country (3%), administrative costs (4%), aid granted by the donor country's local authorities (0.8%) and support for NGOs (0.2%).

### Sectoral distribution of total net ODA

- ➔ ODA granted to the five priority sectors decided by the CICID on 5 June 2009 (education, health, sustainable development, agriculture and food security, and growth) accounted in 2008 for 59% of bilateral ODA, 43% of European ODA and 65% of multilateral ODA, that is 56% of France's total net ODA.

The education sector accounted for 17% of France's total net ODA, health 10%, agriculture and food security 7%, sustainable development 9% and support for growth 13%.

	Bilateral		Europe		Multilateral		TOTAL	
	Net ODA (€m)	% of net bilateral ODA	Net ODA (€m)	% of european ODA	Net ODA (€m)	% of multi-laterale ODA	Net ODA (€m)	% of total net ODA
<b>TOTAL</b>	<b>4,483</b>		<b>1,753</b>		<b>1,330</b>		<b>7,566</b>	
<b>Education</b>	<b>1,177</b>	25%	<b>95</b>	5%	<b>53</b>	3%	<b>1,326</b>	17%
<i>of which basic education</i>	132	3%	37	2%	22	1%	191	2%
<b>Health</b>	<b>96</b>	2%	<b>96</b>	5%	<b>529</b>	35%	<b>721</b>	10%
<i>of which basic health</i>	48	1%	52	3%	147	10%	247	3%
<b>Sustainable development</b>	<b>523</b>	11%	<b>117</b>	6%	<b>75</b>	5%	<b>715</b>	9%
<b>Agriculture and food security</b>	<b>359</b>	8%	<b>105</b>	6%	<b>68</b>	4%	<b>532</b>	7%
<b>Support for growth</b>	<b>481</b>	10%	<b>336</b>	18%	<b>145</b>	10%	<b>962</b>	13%
<b>Other sectors</b>	<b>1,847</b>	40%	<b>1,004</b>	54%	<b>459</b>	31%	<b>3,310</b>	41%

## Geographic distribution of net bilateral ODA

➔ Africa is the largest recipient of French ODA, with 58% of net bilateral aid in 2009, all instruments combined, and more specifically sub-Saharan Africa (47%).

The 14 priority poor countries received 12% of net bilateral ODA in 2009: the CICID objective of devoting at least 50% of MDG grants to these countries was met, since the percentage stood at 76% in 2009.

The first 20 recipients of net bilateral ODA between 2007 and 2009 received 48% of France's total net bilateral ODA.

This ranking, which includes a number of emerging countries (such as China) and only five from the list of 14 priority poor countries (Senegal, Mali, Burkina Faso, Madagascar and Guinea) is due to the relative cost of:

- tuition fees (for China, Morocco, Tunisia and Algeria);
- loans (in particular for Indonesia, Lebanon, Turkey, Vietnam and China);
- debt restructuring (for Côte d'Ivoire and Congo).

## Main recipients of French net bilateral ODA, average 2007-2009

(€ m, declared to OECD/DAC)

1	Côte d'Ivoire	309	11	Tunisia	109
2	Iraq	260	12	Algeria	96
3	Cameroon	193	13	Mali	89
4	China	167	14	Burkina Faso	79
5	Morocco	148	15	Madagascar	78
6	Turkey	138	16	Egypt	78
7	Senegal	120	17	Guinea	50
8	Lebanon	120	18	Zones under Palestinian admin.	50
9	DR Congo	112	19	Indonesia	48
10	Vietnam	110	20	Brazil	48

## Appendix VI – Targeted distribution of French bilateral aid by differentiated partnership

		Africa		Mediterranean countries	Emerging countries	Countries in crisis (crisis and post-crisis management, excluding prevention)
		SSA <sup>a</sup>	14 PPCs <sup>b</sup>			
Grants	<b>Target</b>		<b>&gt; 50%</b>			<b>10%</b>
Budgetary effort	<b>Target</b>	<b>&gt; 60%</b>		<b>20%</b>	<b>at most: 10%</b>	

a : Sub-Saharan Africa  
b : Priority Poor Countries

**14 priority poor countries (defined by CICID on 5 June 2009):** Benin, Burkina Faso, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Ghana, Guinea, Madagascar, Mali, Mauritania, Niger, Senegal and Togo. This list is subject to revision by joint decision of the supervisory ministers, at the proposal of the CICID Co-Secretariat.

In Cambodia, a conditional transfer programme has helped nearly 19,000 children, of which 64% girls, to continue their education, accounting for 14% of girls enrolled in secondary school.

In ten years the IDA has doubled its aid to fragile and conflict-torn countries, from USD 772 million to USD 1.6 billion a year. In recent years it has contributed to the demobilisation and reintegration of 235,300 ex-combatants, to connecting more than 1.5 million people to major transport networks, providing essential health care and drinking water to more than 6 million people and enrolling 2.4 million children in school.

## Appendix VII – The World Bank’s International Development Association (IDA)

➔ The IDA is the most concessional arm of the World Bank Group.

The public works programmes it has financed have employed more than 8 million people. At least 22 million people gained access to a water supply between 2000 and 2006. In the last 8 years, nearly 240,000 km of roads have been built. In Mali, the association brought electricity to 40,000 households, more than 1,000 schools, an equivalent number of companies and more than 100 clinics.

In Bangladesh, 850,000 girls received study grants for the 2008/2009 school year, and 500,000 of the poorest students received a grant to enable them to return to school.

## Appendix VIII – Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)

➔ The GFATM is a partnership between governments, civil society, the private sector and the affected communities, the objective of which is to collect and allocate extra resources to prevent and treat the three worst pandemics on the planet.

Since it was created in 2002, at the initiative of the G-8, it has become a major player in the fight

against the three diseases, approving more than USD 19 billion for 572 programmes in 144 countries: it provides 17% of the funding for HIV/AIDS programmes (UNAIDS, 2010) and has become the biggest donor in the fight against tuberculosis (63% of funding) and malaria (57% of programmes) (Global Fund, 2010). In 2010, more than 4 million people are on antiretroviral treatment (2.5 million as a result of the Global Fund), 105 million counselling sessions and HIV tests have been organised and 4.5 million orphans have had access to medical services, education and community care.

By 1 January 2010, the Global Fund had enabled the treatment of 108 million cases of malaria, the distribution of 104 million mosquito nets, and the treatment of 6 million new cases of infectious tuberculosis. The GFATM's activity is estimated to have saved some 5 million lives since 2002.

For more details: <http://www.theglobalfund.org>

## Appendix IX – Summary of recent evaluations of French cooperation

➔ This document has been produced on the basis of the recommendations of various evaluations of French cooperation policy, in particular the OECD-DAC peer review in 2008, the General Review of Public Policies (RGPP) and the report of the Council for Economic Analysis (CAE): *La France et l'aide publique au développement*, December 2006.

Recognising the richness of French development cooperation policy objectives, these evaluations pointed out the lack of a document giving unity to the policy. According to the evaluations, this means that the policy is lacking in clarity, particularly with respect to the objectives pursued, geographic priorities, intervention modalities and the link between the bilateral, European and multilateral aid channels.

Echoing the two main critiques of the CAE report, the OECD-DAC peer review invited France in 2008 first to draw up a cooperation policy framework document that specifies its medium-

term objectives and strategy, to be applicable to all French official assistance players and, second, to concentrate its aid on a more limited number of countries, particularly LDCs and fragile states. To this end, the RGPP exercise undertook to concentrate France's resources geographically by adopting a partnership rationale grounded on mutual interest. These recommendations led to the adoption at the CICID meeting on 5 June 2009 of a country-typology specifying a group of poor countries having priority in the allocation of the most concessional aid resources, and to the recognition of crisis situations as an important component of French cooperation. In this cooperation policy framework document, four geographic partnerships differentiated by the nature and conditions of intervention are defined in line with these decisions.

In terms of resources, the evaluations point out that, by providing a three-year budget perspective, the Constitutional Bylaw on Budget Acts (LOLF) enhances the predictability of budget resources earmarked for development cooperation, while emphasising that these resources continue to limit the capacity of French cooperation policy to fulfil all of its ambitious bilateral, European and multilateral commitments. The evaluations note the novel capacity for financial engineering that France has developed in order to make the best use of its budget resources, whilst emphasising that the development of its lending activity, in particular, influences the geographies and the focal sectors targeted by French cooperation. Not least, they welcome generally France's involvement in promoting innovative sources of development financing, but at the same time emphasise that these sources cannot substitute for budgetary commitments and should not exempt France from such commitments.

## Appendix X – Bibliography and Internet resources

OCDE  
([www.oecd.org](http://www.oecd.org))

*France – Development Assistance Committee (DAC) – Peer Review*, 2008.

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([www.assemblee-nationale.fr](http://www.assemblee-nationale.fr))

*L'aide publique au développement française : analyse des contributions multilatérales, réflexions et propositions pour une plus grande efficacité*, Henriette Martinez, Member of Parliament. Report submitted to the Prime Minister, François Fillon, and the Minister of State for Cooperation and the Francophonie, Alain Joyandet, 31 July 2009.

**Senate**  
([www.senat.fr](http://www.senat.fr))

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**Ministry of Foreign and European Affairs**  
([www.diplomatie.gouv.fr](http://www.diplomatie.gouv.fr))

*Livre blanc sur la politique étrangère et européenne de la France*. conclusion to the work of the White Paper Commission (co-chairs: Alain Juppé and Louis Schweitzer). Paper submitted to the Minister of Foreign and European Affairs, Bernard Kouchner, 11 July 2008.

*Mémorandum de la France sur ses politiques et programmes en matière d'aide publique au développement*, 2008. (also available at [www.economie.gouv.fr](http://www.economie.gouv.fr))

**Ministry of the Economy, Finance and Industry**  
([www.tresor.bercy.gouv.fr](http://www.tresor.bercy.gouv.fr))

*Évaluation des dotations de la France au Fonds africain de développement et à la Banque africaine de développement*, Directorate General of the Treasury, September 2010.

*Efficacité de l'interaction des organisations multilatérales dans les pays africains*, Directorate General of the Treasury, March 2010.

Fact sheets on Official Development Assistance  
([www.economie.gouv.fr/themes/europe\\_international/aide\\_dev/index.htm](http://www.economie.gouv.fr/themes/europe_international/aide_dev/index.htm) and [www.tresor.bercy.gouv.fr/directions\\_services/dgtpe/aide\\_developpement.htm](http://www.tresor.bercy.gouv.fr/directions_services/dgtpe/aide_developpement.htm))

**General Review of Public Policy**  
([www.rgpp.modernisation.gouv.fr](http://www.rgpp.modernisation.gouv.fr))

*RGPP : troisième rapport d'étape*, February 2010.

**Council for Economic Analysis**  
([www.cae.gouv.fr](http://www.cae.gouv.fr))

*La France et l'aide publique au développement*, Daniel Cohen, Sylviane Guillaumont Jeanneney and Pierre Jacquet. Report No.62 of the Council for Economic Analysis, 2006.

**Commission on the Measurement of Economic Performance and Social Progress**

[www.stiglitz-sen-fitoussi.fr/fr/index.htm](http://www.stiglitz-sen-fitoussi.fr/fr/index.htm)

Report of the Commission (J.E. Stiglitz, A. Sen, J. Fitoussi) submitted 14 September 2009.

**Agence française de développement**  
([www.afd.fr](http://www.afd.fr))

Annual report 2009.

**National Commission for Decentralised Cooperation**  
([www.cncd.diplomatie.gouv.fr/frontoffice](http://www.cncd.diplomatie.gouv.fr/frontoffice))

The CNCD site also contains an online atlas of decentralised cooperation.

**Coordination Sud**  
([www.coordinationsud.org/APD](http://www.coordinationsud.org/APD))

The Coordination Sud site brings together the analyses and proposals of French international solidarity organisations concerning French and European development assistance policy and the effectiveness of their own actions.

# ACRONYMS AND ABBREVIATIONS

<b>AFD</b>	Agence française de développement (French Development Agency)
<b>AIRD</b>	Agence interétablissement de recherche pour le développement (Inter-Establishment Agency for Research for Development)
<b>AMC</b>	Advanced Market Commitments
<b>APD</b>	Aide publique au développement see ODA
<b>AfDB</b>	African Development Bank
<b>AsDB</b>	Asian Development Bank
<b>CASDB</b>	Central African States Development Bank
<b>CFA</b>	Communauté financière africaine (African Economic Community)
<b>CICID</b>	Comité interministériel de la coopération internationale et du développement (Interministerial Committee for International Cooperation and Development)
<b>CIRAD</b>	Centre de coopération internationale en recherche agronomique pour le développement (Centre for International Cooperation in Agronomic Research for Development)
<b>COS</b>	Comité d'orientation stratégique (Strategic Steering Committee)
<b>COSP</b>	Conférence d'orientation stratégique et de programmation (Strategic Guidance and Programming Conference)
<b>CRVOI</b>	Centre de recherche et de veille sur les maladies émergentes dans l'océan Indien (Regional Centre for Indian Ocean Health Surveillance and Research)
<b>DAC</b>	Development Assistance Committee
<b>DCP</b>	Document cadre de partenariat (Partnership Framework Document)
<b>DG</b>	Direction générale (Directorate General)
<b>DPT</b>	Document de politique transversale (cross-cutting policy document)
<b>ECCAS</b>	Economic Community of Central African States
<b>EDF</b>	European Development Fund
<b>EIB</b>	European Investment Bank
<b>EU</b>	European Union
<b>FASEP</b>	Fonds d'étude et d'aide au secteur privé (Private Sector Research and Assistance Fund)
<b>FCI</b>	France Coopération Internationale (development agency mandated by the MAEE)
<b>FFEM</b>	Fonds français pour l'environnement mondial (French Global Environment Facility)
<b>FISEM</b>	Facilité d'investissement de soutien économique à la Méditerranée (Investment Facility to Support the Economic Development of the Mediterranean)
<b>GAVI</b>	Global Alliance for Vaccines and Immunisation
<b>GDP</b>	Gross Domestic Product
<b>GFATM</b>	Global Fund to Fight AIDS, Tuberculosis and Malaria
<b>GNI</b>	Gross National Income
<b>GPG</b>	Global Public Good
<b>HIPCs</b>	Heavily Indebted Poor Countries
<b>ICESCR</b>	International Covenant on Economic, Social and Cultural Rights

<b>IDA</b>	International Development Association
<b>IFFIm</b>	International Finance Facility for Immunisation
<b>IFI</b>	International Finance Institution
<b>IMF</b>	International Monetary Fund
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>IRD</b>	Institut de recherche pour le développement (Research Institute for Development)
<b>JICA</b>	Japan International Cooperation Agency
<b>KfW</b>	Kreditanstalt für Wiederaufbau (German development bank)
<b>LDCs</b>	Least Developed Countries
<b>LOLF</b>	Loi organique relative aux lois de finances (Constitutional Bylaw on Budget Acts)
<b>MAEE</b>	Ministère des affaires étrangères et européennes (Ministry of Foreign and European Affairs)
<b>MDB</b>	Multilateral Development Bank
<b>MDGs</b>	Millennium Development Goals
<b>MEDDTL</b>	Ministère de l'Écologie, du Développement durable, des Transports et du Logement (Ministry of Ecology, Sustainable Development, Transport and Housing)
<b>MESR</b>	Ministère de l'Enseignement supérieur et de la Recherche (Ministry of Higher Education and Research)
<b>MINEFI</b>	Ministère de l'Économie, des Finances et de l'Industrie (Ministry of the Economy, Finance and Industry)
<b>NATO</b>	North Atlantic Treaty Alliance
<b>NIF</b>	Neighbourhood Investment Facility
<b>NGO</b>	Non-governmental organisation
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OHADA</b>	Organisation pour l'harmonisation en Afrique du droit des affaires (Organisation for the Harmonisation of Business Law in Africa)
<b>OIF</b>	Organisation internationale de la Francophonie (International Organisation of La Francophonie)
<b>PCST</b>	Promotion de la culture scientifique et technique (promotion of scientific and technical culture)
<b>PFVT</b>	Partenariat français pour la ville et les territoires (French Alliance for Cities and Territorial Development)
<b>PRCC</b>	Programme de renforcement des capacités commerciales (Trade Capacity Building Programme)
<b>RAP</b>	Rapport annuel de performances (annual performance report)
<b>RGPP</b>	Révision générale des politiques publiques (General Review of Public Policies)
<b>RPE</b>	Réserve pays émergent (Emerging Countries Reserve)
<b>SAIDS</b>	Service des affaires internationales et du développement solidaire (International Affairs and Cooperative Development Department)
<b>SGBS</b>	Société générale de banques au Sénégal (Senegalese subsidiary of Société générale)
<b>SMEs</b>	Small and Medium-sized enterprises
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Program
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organisation
<b>UNICEF</b>	United Nations International Children's Emergency Fund
<b>WADB</b>	West African Development Bank
<b>WAEMU</b>	West African Economic and Monetary Union
<b>WHO</b>	World Health Organisation
<b>WTO</b>	World Trade Organisation

# NOTES

1. See Appendix VI on the distribution of grants and budgetary effort by differentiated partnership.
2. World Urbanization Prospects: The 2009 Revision (United Nations, Department of Economic and Social Affairs, Population Division).
3. US - Energy Information Administration.
4. World Bank, Data 2008. Estimated wealth production by GDP (purchasing power parity).
5. Intergovernmental Panel on Climate Change (IPCC).
6. The main sectoral documents are listed in the appendices.
7. OECD, DAC statistical database, 2008 data.
8. The concept of co-development underpins the agreements between Member States and the countries of origin and transit countries of migration. These agreements promote inclusive development actions that notably enable migrants to take part in the development of their home countries. In France this approach is managed in the framework for concluding bilateral agreements on the concerted management of migration and cooperative development.
9. The architecture of France's development cooperation system, its operators and instruments are described in a specific appendix.
10. See appendix II for list of strategies.
11. Idem.
12. Report to the President of the Republic of the Commission on the Measurement of Economic Performance and Social Progress («Commission Stiglitz/Sen/Fitoussi»), 2009.
13. CICID list, 5 June 2009: Benin, Burkina Faso, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Ghana, Guinea, Madagascar, Mali, Mauritania, Niger, Senegal and Togo. This list is subject to revision.
14. The competencies of the Ministry of Immigration, Integration, National Identity and Cooperative Development were transferred to the Ministry of the Interior, Overseas France, Territorial Communities and Immigration pursuant to the decree of 25 November 2010 (Decree No. 2010-1444 of 25 November 2010 on the powers of the Ministry of the Interior, Overseas France, Territorial Communities and Immigration).
15. See the definition of ODA by OECD-DAC in Appendix IV.
16. DAC members since its creation in 1961: Belgium, Canada, European Commission, France, Germany, Italy, Japan, Netherlands, United Kingdom, United States; Portugal: member since 1961 (except 1974-1990); Norway; 1962; Denmark, 1963; Austria and Sweden, 1965; Australia, 1966; Switzerland, 1968; New Zealand, 1973; Finland, 1975; Ireland, 1985; Spain, 1991; Luxembourg, 1992; Greece, 1999; South Korea, 2010.

*This document outlines France's development cooperation strategy. It offers a medium-term vision of the challenges, priorities and means of action of French Development Cooperation.*

*It aims to provide a clearer view of French development cooperation both for French citizens, who themselves contribute to this cooperation via the budget voted by Parliament, and for France's international partners, with whom this policy will be conducted.*

*The elaboration of this Framework Document was piloted by the Directorate-General of Global Affairs, Development and Partnerships (DGM) of the Ministry of Foreign and European Affairs (MAEE) and supervised by a steering committee that brought together, in addition to the MAEE, the Ministry of the Economy, Finance and Industry (MINEFI), the Ministry of the Interior, Overseas France, Local Authorities and Immigration, and the French Development Agency (AFD).*

*The document greatly benefited from the input of an advisory panel comprising civil society representatives (corporate sector, NGOs, social partners), the key French public operators concerned, decentralised cooperation players, as well as researchers and qualified individuals.*

*Parliament was also involved in this work, and the committees concerned actively contributed to its preparation (round tables, hearings of representatives from ministerial departments and ministerial hearings, background reports).*

## **Directorate-General of Global Affairs, Development and Partnerships of the French Ministry of Foreign and European Affairs**

The missions of the French Ministry of Foreign and European Affairs are:

- summarize information on the changing global economy and put it into perspective, prepare decisions on the French government's foreign policy,
- draft France's foreign policy;
- coordinate France's international relations;
- protect French interests abroad and assist French nationals outside France.

The creation of the Directorate-General of Global Affairs, Development and Partnerships (DGM) in April 2009, as part of the reform of the Ministry, enables diplomacy to anticipate, identify and respond to the challenges of globalisation more effectively.

Confronted with global issues that have a direct impact on the lives of our citizens and multiple actors, the Ministry intends to emphasise the need to tackle global issues, in the firm belief that every major economic, cultural and societal issue calls for collective action with more outward focus, anticipation, interministerial coordination, responsiveness, interdisciplinarity and a resolutely European approach.



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