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## Systemic challenges and opportunities of Franco-German development cooperation

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# Systemic Challenges and Opportunities of Franco-German Development Cooperation

*Lennart Kaplan*

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Lennart Kaplan

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Bonn, March 2020

Lennart Kaplan

Keywords: coordination, fragmentation, ODA overlap, French-German cooperation, European development cooperation, India, Cameroon, Benin, Morocco

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## Abbreviations

AA	Auswärtiges Amt (Federal Foreign Office)
AFD	Agence française de développement (French Development Agency)
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry of Economic Cooperation and Development)
CFA	Communauté financière d’Afrique (African Financial Community)
DAC	Development Assistance Committee
DEG	Deutsche Investitions- und Entwicklungsgesellschaft (German Investment Corporation)
EDFI	European Development Finance Institutions
EF	Expertise France (France’s agency for international technical assistance)
EIB	European Investment Bank
EU	European Union
FDI	foreign direct investment
GDP	gross domestic product
GFATM	Global Fund to Fight Aids, Tuberculosis and Malaria
GIZ	Gesellschaft für Internationale Zusammenarbeit (Germany’s organisation for international development cooperation)
HDI	Human Development Index
JP	joint programming
KfW	Kreditanstalt für Wiederaufbau (German state-owned development bank)
MEAE	Ministère de l’Europe et des Affaires étrangères (Ministry of Europe and Foreign Affairs)
MINEFI	Ministère de l’Économie et des Finance (Ministry of the Economy and Finance)
MoU	memorandum of understanding
MRI	Mutual Reliance Initiative
NGO	non-governmental organisation
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goal
UN	United Nations
USAID	United States Agency for International Development
USD	United States Dollar



## Executive summary

**The 2030 Agenda for Sustainable Development brings major changes to development cooperation and makes coordination more important.** The agenda broadens the set of developmental goals compared with previous international agreements. It also ends the dichotomy between donors and recipients and requests moves towards sustainability in both the Global North and South. The myriad of goals and extension of stakeholders can be interpreted as a progress. However, the extended scope requires additional resources and a broader set of actors to fill the projected financing gap of up to USD 2.5 billion. Thus, coordination is more demanding and important than ever. At the same time, unilateralism has recently been on the rise and major donors are less willing to take on global responsibilities. This increasing number of actors burdens recipient systems with different standards of procedure, languages and counterparts, increasing aid fragmentation and undermining aid effectiveness (Acharya, De Lima, & Moore, 2006).

**Major overlapping of French and German development priorities and activities provides a rationale to assess opportunities for intensified coordination.** France and Germany are very active donors whose aid is spread across a large number of countries and sectors (Schulpen & Habraken, 2016). French and German objectives span poverty alleviation, food security, education, employment, health, climate and environment (with a focus on renewable energies), human rights (including gender equality) as well as fair trade and good governance. Using a quantitative overlap measure, the study reveals that the Franco-German overlap of aid allocation is more than four times as high as for the average donor. The high overlap could either imply that there is already effective coordination or question the sustainability of development aid that uses incompatible approaches potentially due to competing geostrategic objectives. It is this ambiguity in the quantitative measure that motivates the qualitative analysis in this study. Against this background, Franco-German development cooperation seems to be more opportunity- than strategy driven (Klingebiel, Scholtes, Hege, & Voituriez, 2018; Krüger & Vaillé, 2019). The 2019 signing of the Treaty of Aachen – which renewed the Élysée Treaty, a foundation of Franco-German cooperation – creates a window of opportunity for more effective and efficient development cooperation. If France and Germany can bridge their divisions, other countries and members of the European Union (EU) may follow their lead (Seidendorf, 2019). This is key in view of the opportunities and challenges of 2020 and beyond: the new Von der Leyen Commission, the German presidency of the Council of the European Union, the anticipated end to the United Kingdom’s EU membership and the negotiations for a new EU Multiannual Financial Framework.<sup>1</sup> Against this background, this study explores the systemic challenges and opportunities for a stronger Franco-German coordination and how they can contribute more broadly to donor coordination.

Qualitative case studies on four high-overlap countries, namely Benin, Cameroon, India and Morocco, consider in more detail how the French and German development cooperation systems interact in different contexts. Based on semi-structured interviews, this paper examines in which way those opportunities and challenges are considered for the coordination of (i) technical cooperation, (ii) financial cooperation, (iii) political

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1 Erforth, Högl and Keijzer (2019) discuss in more detail the issues of climate change, the flight-populism nexus and “What the European Elections Mean for Development Policy”.

cooperation, (iv) cooperation with the partner country and (v) other donors. The following policy recommendations are put forth.

#### *Overview of policy recommendations*

**Recommendation #1: Technical agencies should pursue closer harmonisation of procedures and standards.** The coordination between France’s agency for international technical assistance (EF) and Germany’s organisation for international development cooperation (GIZ) provides ample opportunity for gains, including complimentary knowledge and networks and the mobilisation of additional EU resources. The qualitative findings of this study indicate that individual exchange among implementing staff plays an important role in the promotion of joint projects and knowledge exchange. Different institutional structures add to the challenges of coordination, including diverging time horizons (e.g., programme cycles) as well as different procedures. More concretely, GIZ, as a larger organisation, is less flexible in its processes than the smaller EF. Moreover, the centralised structure of EF can be incompatible with the more decentralised decision making of GIZ, which relies heavily on its country offices. Those differences become even more salient when GIZ and EF partner on EU projects and must apply one contractual framework. Regular meetings among EF and GIZ staff can constructively address those issues and should involve not only headquarters but also country-level staff to take into account the different organisational structures. Such meetings will be of particular importance in guiding the harmonisation of procedures once EF joins the French Development Agency (AFD) group, which promises further prospects in terms of reliance on AFD’s resources (country offices, financial and human resources). In this regard, EF’s membership in the AFD group could allow for interesting constellations that encourage co-financing of GIZ and EF projects. Dialogue will ensure that the repositioning of EF promotes coordination and, where useful, competition, that contribute to global sustainable development. In the long term, procedural harmonisation analogous to financial cooperation may ease joint project appraisal.

**Recommendation #2: Financial cooperation should promote the harmonisation of procedures.** In financial cooperation, central initiatives like memoranda of understanding (MoUs) and staff exchange between AFD and Germany’s state-owned development bank (KfW) strengthen mutual understanding and congruence of values and objectives.<sup>2</sup> However, as in technical cooperation, complex procedures impose barriers for coordination. For instance, challenges arose if France and Germany implemented projects with different financial instruments, causing inconsistencies in accounting schemes and additional administrative costs. For this purpose, the centrally planned Mutual Reliance Initiative (MRI) aims to ease joint financing by aligning the procedures of KfW and AFD as well as the European Investment Bank (EIB). Delegating responsibilities to one counterpart and conducting joint screening processes reduces transaction costs for donors and partner countries. Close coordination between agencies means the project-lead position will be balanced across geographic regions, preventing one partner from perceiving itself as a junior

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2 The Kreditanstalt für Wiederaufbau (KfW) was founded in 1948 with the purpose of funding German reconstruction in the framework of the Marshall Plan. Today, simply called KfW, the bank’s operations are broad and varied, and include domestic promotional funding in Germany. In this paper, the abbreviation “KfW” refers to the operations of KfW’s development subsidiary, KfW Entwicklungsbank.

partner. Yet, staff at the banks who are unfamiliar with the MRI tool may be reluctant to apply the framework, as delegation imposes set-up costs. Therefore, trust and experience with the MRI is needed to reap its full potential. An AFD-EIB-KfW steering committee recently proposed (i) to increase the flexibility of the MRI by allowing certain steps of a project (e.g., environmental safeguards) to be delegated and (ii) works to shorten the operational guidelines checklist. Beyond those technical factors, political will is needed to ingrain the MRI in organisational culture. Growing staff exchange could support the mutual recognition of procedures. Although financial instruments might be hard to adapt to every context, and the MRI may not be always applicable, a more careful joint setup, for example, via parallel financing should be considered to reduce costs.

**Recommendation #3: French and German embassies need to engage with the right counterparts to speak with one voice.** French and German embassies should engage with a coordinated position in dialogues. If the two donors coordinate to jointly engage with their respective actors (e.g., ministries and agencies) as well as networks, they signal a strong relevance of the issues at hand. However, integrating the political and technical dialogue is oftentimes challenging. Both France and Germany have more than ten ministries involved in development cooperation. Although approaches to achieve a higher coherence of government remits exist (Berville, 2018; OECD, 2018c), aims are often non-binding and not further formalised (BMZ, 2015, 2018). Given the myriad of actors, the lack of a coherent “whole-of-government-approach” makes bi- and multilateral coordination in partner countries more complex.<sup>3</sup> Differing mandates may exacerbate the challenges. For instance, staff from the French development bank AFD, which is also active in the political dialogue of development cooperation, may find it difficult at times to engage in a dialogue with the more technical KfW. Similarly, KfW staff may find it challenging to identify their French counterparts (Cumming, 2018; Krüger & Vaillé, 2019). Yet, knowledge of the relevant counterparts is essential, especially given the different mandates across Franco-German development cooperation. Due to limited human resources at embassies, the intensity of exchange depends crucially on sectoral expertise on both sides (e.g., the presence of experts on green energy in the French and German embassies) as well as on individual contacts. Additionally, Franco-German coordination is at times challenged by diverging priorities. Recent examples concern the security-development nexus, where France often concentrates on security, while Germany focusses more on economic development as a tool for stabilisation. French-German cooperation could benefit from a complementarity of security-focussed and stability-centred approaches (examples can be found in the Sahel).<sup>4</sup> In partner countries, where priorities overlap, deep dive sessions across Franco-German sector specialists or trainings on the partner’s development system (and how to approach it) as well as the resumption of partially inactive sector rounds could contribute to coordinated positions.

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3 A whole-of-government approach describes coordinated approaches by public administration to provide a common solution to a particular problem or issue.

4 France follows a more robust approach that includes military support for partner governments if needed. Germany engages in a holistic approach combining development and stabilisation policies but is more reluctant to engage militarily. For a comprehensive overview on the integration of the security-development nexus in Franco-German cooperation, please see the case study on the Sahel Alliance in Krüger and Vaillé (2019).

**Recommendation #4: Focus cooperation on less politicised sectors with reliable and needy partners.** French-German overlap is particularly high in middle-income countries, like India and Morocco, and in several Sub-Saharan African countries. These countries have more capacity and ownership, which is crucial for implementing ambitious projects. At the same time, French and German engagement in these countries is often more strongly motivated by economic or strategic interests that might negatively affect interest in cooperation. However, in some strategic sectors – like fighting climate change – it is possible that interests will converge and opportunities for cooperation will emerge. Quantitative overlaps of French and German aid are slightly lower in low-income states, partly as they are less targeted by the non-concessional or “blended” finance. Several of those countries are francophone and, thus, more of a priority for France than for Germany. However, especially given those diverging priorities and lower capacities of low-income states, coordinated Franco-German approaches are needed.

Regarding sectors, France and Germany have a strong overlap in the field of education. However, different education systems in France and Germany impair cooperation and due to its potential to wield cultural influence, the education sector is more politicised than, for example, the infrastructure (e.g., water and sanitation, energy and transportation) and health sectors. Even though there is less overlap in the latter sectors, given their less politicised nature they are better suited to Franco-German cooperation, as evidenced by the success of jointly-financed metro railways in India and the world’s largest solar power plant in Morocco. Coordination should, thus, focus on less politicised sectors, where French and German interests and systems do not differ strongly.

**Recommendation #5: French and German agencies should be open to including other development partners, especially within the EU.** France and Germany should remain flexible for coordination with other partners. Opportunities to coordinate with other donors frequently arise, especially with the EU and at the multilateral level. AFD and KfW have succeeded in drawing further resources from EIB in the framework of the MRI. GIZ and EF have succeeded in obtaining European grants when they have overcome the challenges mentioned above. Moreover, as two important donors, France and Germany could steer the integration of implementation approaches at the EU level. Joint implementation would mean forces could be joined more easily with other Member States to leverage synergies. Yet, beyond staff turnover, different programming cycles and organisational differences across implementing agencies, Member States’ priorities and visibility concerns constrain coordination (Krüger & Steingass, 2018). France and Germany could contribute significantly to the process by harmonising their programming cycles with other Member States. Moreover, if France and Germany were to pioneer their coordination in a less politicised country or sector context, by relinquishing their individual priorities and synchronising their approach, other members would likely follow suit.<sup>5</sup> Beyond the EU level, France and Germany could increase their leverage in dealing with multilateral banks and international organisations by negotiating from a coordinated position. In settings where Franco-German cooperation is significant, multilateral actors like the World Bank especially value the reduced transaction costs of coordinating with one lead partner country.

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5 However, a strong Franco-German position can at times be perceived as too dominant, especially among smaller European donors, as indicated by critical reactions to the Treaty of Aachen.

In this regard, there are several other policy fields where collective action is needed, and an intensified Franco-German coordination could create strong leverage. Against this background, recent initiatives, like the Clean Oceans Initiative together with the EIB or an ambitious post-2020 strategy for biodiversity as envisioned in the Franco-German Roadmap on Development, could become lighthouse programmes. Those areas build a promising field for further policy-relevant studies.<sup>6</sup>

**Recommendation #6: Franco-German cooperation should guarantee partner dialogue on an equal footing.** Although a coordinated dialogue with the partner government does not always need to result in joint solutions, it should ensure compatible approaches. These range from environmental safeguards and human rights, to more specific monitoring of joint projects. Yet, considerations on the power balance in international relations might incentivise partner countries to switch to a bilateral dialogue rather than negotiating trilaterally. However, instead of dominating the dialogue, which may challenge ownership of partner countries, a Franco-German approach should take the opportunity to balance positions, especially vis-à-vis smaller partner countries. Signalling the value-added of Franco-German coordination (e.g., donors' comparative advantages, crowding-in of resources and lower transaction costs) is key to enabling trilateral conversations to increase ownership and foster integrated approaches. In this regard, implementing agencies should engage in bottom-up project identification and use partner capacities or, where that is not possible, support capacity building. This especially applies if a partner's lack of capacity (e.g., human resources, technical abilities) reduces ownership.

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6 For a more thorough discussion of Franco-German coordination on domestic climate policies, please consult, for instance, Statz and Wohlfahrt (2010) and Berghmans, Saujot, and Hege (2019).

## 1 Introduction

The 2030 Agenda for Sustainable Development brings two major changes to development cooperation. First, it extends the set of developmental goals vis-à-vis previous international agreements into several dimensions. Second, it ends the dichotomy between donors and recipients and requests moves towards sustainability in both the Global North and South. The myriad of goals and extension of stakeholders can be viewed as progress. However, the broader scope requires additional resources and a broader set of actors to become active in the field of development cooperation. For instance, due to projections of a financing gap of up to USD 2.5 billion to fund the Sustainable Development Goals (SDGs), private actors are increasingly encouraged to fund development activities. At the same time, important actors are reducing their international engagement and shifting to unilateralist policies (Kaplan & Keijzer, 2019). Against the background of increasingly fragmented aid policies, donor coordination becomes even more important.

France and Germany play a key role in global development, both qualitatively (German Chancellery, 2018; MEAE, 2018) and quantitatively (OECD, 2018a). Recently they have had a strong overlap in terms of partner countries and sectors. Notwithstanding these considerable common interests and priorities, at times France and Germany take very different positions on sustainable development at the EU level regarding, for instance, domestic sustainability issues and geostrategic questions.<sup>7</sup> When it comes to European development policy, Germany is embedded with the European “like-minded group”, whereas France coordinates more with Southern Member States or Belgium (Krüger & Vaillé, 2019). Due to these challenges, coordination still seems opportunity-driven rather than strategy-driven (Klingebiel et al., 2018). If France and Germany were to find strategic compromises, they could gather other actors at the supranational (EU) or multilateral level (United Nations (UN), Group of Seven (G7), Group of Twenty (G20), etc). In this regard, Franco-German relations have been a shaping factor of the EU and are known for being able to break deadlocks in negotiations and act as pioneers for new initiatives (Seidendorf, 2019). This opportunity may be particularly valuable given the challenge of defining a new agenda for Europe in the world (ETTG, 2019). The 2019 signing of the Treaty of Aachen – renewing the Élysée Treaty, a foundation of Franco-German cooperation – creates a window of opportunity for more coordination to increase effectiveness and efficiency of Franco-German development policy. Against this background, this study examines challenges and opportunities for France and Germany to coordinate more intensively on common development policies.

So far, studies have highlighted the coordination potential for France and Germany in the fields of security (Kempin et al., 2017), trade and environment (Demesmay & Kunz, 2019). While those are relevant factors towards global sustainable development, the only papers regarding Franco-German development cooperation are on cooperation in East Africa (Demesmay & Staack, 2019) and on general coordination prospects (Krüger & Vaillé, 2019). Demesmay and Staack consider the fragility-migration-development nexus and compare the different approaches of the two European countries in the African context. They find commonalities, but also challenges with regard to rebalancing the French and German positions in Africa. Krüger and Vaillé study the missing links between a strong political commitment at the macro level (high-level commitment), which, however, does

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7 For example, France and Germany may take a differing stance on the security-development nexus.

not usually carry over to the meso- (policy coordination and joint policy-making) and micro levels (joint project implementation). This results in rather opportunity-driven activities, while opportunities for more strategy-driven coordination remain unused. This study aims to understand the dynamics at the partner country level to evaluate the opportunities to leverage Franco-German coordination. Thus, the interface between the French and German development system and context-specific micro level is considered where local contexts and opportunities interact with geostrategic priorities. Coordinating the local supply of official development assistance (ODA) effectively is a multidimensional endeavour. It starts with the coordination of Franco-German implementing agencies and embassies, and includes alignment with partners in the Global South as well as coordination with other bi- and multilateral donors. Geostrategic priorities are not only salient in the fields of economic cooperation, but also with regard to political and historical colonial ties, which may distort the focus on sustainable development (Alesina & Dollar, 2000).

In order to examine the specific case of Franco-German coordination in global sustainable development, this study relies on a mixed-methods approach involving three steps. Based on a review of literature and policy documents, the first part of the analysis assesses the French and the German development systems as well as the stated priorities of French and German development cooperation. In the second step, data from the Organisation for Economic Co-operation and Development (OECD) on bilateral allocation patterns contribute to the identification of case studies of countries in which both donors provide significant aid. As a novel approach, examples are identified where coordination could be particularly impactful, via quantitative measures of Franco-German overlap in partner countries' sectors. However, a priori, a large overlap could imply both coordinated actions in a given country or sector and competition, which may be associated with a duplication of efforts. More in-depth analysis is needed to discern the two. For this purpose, a qualitative analysis considers how coordination works in those large overlap examples and illustrates examples of good and bad practice. Four case studies (Benin, Cameroon, Morocco and India) are discussed that provide valuable insights into the opportunities and challenges of Franco-German coordination.

This study contributes to the existing literature on coordination and fragmentation in two ways. First, this study provides a conceptual framework on the inclusion of quantitative and qualitative methods to analyse coordination of donors. The approach also offers room for application in other donor constellations. Second, although related to the case of Franco-German coordination, the results here provide broader implications by identifying best practices (e.g., adaptation of procedures/mutual reliance, dialogue with multilateral donors, dialogue with the partner countries) and constraints of donor coordination (e.g., in terms of national interests).

The remainder of the paper is structured as follows. Section 2 provides a literature review of the general challenges and opportunities of coordination. Section 3 considers the development cooperation systems of the two partner countries. The analysis of donor systems is to a large extent based on policy documents and OECD peer reviews and data from the Center for Global Development (CGD). Section 4 analyses allocation patterns to identify deeper challenges and opportunities to coordinating aid from the two donors. Information on allocation patterns is to a large extent based on a consideration of rich data on bilateral and multilateral disbursements from the OECD. Based on these quantitative

patterns, four case studies are analysed in more detail in Section 5. In Section 6, the country case studies are discussed and summarised and then used to derive policy implications.

## **2 Review of literature on coordination and fragmentation in development cooperation**

Given the rising number of actors in development cooperation, recipients face a proliferation of donors, with more actors providing smaller portions of aid (Acharya et al., 2006; Severino & Ray, 2010). The associated challenge is called fragmentation. Fragmentation increases transaction costs, both for donor agencies and resource-constrained partner countries due to different standards of procedure, languages and counterparts (Acharya et al., 2006). Procedures, time horizons/programming cycles, organisational culture and jargon among ministries and implementing agencies differ strongly across countries, and organisations' internal incentive structures often constrain coordination (De Renzio, Booth, Rogerson, & Curran, 2005).<sup>8</sup> Additional donor agencies impede the flow of information and reduce monitoring capacities. Moreover, in a fragmented system, donors can claim successful outcomes as products of their policies but are not held accountable for adverse outcomes (Djankov, Montalvo, & Reynal-Querol, 2009; Knack & Rahman, 2008).

Cooperation and coordination can reduce the adverse effects of fragmentation. Cooperation describes the use of countries' individual and discretionary actions towards joint aims. Coordination runs deeper, where Klingebiel, Negre, and Morazán (2017) define coordination of development cooperation as a harmonisation of two or more actors. Synchronising efforts, donors achieve the same outcome with fewer resources (aid efficiency) or increase the impact with the given resources (aid effectiveness) (Klingebiel et al., 2017; Lundsgaarde & Keijzer, 2018). Efficiency concerns may play a role given the increasing aid fatigue of donors, where coordination could reduce transaction costs (e.g., in terms of relevant counterparts) of partner countries as well as the risk of duplicating efforts (Acharya et al., 2006; Bigsten, Plateau, & Tengstam, 2011). Donor coordination at the level of strategic planning, country-level programming and concrete project implementation could increase effectiveness in several ways. First, coordination increases the public good characteristic of development aid and in doing so fosters accountability and transparency (Torsvik, 2005). Second, in line with economic theory, coordination could imply that donors divide labour by being active in countries and sectors where their comparative advantages contribute to aid effectiveness (Mürle, 2007). Advantages could exist in terms of financial capacities and contextual or technical expertise, which might increase project success.<sup>9</sup> Based on this, a division of labour may be feasible where a body of research indicates that country-level division of labour often fails due to a crowding of donors and actors instead of a division of work at the sectoral or concrete project level (Davies & Klasen, 2017). For example, Donor A can combine its expertise on water purification with Donor B's knowledge on water distribution networks. Effective coordination induces in this regard a

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8 This study focusses on governmental cooperation, but procedural frictions also affect non-governmental organisations, which rely partly on governmental finance (and its rules).

9 Ideally, comparative advantages (e.g., expertise, financial capabilities) must be judged in comparison with all actors in order to identify the most suitable country. However, it would be out of the scope of this paper to determine the general quality of the division of labour. Instead, this study focusses on a division of labour within the Franco-German donor pair.



transparent exchange on donor activities and advantages. Third, coordination provides donors with a more leeway to impose conditions by representing a common position with multiple voices. Coordination could in this way strengthen environmental safeguards, human rights and targeting of the poorest population stratum (Bourguignon & Platteau, 2015). Fourth, this exchange could promote an integration of indicators and “donor vocabulary” that would reduce transaction costs both with other donors and partner countries. For those reasons, coordination ranks high on the international agenda as enshrined in several international commitments. Among others, the 2005 Paris Declaration on Aid Effectiveness, the 2008 Accra Agenda for Action and the 2011 Busan Partnership highlight coordination as an integral step towards a more efficacious international aid system (OECD, 2008a, 2011; OECD DAC, 2005).

Coordination decreased after the Paris Declaration, possibly due to transaction and political costs (Aldasoro, Nunnenkamp, & Thiele, 2010; Nunnenkamp, Öhler, & Thiele, 2013). Both for donors and recipients, coordination has direct transaction costs, including the scheduling of meetings given full agendas, finding a common language (both culturally as well as technically) and the costs of holding those meetings (Severino & Ray, 2010). In addition to these direct costs, further (opportunity) costs arise from the political economy of development cooperation.

Ideally, coordination takes place under the leadership of the recipient government to increase ownership and the capacity to organise aid activities (Keijzer, Klingebiel, Örnemark, & Scholtes, 2018). However, if donors speak with a coordinated voice, they can sensitively affect power relations vis-à-vis partners in the Global South, especially if they impose conditions (Thede, 2013). While there are less controversial conditions, like human rights or environmental safeguards, procurement rules (including tied aid) or the securitisation of aid could have adverse effects (Brown & Grävingholt, 2016). Therefore, donor coordination could paradoxically decrease recipients’ ownership (Klingebiel et al., 2017). Analogously, dominant positions held by a subset of donors could crowd out the motivation of smaller donors and, particularly in the EU, smaller countries occasionally share fears of a German or French hegemony, which may increase if Brexit occurs. In contrast, the literature stresses donor diversity as an opportunity for recipients to choose from a menu or market place of development approaches (Humphrey & Michaelowa, 2019; Parks, Rice, & Custer, 2015; Ziaja, 2017), which would empower recipients.<sup>10</sup> Moreover, if donors compete for effective aid policies, the quality of development cooperation might increase (Klingebiel, Mahn, & Negre, 2016; Rogerson, 2005). Contrastingly, speaking with one voice might reduce the diversity and limit the attractiveness of offered approaches. However, as in every marketplace, participants must agree on a common set of norms to ensure a level playing field. In this regard, it may be problematic to analyse development policies analogously to markets given certain (market) imperfections related to power structures and adverse political-economy incentives.

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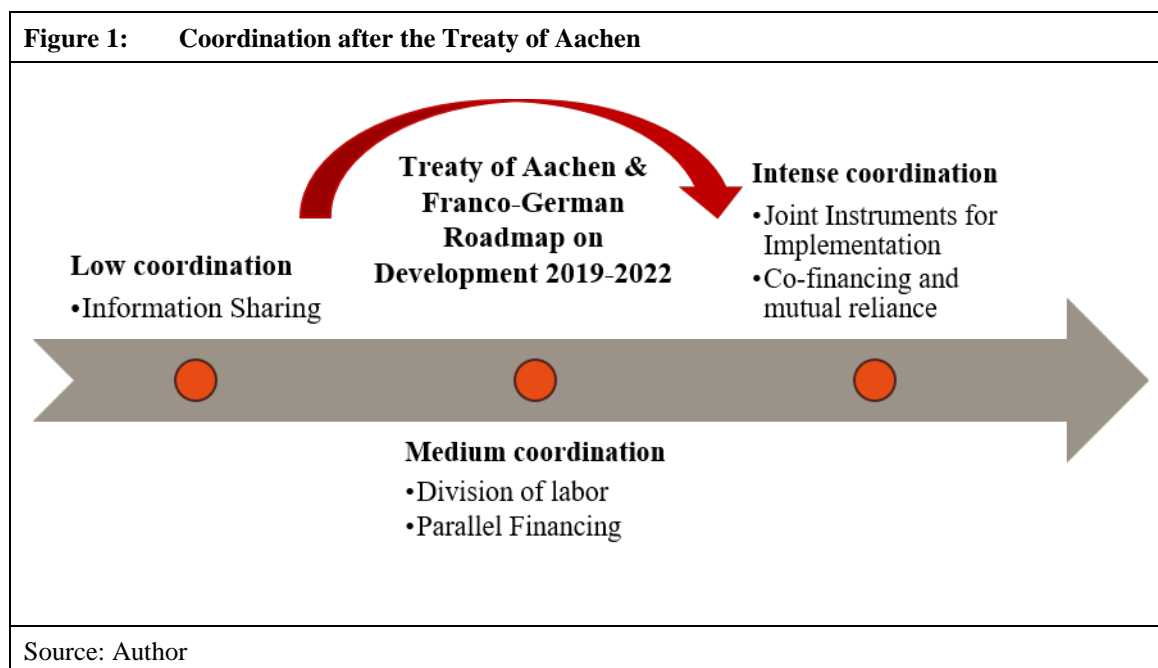
10 In this regard, some observers highlight the opportunities of South-South aid, while others portray emerging donors as self-interested (Ali, 2018; Baumann, 2017; Dreher et al., 2019).

<b>Table 1: Overview of general challenges and opportunities for coordination</b>	
<b>Challenges for coordination</b>	<b>Opportunities for coordination</b>
<ul style="list-style-type: none"> <li>• Diverging procedures and rationales/incentive structures of agencies</li> <li>• Number of actors</li> <li>• Coordination costs</li> <li>• Lack of accountability</li> <li>• Cultural, political, historical, security and economic interests</li> <li>• Domestic constituency: visibility; populism</li> <li>• Partner ownership</li> <li>• Domination of other donors/partners</li> </ul>	<ul style="list-style-type: none"> <li>• Division of labour and focus on comparative advantage</li> <li>• Transparency/accountability</li> <li>• Mutual learning</li> <li>• Common set of procedures and indicators leading to a reduction in transaction costs</li> <li>• Speaking with one voice to promote human rights and environmental safeguards</li> <li>• Fostering ownership by coordinating on a common position</li> </ul>
Source: Author, based on (Acharya et al., 2006; Klingebiel et al., 2017; Mürle, 2007; Nunnenkamp et al., 2013; Rogerson, 2005; Thede, 2013; Torsvik, 2005; Vollmer, 2012)	

As most major donor countries are democracies, donor governments are held accountable by their domestic constituencies for their activities in recipient nations, which are linked to political costs.<sup>11</sup> On the one hand, domestic calls for more effective aid delivery can contribute to a stronger commitment towards coordination on the international level. On the other hand, trade-offs might occur between domestic priorities and achieving development abroad (Klingebiel et al., 2017). First, cultural and historical ties affect priorities and make it less likely that donor will withdraw from a recipient country (Alesina & Dollar, 2000; Faust & Ziaja, 2012). Second, economic interests play a distinct role in aid transfers (Dreher, Nunnenkamp, & Schmaljohann, 2015). Third, donors provide finance to political allies, for example, prior to elections, and support countries serving at the UN security council (Faye & Niehaus, 2012; Kuziemko & Werker, 2006). Fourth, geopolitics is often strongly related to security and fragility questions (Brown & Grävingholt, 2016), which recently rank high on donors' agendas due to migration concerns. A more transparent communication of an "enlightened self-interest" (Gulrajani & Calleja, 2018) could improve coordination, especially, if national interests of donor countries are in line (as exemplified by the discussion about a joint immigration framework of the EU). Yet, an increasing departure from developmental aims and nationalisation of donor policies could worsen coordination among donors. Research by Baydag, Klingebiel, and Marschall (2018) indicates that stated priorities and actual allocation patterns often diverge. Visibility concerns shift aid towards countries and sectors where the donor may have no expertise, which diminishes aid quality and the international division of labour (Klingebiel et al., 2017; Vollmer, 2012). Against this background, aid flows become more reliant on election cycles and, thus, potentially less predictable, undermining growth prospects of countries reliant on foreign aid (Celasun & Walliser, 2008). Recently, political pressure to shift aid budgets has risen from populist movements. They are not necessarily fully opposed to the delivery of development aid but can pressure governments into highly visible allocation patterns that mainly serve the domestic constituency.

11 Although some of the new donors (China, Arab countries) do not feature democratic accountability and, thus, might be perceived as less susceptible to electoral cycles, other forms of political incentives prevail that might reduce aid predictability (Ahmed, 2012; Dreher et al., 2019).

Due to the diverse costs and benefits, recipients (and donors) will usually prefer an intermediate solution over an aid provision approach that is either fully or not at all coordinated, where the optimal extent of coordination is extremely hard to determine and will depend on contextual factors. Coordination can start with small-scale information sharing (e.g., transparency initiatives). Medium-scale coordination involves a harmonisation of objectives and procedures along with a division of labour, which could be across sectors and geographic regions or in the framework of parallel or co-financed projects. The most intensive stage of coordination would be a joint implementation with a common instrument (Klingebiel et al., 2017).



In order to move from an opportunity-driven to a more strategic approach, Franco-German coordination depends heavily on its institutionalisation and self-commitment (Seidendorf, 2019). On the political level, Germany and France have adapted their degree of coordination as illustrated in Figure 1 in the framework of the Treaty of Aachen or, more specific to development, its corresponding embodiment for development politics – the Franco-German Roadmap on Development 2019-2022 (BMZ/MEAE, 2019). On the operational level, formal arrangements like the 2019 memorandum of understanding (MoU) between the French Development Agency (AFD) and KfW strengthen exchange (AFD, 2019a). All agreements foster an intensification of the Franco-German coordination for global sustainable development and highlight the potential to cooperate with other actors (at the EU- and multilateral levels). At the EU level, Franco-German coordination depends heavily on self-commitment and can play an integrative role if bridging contradicting positions results in binding rules and some degree of institutionalisation. The parallel competence of the EU and its Member States in development policy enables a further institutionalisation of Franco-German development cooperation, including recent efforts to shift to joint programming (Keijzer & Verschaeve, 2018). Beyond EU level coordination, France and Germany rely on international fora organised by the Global Partnership for Effective Development Co-operation (GPEDC), UN (Development Coordination Forum), OECD’s Development Assistance Committee (DAC), and the G7 and G20.

Different priorities and approaches to development can constitute opportunities for coordination, but also induce costs if different (and at times contradictory) procedures apply. The following literature review assesses the aspects of the French and German development cooperation systems that affect their level of coordination.

### 3 The French and German development systems

#### 3.1 The French development system (institutions, strategies, priorities)

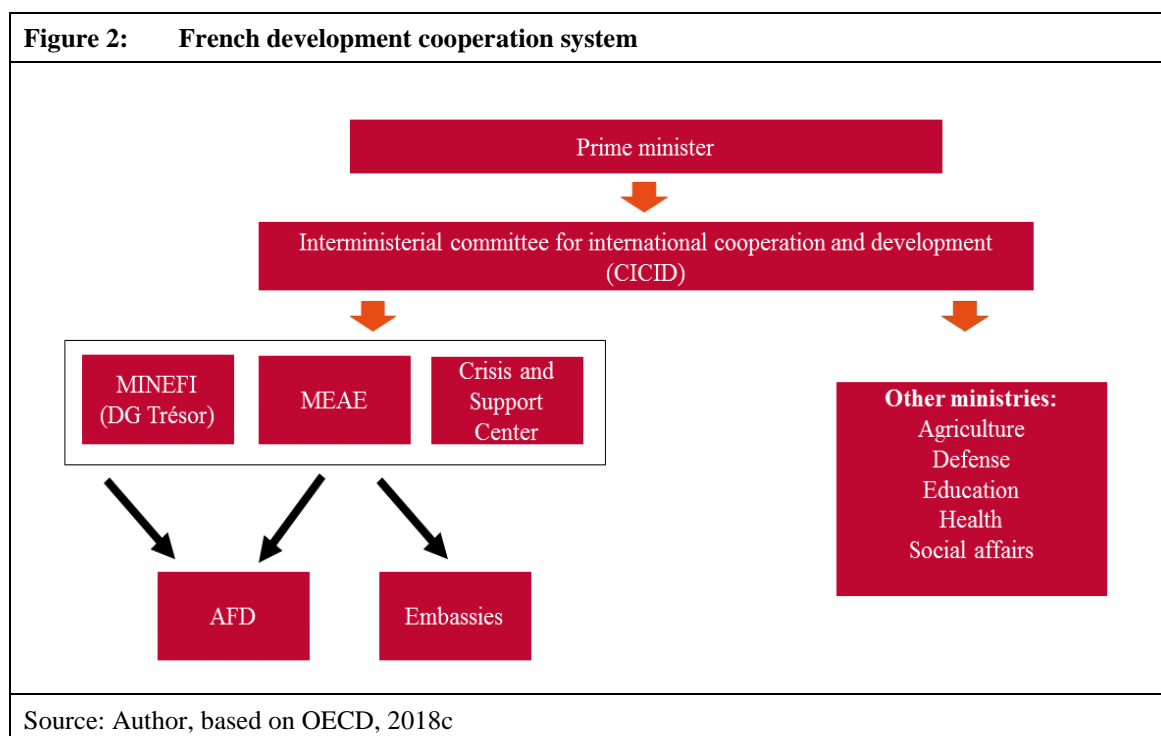
Total bi- and multilateral ODA by France constituted USD 11.1 billion (or 0.43 per cent of GDP) in 2017 (OECD, 2017; World Bank, 2019a). Formally speaking, the Ministry of Europe and Foreign Affairs (MEAE) as well as the Directorate General of Treasury (*DG Trésor*) of the Ministry of the Economy and Finance (MINEFI) strategically supervise French development cooperation. However, MEAE and MINEFI only allocate about one-third of development funds, and in total, 11 ministries, 12 missions and 23 programmes contribute to French development cooperation.<sup>12</sup> As a result, mandates are not sufficiently clear and the transparency of French ODA is not optimal (CGD, 2018b; OECD, 2018c). Domestic fragmentation causes an overlap of actions and duplications of effort, culminating in differing institutional country strategies (OECD, 2008b, 2013, 2018c).

<b>The French development cooperation system</b>	<b>The German development cooperation system</b>
<p><b>Main actors:</b> MEAE and MINEFI</p> <p><b>Budget:</b> USD 11.3 billion (0.43% of GDP)</p> <p><b>Objectives:</b> Climate and environment, youth education and employment, equity and social justice (gender equality), fragility reduction</p> <p><b>Implementing agencies:</b> AFD, France’s agency for international technical assistance (EF)</p> <p><b>Strengths:</b> Development coherence of financial and security policy, political networks (in francophone countries)</p> <p><b>Weakness:</b> Fragmentation of development budgets (23 programmes)</p> <p><b>Political economy concerns:</b> Securitisation of aid, <i>Françafrique</i><sup>13</sup>, migration</p>	<p><b>Main actors:</b> Federal Ministry of Economic Cooperation and Development (BMZ) and Federal Foreign Office (AA)</p> <p><b>Budget:</b> USD 25 billion (0.67% of GDP)</p> <p><b>Objectives:</b> Climate and environment, education, employment, human rights (including gender equality), good governance, food security, health, trade</p> <p><b>Implementing agencies:</b> Germany’s state-owned development bank (KfW), Germany’s organisation for international development cooperation (GIZ)</p> <p><b>Strengths:</b> Evaluation and technical capacities</p> <p><b>Weakness:</b> Fragmentation of development budgets (14 remits)</p> <p><b>Political economy concerns:</b> Trade ties, migration</p>
Source: Author, based on subsequent literature review	

12 Research and higher education, particularly, as well as funds from the financial transaction tax constitute sizeable remits.

13 “*Françafrique*” commonly refers to the ties that have been cultivated between France and its former colonies, from de Gaulle to Macron, and includes a full range of economic, cultural and military links (Boisbouvier, 2015; Verschave, 2006).

Specialised agencies carry out financial (AFD) and technical development cooperation (EF). For concrete projects, the AFD relies on coordination with French embassies and its country offices as depicted in Figure 2 (OECD, 2018c). Especially during Jean-Michel Severino's 2001-2010 term as managing director, the AFD implemented many operational and strategic changes and became more active in the political realm of development cooperation (Cumming, 2018). In line with AFD's aim to become a provider of evidence-based development solutions, the agency is engaging in evaluations.<sup>14</sup> Moreover, the AFD's activities focus now on environmental components. AFD has also significantly extended its financial volume and restructured its portfolio with a focus on non-concessional loans. AFD's subsidiary Proparco engages in public-private partnerships to leverage development funds and coordinates with other financial agencies (including the German Investment Corporation (DEG)) under the umbrella of the European Development Finance Institutions (EDFI). Observers question whether this shift to commercial financing aligns with the general aim of poverty alleviation, especially if financing benefits large companies from the donor countries (Dreher, Lang, & Richert, 2019; OECD, 2018c). Proponents on the other hand, highlight the project sustainability and the EDFI's increasing focus on global common goods, including climate, migration and fragility (Savoy, Paddy, & Alberto, 2016). Reorganisation is ongoing and EF will become a member of the AFD group in 2020 and will then allow the technical cooperation branch to also rely on the capacities and country offices of AFD (AFD, 2019b; Cumming, 2018).<sup>15</sup>



14 Further, evaluations are carried out by MEAE and MINEFI and coordinated with AFD. Although there are initiatives to improve knowledge management and there is a database on evaluations, there is no clear dissemination strategy, for example, via a specialized evaluation institute to provide evaluation results to the implementation level (OECD, 2018c).

15 The initiation of an annual meeting between high-level EF and GIZ staff implies that this merger does not reduce Franco-German coordination of technical cooperation but rather strengthens it.

Civil society is now more integrated into planning processes by the MEAE and AFD, for example, by inviting the non-governmental organisation (NGO) umbrella Coordination Sud to deliver a peer review of French ODA (OECD, 2018c). Moreover, public education on development topics is envisioned to increase the moderate engagement of the population (AFD, 2018; OECD, 2018c).<sup>16</sup> Additionally, French academic institutions and think tanks engage in research relevant for development cooperation, which may be leveraged to increase effectiveness (CERDI, CIRAD, FERDI, IDDRI, IRD) (OECD, 2018c).

The government of France is aware of the need to draft coherent policy approaches that encompass all ministries contributing to development policy (Berville, 2018). The centralised semi-presidential system of France eases coordination. Although it is an advantage of the centralised government to consider coherence of policies and established coordination mechanisms between ministries (e.g., via the Interministerial Committee for International Cooperation and Development (CICID)), enforcement of these mechanisms is not monitored, resulting in low and irregular usage (OECD, 2013). On the strategic level, reforms have supported coordination. Examples are the issuing of an *Assises* (list of rules and standards) with private and public stakeholders in 2012/2013 (OECD, 2013). France's strategic focus was consolidated in 2014's Orientation and Programming Law on Development and International Solidarity Policy (LOP-DSI). Whilst the law also considers the implementation of a monitoring approach, a lack of strategic steering is exacerbated by the fact that no country partnership agreements are written. Against this background, the LOP-DSI has recently been revised to derive more long-term objectives (Berville, 2018; OECD, 2018c). The strategic repositioning includes a distinct focus on global public goods (specifically climate and environment), equity and social justice (particularly gender equality), job-rich development (youth education and employment) as well as fragile contexts and the Sahel region in particular. Fragility concerns can be partly attributed to the migratory flows to France and other European countries. The OECD recently called to narrow the country and sector focus further (OECD, 2018c).

According to the Commitment to Development Index by the Center for Global Development, France does particularly well with regard to coherence of financial and security policies (CGD, 2018a). France's ability to support development cooperation approaches with robust military capacities in fragile countries is an outstanding feature and France recently formalised the cooperation of AFD with the defence ministry (OECD, 2018c). However, France's development cooperation has also been perceived to be running into risks of becoming a tool to ultimately serve French self-interest, which might compromise on coherence. In this regard, France has maintained strong ties with its former colonies in Africa that are popularly labelled *Françafrique*. Rationales involve economic, geopolitical and cultural priorities. Economic priorities are signified by the African Financial Community (CFA) franc zone and the strong engagement of French private firms (Bovcon, 2013). The CFA zone guarantees a stable exchange rate of the African member states' currencies against the French Franc or the Euro. While this guarantees monetary discipline and a de facto common currency, the Eurozone inflation target of 2 per cent is not suitable for all participating African states. Moreover, as intra-African trade is limited, the CFA is beneficial for France's trade and investment ties with its former colonies (Lima &

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16 NGOs working on development topics coordinate under the umbrella of Coordination Sud, which exchanges with its German counterpart, VENRO. For example, the domestic German implementation of SDGs would be considered case studies among French NGOs.

Venables, 2001). As a hub for CFA's trade with the EU, France may gain disproportionately (Martínez-Zarzoso, 2019; UNCTAD, 2014, 2019). Regarding the geopolitical dimension, France has maintained strong links to African regimes and engaged militarily partly irrespective of disapproval by the international community (Boisbouvier, 2015). In terms of culture, the historical legacy of the colonial empire and the self-perception as the *grande nation* are linked to strong investments in cultural diplomacy and the maintenance of the Francophonie. African partners will enjoy priority during upcoming years (CICID, 2018).

Geopolitical rationales often raise the risk of reducing coordination with other donors. The migration-conflict nexus especially is spurring an increasing securitisation of aid (OECD, 2013, 2018c). Nonetheless, other donors' policies might benefit from the capacity of France to integrate security and development approaches (e.g., in Mali). Although it needs to be critically assessed if self-interest of French firms can be aligned with sustainable development, private engagement could increasingly play a role in augmenting the limited ODA resources to achieve the SDGs (Scheyvens, Banks, & Hughes, 2016). In a similar vein, the strong cultural engagement offers opportunities to make use of its knowledge of the respective country systems (e.g., in education, decentralisation).

### 3.2 The German development system (institutions, strategies, priorities)

Germany was recently the second largest donor in terms of volume (USD 25 billion bi- and multilateral ODA in 2017 or 0.67 per cent GDP equivalent) (OECD, 2017; World Bank, 2019a). Although Germany is one of the few countries with a specialised ministry for development cooperation, only one-third of ODA was disbursed by the BMZ and several other ministries have recently become active in development policy as illustrated in Figure 3 (Bohnet, Klingebiel, & Marschall, 2018). In 2012, the responsibility for humanitarian aid was transferred from the BMZ to the Federal Foreign Office (AA). While the AA is not directly obliged to report to the BMZ, the BMZ and the AA coordinate to ensure that their activities do not interfere with foreign policy. This division of responsibilities may make it difficult at times for the French MEAE to find its relevant counterpart (Krüger & Vaillé, 2019). All 14 German ministries engage in development cooperation to a certain extent, where the German Länder add further disbursements (Bohnet, 2017). The Federal Ministry of Education and Research (BMBF) finances scholarships, the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) plays an increasing role in climate change mitigation and recently the Ministry of Finance (BMF) is supporting partners in the Global South in the framework of the G20's Compact with Africa.

A broad set of implementing actors contributes to a diverse portfolio, but also raises transaction costs. Two specialised agencies, KfW (financial cooperation) and GIZ (technical cooperation), implement projects.<sup>17</sup> With approximately 20,000 employees, GIZ is a powerful and knowledgeable player in development cooperation. Most of GIZ and KfW's projects are commissioned and coordinated by BMZ, which is also responsible for the political dialogue. Yet, coordination between technical cooperation (GIZ) and financial cooperation (KfW and its subsidiary DEG) is impeded by different project durations, which

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17 Smaller providers, including the Federal Institute for Geosciences and Natural Resources (Bundesanstalt für Geowissenschaften und Rohstoffe) and the National Metrology Institute (Physikalisch-Technische Bundesanstalt), are active as well.

are shorter for technical cooperation than for financial cooperation (OECD, 2015). German development cooperation is monitored and steered by a results-based management approach, which unifies measures across BMZ, KfW and GIZ.<sup>18</sup> Although Germany performs better than other DAC donors with regard to evaluation and transparency (CGD, 2018b), transparency is not fully realised, especially, pertaining to individual project-level data (OECD, 2015). In addition to governmental agencies, the ministries channel approximately 8 per cent of ODA disbursements through a well-organised civil society (de Cazotte, 2017; OECD, 2015).<sup>19</sup> These groups are mostly church-based and social NGOs, several with an international character and sub-branches in France and Germany, including among others Oxfam, Cooperative for Assistance and Relief Everywhere (CARE), Terre des Hommes, World Vision, and FoodFirst Information and Action Network (FIAN).<sup>20</sup> Although this contributes to strong societal involvement and a diverse ODA portfolio, the small scale projects of NGOs are increasing the transaction costs of resource constrained partners in the South.<sup>21</sup>

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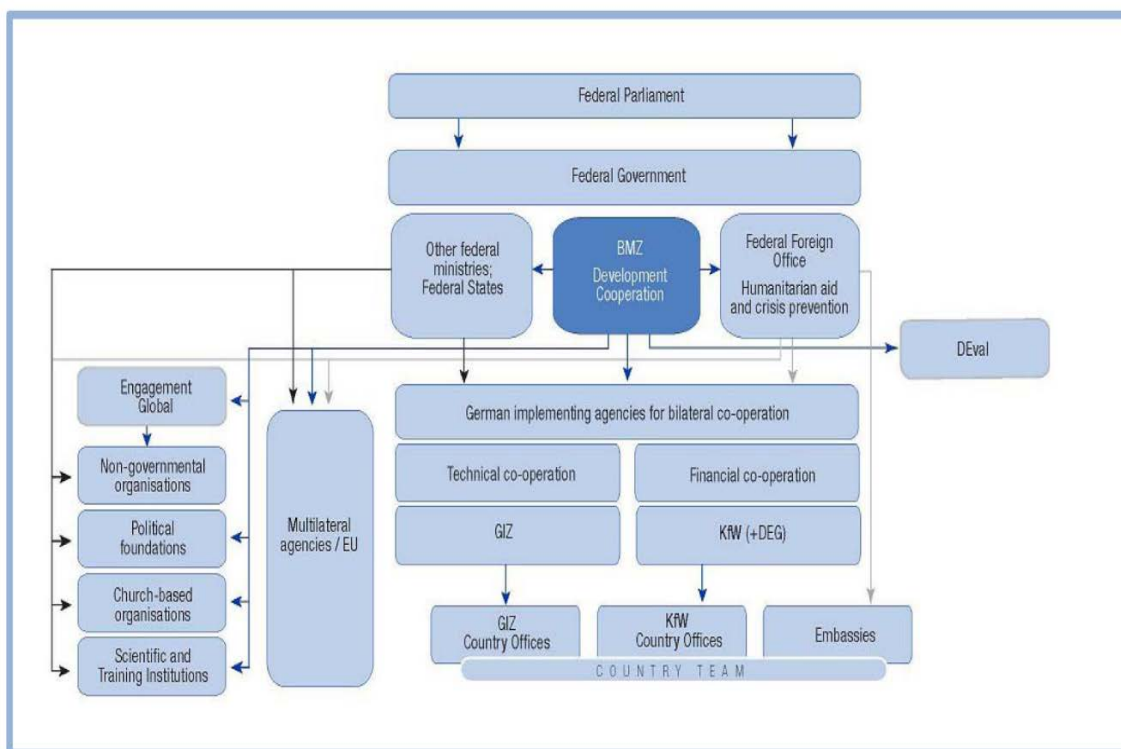
18 KfW established a practice in which project managers are seconded to evaluate projects from other regions but the same sector, which contributes to a culture of evidence-based policies. Inspired by this approach, AFD is currently piloting similar steps. Personnel exchange of evaluators offers new perspectives and increases the quality of evaluations. Regarding evaluation, a specialized German Evaluation Institute (DEval) contributes to rigorous evaluations of governmental and non-governmental development cooperation and may provide some lessons for the transformation of the French evaluation system.

19 Recent research indicates that NGO aid usually follows similar patterns to governmental aid (Fuchs & Öhler, 2019). Thus, although this study has a dedicated focus on governmental aid where a strategic coordination of France and Germany is more relevant, it might still bear implications for NGO aid.

20 In addition to the civil society, political foundations play a distinct role in the German political landscape and are a specific feature that is at times hard to understand for partners and other donors. For a more detailed description, please refer to BMZ (2020).

21 The inclusion of development topics in school curricula increases visibility of the SDGs. Moreover, the government agencies Engagement Global and Weltwärts promote voluntary services in development politics and increase involvement (BMZ, 2019c). As EU agencies, along with other significant financiers of NGOs, value international project proposals, French NGOs (French Action Contre la Faim, France Volontaire, Groupe Développement, Justice Coopération, Peuples Solidaires) partner with the German organisation Engagement Global.



**Figure 3: German development cooperation system**

Source: Based on OECD, 2015; all rights reserved, used with permission

Strategic priorities of the BMZ were defined in 2014's Charter for the Future and 2018's Development Policy 2030 (BMZ, 2015, 2018). The strategic framework Development Policy 2030 lists as main priorities food security, education, employment, health, climate and environment (with a focus on renewable energies), trade, human rights (including gender equality) and good governance. Partner country selection is based on criteria pertaining to poverty (need), fragility, human rights, good governance and cooperation regarding global public goods (e.g., environmental protection in emerging economies) (BMZ, 2019a). Good governance plays a key role as it is considered a pre-condition for successful development cooperation. More specifically, good governance would guarantee contributions by recipients (e.g., via functioning tax systems) and attract private investment. The importance of political transformation is also enshrined in the reform partnerships (*Reform Partnerschaften*) with the Ivory Coast, Ghana, Tunisia, Senegal, Morocco and Ethiopia as part of the G20 Compact with Africa (BMZ, 2018).<sup>22</sup> Although there is an awareness that achieving sustainable development relies on a coherent whole-of-government approach, commitments as in the Charter for the Future are often non-binding. The lack of a coherent development strategy becomes particularly visible regarding arms exports and market distortions due to agricultural support for German farmers (Klingebiel, 2018; OECD, 2018b).

<sup>22</sup> Reform partnerships focus on the improvement of governance, tax administration, the rule of law and a reduction of corruption in order to promote private investment, vocational training and employment.

## 4 Allocation patterns: Where and how much?

This section provides an overview of French and German multilateral and bilateral allocation patterns in terms of countries and sectors. The data are then considered in an overlap analysis to identify potential examples of coordination. ODA numbers in this section are based on OECD (2017) and may, thus, include some non-concessional or blended finance.<sup>23</sup>

### 4.1 Comparison of multilateral allocation patterns

France is committed to achieving stronger cooperation at the international level (Alimi, 2019). In line with France's verbal commitments (United Nations Affairs, 2018), France disburses circa 40 per cent of its ODA to supranational and multilateral organisations. The bulk of funding goes to the EU (circa 50 per cent of French multilateral aid, 20 per cent of total French aid), and France was strongly involved in the establishment of the EU development cooperation system (Cumming, 2016). Further multilateral finance goes to development banks (10 per cent to the World Bank and 10 per cent to regional development banks). Other beneficiaries are specialised funds, including the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM) and the Green Climate Fund, as well as the UN agencies where France, as a permanent security council member, is also a strong political proponent of the UN system. The majority of French ODA to the UN system is earmarked or assessed finance, although France provides a larger share of core funding than Germany (Dag Hammarskjöld Foundation, 2019).

As one of the six founding Member States of the EU (with France), the German government is a strong proponent of a unified EU position (BMZ, 2018) and disburses approximately 50 per cent of its multilateral aid to the EU. In terms of coordination, the BMZ considers the EU a forum for the division of labour and a means to create coherent approaches in the realms of trade and conflict prevention (BMZ, 2019b). The German government, moreover, significantly contributes through core funding to multilateral banks (mainly the World Bank and the African Development Bank) and other multilateral institutions (most notably the GFATM). Germany also heavily supports the UN system via ear-marked funds (Weinlich, Baumann, Lundsgaarde, & Wolff, 2019). The lack of more flexible funding modes is partly criticised and most of German multilateral aid is disbursed in terms of its assessed contributions to international organisations (Bohnet, 2017). In total, about 20 per cent of German aid is disbursed via supranational and multilateral channels. Compared with France, Germany contributes more in absolute terms to multilateral channels, but the relative budget share is lower, which can be partly attributed to Germany's expenditures on in-country refugees.

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23 In order to identify actual overlaps, this ODA definition is considered the most relevant metric. Inclusion of blended finance (private finance leveraged by public resources) may, yet, explain the finding of a middle-income focus. France relies heavily on loans, which constituted 44 per cent of gross bilateral ODA in 2016 (OECD, 2018c), where the rate for Germany was lower (34 per cent in 2014) (OECD, 2015). Among DAC members, Japan, France and Germany are the main providers of ODA loans (Development Initiatives, 2018).

## 4.2 Comparison of bilateral allocation patterns

As bilateral allocation is more subject to strategic allocation, it is more relevant when considering coordination potentials and is, thus, considered in more detail here.

Although French aid is spread across many partners, a focus on former colonies and middle-income countries prevails. France cooperates with more than 130 countries and selects partner countries according to four criteria (Baydag et al., 2018; OECD, 2013):

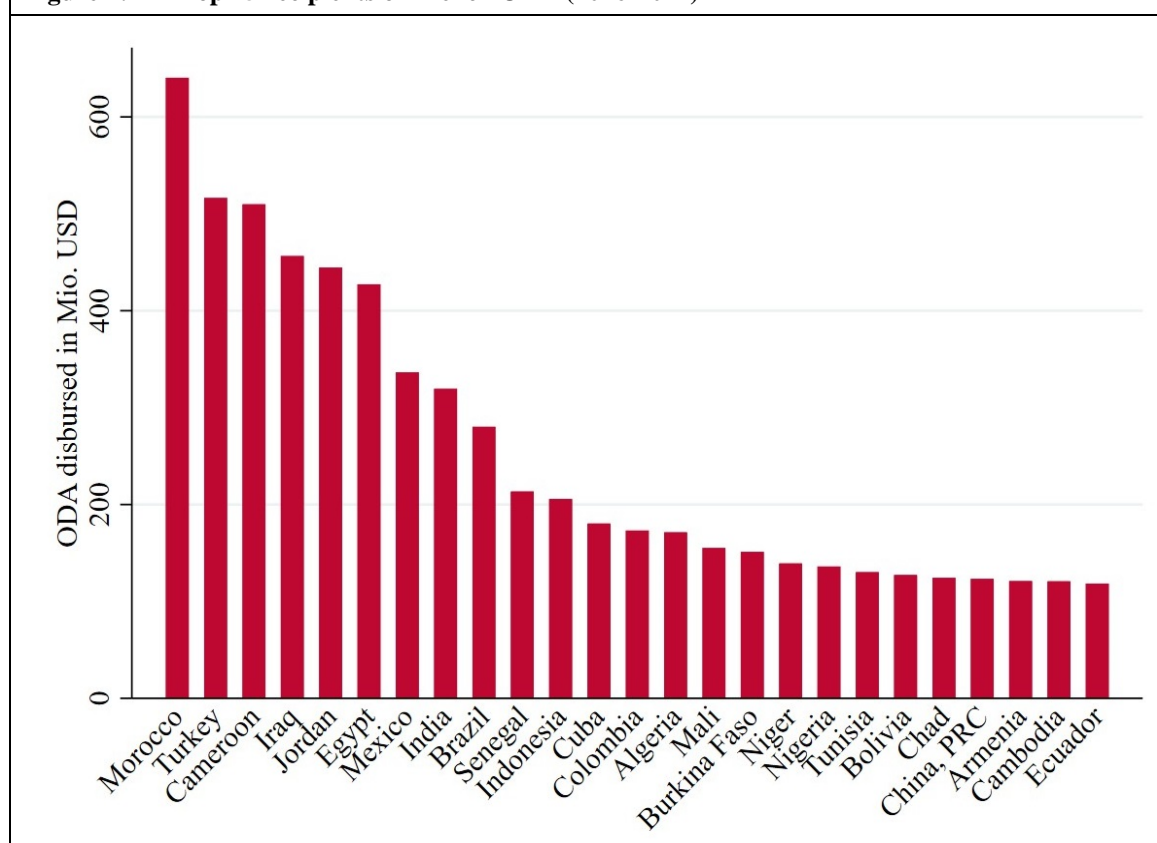
- the level of need of Sub-Saharan African countries;
- countries in the Mediterranean basin, especially those with close ties to France;
- emerging countries, due to their global and regional importance; and
- countries in (post-)crisis settings, for example, the Sahel zone and the Middle East.

France has a strong focus on Sub-Saharan Africa, where 39 per cent of French ODA is disbursed. Contrastingly, regarding the income groups of recipients, a middle-income focus is apparent, where lower-middle-income countries (45 per cent) and upper-middle-income countries (33 per cent) constitute the lion's share of recipients. While the focus on Sub-Saharan Africa is well in line with DAC donors, only Spain and the EU institutions had a higher middle-income share in the 2016-2017 period (OECD, 2017).<sup>24</sup> Correspondingly, although several middle-income nations can be found among the top 25 recipients as depicted by Figure 4, only four low-income countries (Mali, Burkina Faso, Niger and Chad) are among the main recipients.<sup>25</sup> While seven former francophone colonies are among those partner countries, there are only five countries from Sub-Saharan Africa.

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24 A middle-income focus persists if accounting for per capita numbers.

25 Although there is no country suffering from civil war among the top 10 recipients, ODA to Jordan and Turkey relates to the dynamics created by fragility and migration.

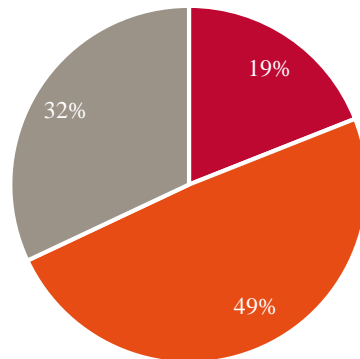
**Figure 4: Top 25 recipients of French ODA (2016-2017)**

Source: Author, based on OECD, 2017

Another interesting angle is to look at the countries for which France is the most important bilateral donor. Although not all of those countries are among the top partners regarding absolute amounts of French aid, France might still be the main donor in those countries (especially for medium and small partners). Between 2016 and 2017, France had this role for Algeria, Argentina, Armenia, Bolivia, Burkina Faso, Cameroon, Chad, Comoros, Congo, Djibouti, Ecuador, Gabon and Mauritius. Although many former francophone colonies are among those nations, a French orientation towards Latin America becomes apparent with this perspective. In terms of bilateral volume, France's top five sectors between 2016 and 2017 include (see Appendix Table AA1) education (USD 2.6 billion), energy (USD 2.2 billion), water and sanitation (USD 1.7 billion), transport and storage (USD 1.2 billion) as well as general environmental protection (USD 1.1 billion). Disbursements in the energy and environmental sector correspond to France's strong commitment towards climate change mitigation. Although humanitarian aid does not feature among the top 10 sectors, France is committed to tripling disbursements in this sector from 153 million in 2016 to 500 million by 2022 (OECD, 2018c).

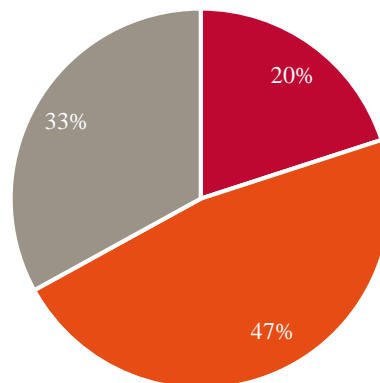
**Figure 5: Allocation patterns by income grouping (2016-2017)**

## French allocation by income grouping



■ Low income ■ Lower-middle income ■ Upper-middle income

## German allocation by income grouping

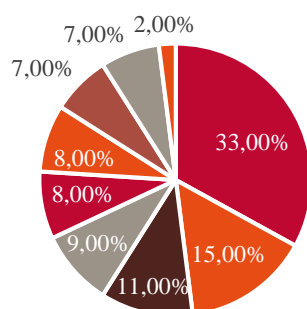


■ Low income ■ Lower-middle income ■ Upper-middle income

Source: Author, based on OECD, 2017

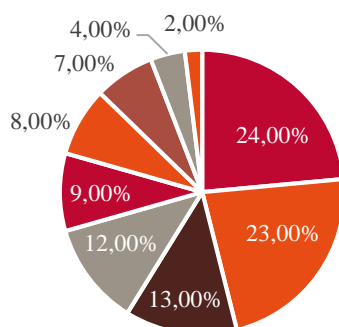
**Figure 6: Allocation patterns by geographic region (2016-2017)**

French allocation by geographical grouping



- Africa, South of Sahara   ■ Africa, North of Sahara   ■ Middle East
- South America   ■ North & Central America   ■ South & Central Asia
- East Asia   ■ Europe   ■ Oceania

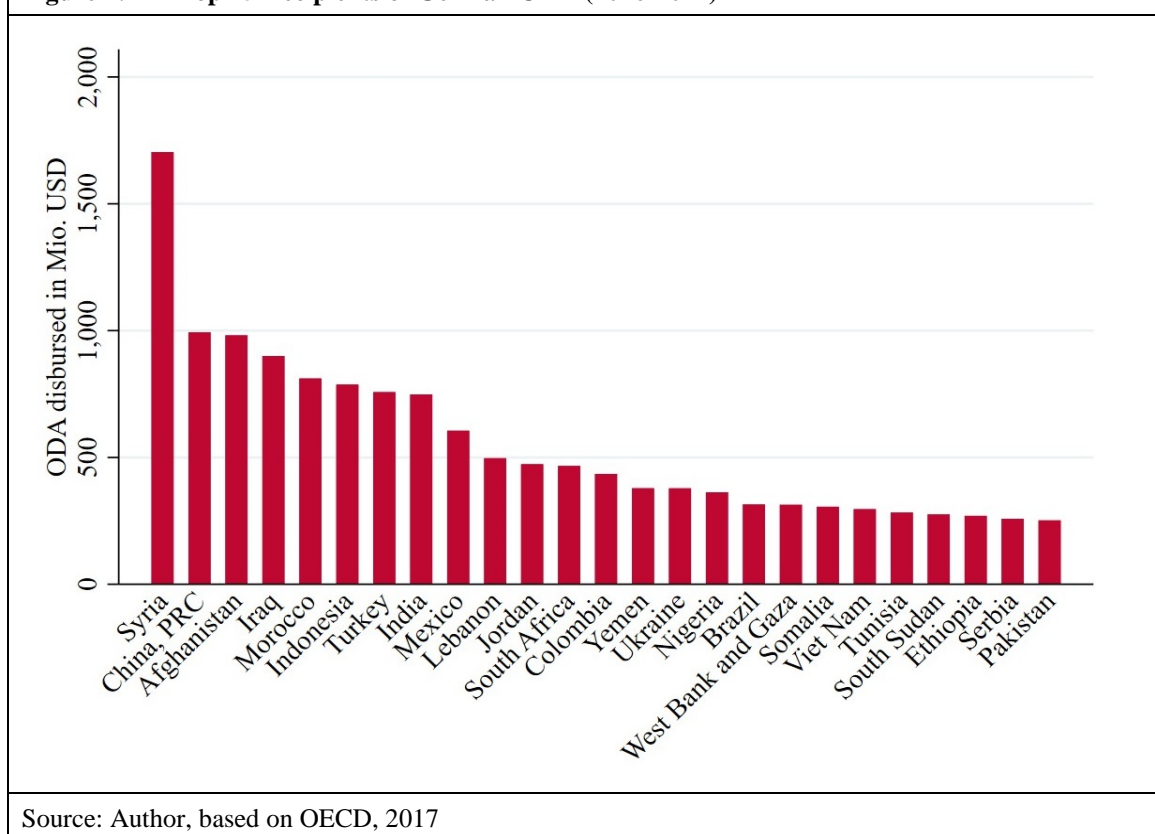
German allocation by geographical grouping



- Africa, South of Sahara   ■ Africa, North of Sahara   ■ Middle East
- South America   ■ North & Central America   ■ South & Central Asia
- East Asia   ■ Europe   ■ Oceania

Source: Author, based on OECD, 2017

Germany has made efforts to reduce aid proliferation, where 50 partner countries still receive ODA based on bilateral cooperation programmes. A further 35 countries receive aid under the umbrella of regional or thematic focus programmes (BMZ, 2019a). Beyond those official partner countries, still more countries receive German funds through NGOs and multilateral organisations and, thus, Germany’s sizeable budget is spread over more than 130 recipient countries (OECD, 2015, 2017). Against this background, the narrowing of the German recipient list (*Länderliste*) is an ongoing process (Klingebiel, 2018).

**Figure 7: Top 25 Recipients of German ODA (2016-2017)**

Approximately 23 per cent of German ODA was disbursed in Sub-Saharan Africa. Regarding income groupings, allocation patterns indicate a strong middle-income concentration, where a large part of ODA is disbursed in lower- (46 per cent) and upper-middle-income (35 per cent) countries. The list of top 25 partners in Figure 7 also reveals a consideration of fragility issues (e.g., in Iraq, Yemen, Somalia, Afghanistan and Syria). Yet, in general, Germany, like France, has a middle-income focus (Baydag et al., 2018), which is above OECD average and in contrast to donor commitments to support least-developed countries with a larger share of their finance. Only Australia, South Korea, Spain, New Zealand and the EU institutions targeted a higher proportion of their ODA to middle-income nations in the 2016-2017 period (OECD, 2017). Due to the high dispersion of German funds, there are only three Sub-Saharan African countries among those top 25 recipients. For Germany it is also interesting to consider the importance of the donor from the partner perspective. In this regard, Germany was the largest bilateral donor in 2016-2017 for Bosnia and Herzegovina, Brazil, Chile, China, Indonesia, Iran, Lebanon, Libya, Malaysia, Mexico, Morocco, Togo, Tunisia, Turkey and Uruguay. With the exception of Togo, all those countries reached middle-income status. Between 2016 and 2017, Germany was active in the following top five sectors in terms of volume (see also Appendix Table AA1): energy (USD 4.8 billion), education (USD 4.1 billion), government and civil society (USD 3.7 billion), banking and finance (USD 2.4 billion) as well as emergency response (USD 2.1 billion).

Due to their high proliferation, Germany and France allocate aid in similar countries and sectors. Yet, in order to conduct a more systematic assessment of coordination opportunities, two measures from the aid literature are drawn upon: significant and overlapping relationships.

Significance measures help to identify donor-recipient relationships, which are non-trivial for both sides. The general idea of the significance measure is to consider (i) the share of Donor A's ODA in Recipient Z's total aid receipts. This share is then compared with (ii) the share of Donor A's global ODA in all donors' global ODA. If (i) is larger than (ii), the relationship can be considered significant, indicating that Donor A puts an above average focus on its relationship with Recipient Z (Ericsson & Steensen, 2016). Appendix Table AA2 provides an indicator of aid significance separately for France and Germany, where countries that appear in both lists are highlighted in italics. The sheer number of significant relationships indicates that France and Germany disburse money to a broad set of recipients, which puts them among the strongest proliferators of aid and could increase fragmentation (Schulpen & Habraken, 2016).

To put the activities of both donors more into perspective, the analysis will turn to an assessment of the coordination of both donors taking stock of overlaps in sectors and relationships with partners of the two donors. Building on Aldasoro et al. (2010), Nunnenkamp et al. (2013) suggest that aid overlap (OV) can be conceptualised as

$$OV^{j1j2,t} = \sum_{i=1}^n \sum_{s=1}^m \text{Min}(aid_{i,s}^{j1,t}; aid_{i,s}^{j2,t})$$

where aid is the share of donor country  $j1$  or  $j2$  in recipient country  $i$ 's sector  $s$  during period  $t$ . This measure helps to provide an indication of recipient sectors, in which both donors are active and that provide opportunities for coordinated efforts.<sup>26</sup> OV varies theoretically between 0 (no overlap) and 1 (complete overlap).

For this exercise, the data used is on French and German ODA disbursements from OECD's Creditor Reporting System, considering 24 sectors in 153 partner countries (OECD, 2018a). Generally, France and Germany have a strong overlap of aid allocation (around 0.5, while the sample mean of donors would be around 0.12 as reported by Nunnenkamp et al. (2013)). As pointed out earlier, overlap measures are suited to indicating partner-sector overlaps, where coordination would be important. However, overlap measures are not suited to clearly distinguish the presence or absence of coordination. A priori, a large overlap in a specific sector could indicate that donors either duplicate efforts and reduce effectiveness or that they reap the benefits of complementary actions. For this reason, case studies are identified that have both a high significance and a high overlap of ODA relations to subsequently engage in a more in-depth qualitative analysis.

Four countries with significant and overlapping donor-recipient relationships provide different case studies. French and German development cooperation is on an equal footing in Morocco, where both donors constitute more than 50 per cent of ODA. In Cameroon, France and Germany provide three-quarters of development cooperation, but France has a much stronger role, covering almost 50 per cent of the country's ODA. Regarding India, Germany can be considered the lead donor in Franco-German coordination due to its larger portfolio and longer history of development partnership. Yet, Germany and France jointly

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26 Beyond sectoral coordination, coordination also involves geographic and project-level dimensions. In theory, it would be an equally interesting exercise to assess this dimension of coordination. AFD recently published subnational project data (AFD, 2020), but a global assessment of geographic and project-level subnational overlaps is so far constrained by data availability of geocoded German ODA data.

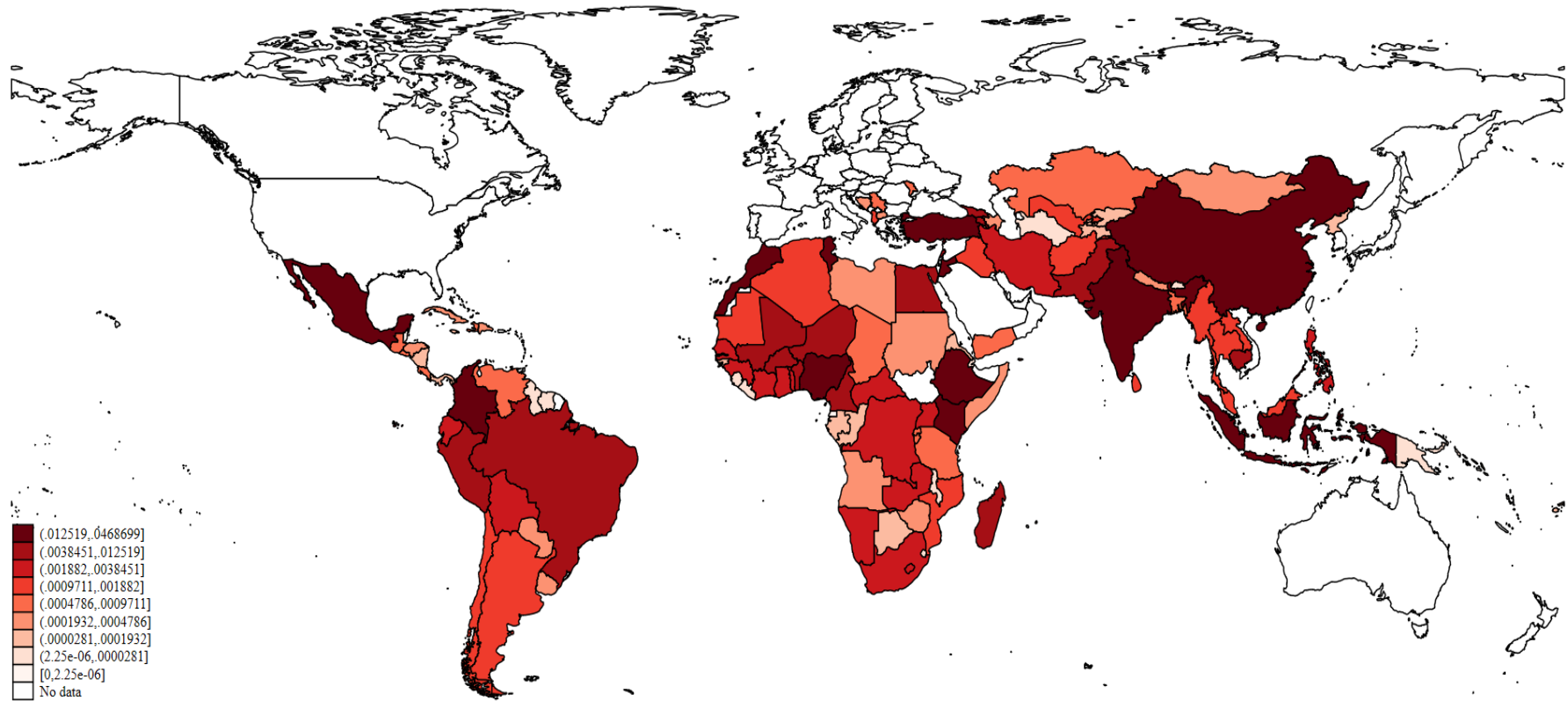


only constitute approximately 25 per cent of India's ODA. Finally, Benin was chosen as a case study because France has a significant relationship and Germany has just recently begun to engage more. The country case study with less overlap, thus, serves as a control group to see if lessons from the other case studies extend to this example.

Figure 8 and Appendix Table AA3 provides an overview of the country-level overlaps using data from 2016-2017, and Appendix Table AA1 of the Appendix provides an overview of priority countries and Appendix Table AA4 of the Appendix shows country-sectors with the strongest overlap of Franco-German ODA. The figure and the tables reveal that the overlap is highest in emerging economies (China, Turkey, Indonesia, South Africa, Nigeria and India), the Middle East and North Africa (Morocco, Egypt and Tunisia) as well as specific African states (Kenya, Democratic Republic of the Congo and Cameroon).

With respect to sectors, there are frequently large overlaps in the education, energy, water and sanitation as well as transport and storage sectors. ODA in education also consists to a large extent of student scholarships (especially for France), which do not correspond to cross-border financial flows. The focus on the water, energy and transport sectors reflect large infrastructure projects that often require co-financing from donors (BMZ/MEAE, 2013). Those contribute to economic infrastructure for middle-income economies (e.g., metros in India or power plants in Morocco), but also basic service provision (e.g., water and sanitation in Tunisia).

**Figure 8: Overlap of French and German development aid (2016-2017)**



Note: Country-sector overlaps range from 0 (no overlap) to 1 (complete overlap).

Source: Author, based on OECD, 2018a

## 5 Qualitative analysis: Country case studies

These case studies have been chosen to determine whether coordination takes place and what the structural barriers and opportunities are for coordinated Franco-German development cooperation. Based on 59 semi-structured qualitative interviews, barriers and opportunities are considered with the factors presented previously in the conceptual discussion of Section 3.<sup>27</sup> The sampling framework of the qualitative analysis is structured in two parts. First, the country cases were chosen based on quantitative measures of donor overlap, which provide a notion of how strongly the donor portfolios overlap. Second, in all countries, the author contacted respondents of governmental development cooperation, including the embassies and implementing agencies (AFD, KfW, GIZ, EF). Complementing interviews were carried out with NGOs, staff from headquarters and a consulting company. A detailed description of the interviewed sample by country context and the structuring questions can be found in Appendix B.

The case studies consider the main fields of coordination in technical, financial and political cooperation as well as coordination with other donors and the partner countries.

### 5.1 Case Study – Morocco

The Kingdom of Morocco is a middle-income country (USD 3,036 per capita in 2017) in North-Western Africa with a medium-level Human Development Index (HDI) of 0.667 (UNDP, 2019a; World Bank, 2019b).<sup>28</sup> The constitutional monarchy ranks 90th of 129 in the Bertelsmann Transformation Index (Bertelsmann Stiftung, 2018).<sup>29</sup> France has strong ties to the country dating back to the protectorate period (1912-1956). This period produced similar administrative and education systems and established French as a second language, which have made Morocco's economic links with France stronger than those with Germany. In 2016, the kingdom exported USD 4.4 billion (19 per cent of Moroccan exports) to France and imports from France equalled USD 5.5 billion (13.2 per cent). French investments of USD 24 billion constituted the majority (54 per cent) of foreign direct investment (FDI) stocks in 2012 (UNCTAD, 2014). Economic ties with Germany are also significant. Morocco sent USD 747 million (3 per cent) of its exports to Germany, imports from Germany totalled 2.5 billion (6 per cent) and USD 1 billion in investments from Germany made up 2.2 per cent of the Moroccan FDI stock (UNCTAD, 2019). In return, Moroccan exports to and investments in Germany and France are insignificant in size, as is the case for most low- and middle-income countries. Morocco's national development priorities encompass economic modernisation, social programmes, fostering private investment and governance (AfDB, 2017). Both Germany and France allocate sizeable ODA to the country, together making up 80 per cent of bilateral aid receipts for the 2015-2017 period, where overlaps are strongest in the education and water sectors. Individually, France contributes to national priorities through transport and

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27 Interviews were mostly conducted via Skype/phone calls and, in exceptional cases, due to organisational constraints, carried out via e-mail.

28 The HDI considers per capita income, education and life expectancy. The sub-indices are depicted in Table 14.

29 The Bertelsmann Transformation Index incorporates both political transformation (stateness, political participation, rule of law, institutional stability, and political and social integration) and economic transformation (socioeconomic development, market and competition, currency and inflation, private property, welfare regime, economic performance and sustainability).

industry development, whereas Germany supports the economy via energy and business development and promotes governance reforms (see also Appendix AA5). German cooperation with the kingdom could potentially increase with the German reform partnership (*Reformpartnerschaft*) targeting rule of law and political participation.

<b>Technical cooperation</b>	<b>Financial cooperation</b>	<b>Embassy/political cooperation</b>	<b>Cooperation with other donors</b>	<b>Cooperation with partner</b>
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Complementarity of EF's political network and GIZ's strong country offices</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Incompatibilities between centralised structure of EF and decentralised GIZ country offices</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Integration of procedures in the framework of the Mutual Reliance Initiative (MRI); informal exchange of feasibility studies; balancing of project leads</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Differing time horizons of AFD and KfW</li> <li>• Disbursement caps of KfW after project launch and pre-determined sector selection of BMZ</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• French and German Embassy staff meet bi-annually</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• AFD participates in political dialogue, which can exacerbate choice of relevant counterpart</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• EU: Neighbourhood facilities promote Franco-German projects; European Investment Bank (EIB) as important co-financier</li> <li>• Multilateral level: formal exchange within regular donor rounds</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Complex administrative processes of EU funding</li> <li>• EU coordination starts only after project preparation</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Joint standard setting by coordinating on a common position</li> <li>• Pro-active partner government</li> <li>• France and Germany on an equal footing</li> </ul>
Source: Author				

GIZ-EF cooperation relies heavily on the EU trust funds. The EU at times requests a cooperation between EF and GIZ to reap the benefits from complementary Franco-German expertise. In the field of technical cooperation, two agencies occasionally partner in the framework of delegation agreements. For example, the EU contracts delegation agreements with one lead partner (GIZ), where the cooperation with EF is then formalised via a grant agreement with GIZ. In those cases, GIZ and EF need to coordinate closely despite their different organisational structures. GIZ has a decentralised structure with country offices in all partner countries, whereas EF has a more centralised structure (coordination and financial reporting undertaken in Paris). Moreover, with GIZ as the sole contractor of the EU delegation, EF needs to comply with the procedures and managerial cultures of its partner. GIZ and EF staff can bridge those challenges using a cooperative attitude, but transaction costs may increase.<sup>30</sup> The communication among agencies may become easier as EF joins the AFD group in 2020 and may then rely on its structures. However, GIZ exchanges both with KfW and AFD in sector rounds in order to avoid a duplication of effort and/or divide labour in sectors where multiple counterparts are active (e.g., energy and

30 For a project example, please consult the EUTF-Project South-South Migration in Appendix C.

water). This dialogue is complemented with bilateral informal exchange among agencies if concrete issues arise.<sup>31</sup> Although development banks sometimes compete for projects and engage in discretionary negotiations during certain project phases, rational cooperation at both the strategic and operational levels prevails. Similar to commercial banking, the financial burden and risk of large-scale development projects can usually not be taken by one actor. Thus, coordination of financial cooperation is naturally more intense than for technical cooperation. Yet, in Morocco, the AFD has a broader sectoral portfolio than the KfW's focus on water and energy, which restricts Franco-German cooperation to those sectors. Thus, the KfW only participates in more narrow sectoral coordination rounds with other donors, while the AFD also participates in more general donor exchanges. Notwithstanding, KfW and AFD partner on several projects including the world's largest solar power plant (see the project example on Ouarzazate Solar Power Station in Appendix C) as well as joint projects in the energy and water sector (BMZ/MEAE, 2013). Due to this strong coherence in aims and values, KfW and AFD are mutually the first bilateral partner considered for joint projects. Additionally, both AFD and KfW partner strongly with multilateral banks, including the World Bank and EIB. In this regard, AFD and KfW together with the EIB launched the MRI to ease the recognition of procedures and, thus, delegation. CEOs of both AFD and KfW advocated for the MRI, and Morocco became one of the pilot regions.

AFD and KfW exchange feasibility studies and risk assessments in order to avoid a duplication of efforts and assess strengths, weaknesses and synergies to guarantee an efficient division of labour. After the pilot phase, KfW and AFD launched different projects based on the MRI. Both AFD and KfW pay attention to how leads are balanced across regions and projects. For instance, KfW takes the lead in a programme in the Moroccan drinking water sector (Programme d'Amélioration des Performances, financed by KfW, AFD and EU) and in return AFD takes the lead on the financing of the Moroccan wastewater programme (Programme National d'Assainissement, financed by AFD, KfW, EIB and EU). Partner agencies put value on the fact that joint activities reduce transaction costs by reducing the number of counterparts involved, induce knowledge exchange between French and German project managers (e.g., during joint missions) and increase the coherence of Franco-German development cooperation by speaking with one voice. French and German Embassy staff meet bi-annually for formal coordination rounds and have informal exchanges as needed. The German Embassy and the relevant BMZ officers support the coordination among implementing agencies, engage in the political dialogue and exercise policy competency, whereas KfW and GIZ act on behalf of the German government and, thus, focus on technicalities. In contrast, the French AFD (and to a limited extent EF) engage more in the political realm and interact more heavily with the MEAE. Thus, mandates from the field offices differ between German and French implementing agencies, imposing additional costs (e.g., choice of letterhead, diplomatic programmes).

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31 Interviewees referred to informal exchange in terms of e-mail and phone exchange as well as joint breaks, which complement formal meetings within sector-rounds or meetings organised between the agencies.

**Box 1: Joint programming**

The EU and its member states launched joint programming (JP) as an initiative to achieve more coherence in development projects; generally, it is also open to non-EU actors that would like to increase harmonisation. JP corresponds to the EU's 2009 Lisbon Treaty, which aims for more European approaches. JP consists of a joint analysis to address duplications and gaps. Ideally, the mapping of activities results in a joint strategy that contributes to the visibility of the EU (Moffett, 2018). The European Commission (EC) also highlights JP's (relative) importance in a proposal for the Neighbourhood, Development and International Cooperation Instrument (NDICI), where "joint programming shall be the preferred approach for country programming" (EC, 2019). In Benin, Cameroon and Morocco, JP did not go beyond the stage of stock-taking (a recent assessment of JP shows that this is also the case in several other participating countries (EU, 2019)). However, there are also examples of countries, where joint programming progressed into the strategy and implementation stage. Based on the positive examples, a recent EC evaluation provides a set of recommendations to proceed with JP: promote the partner dialogue, use member states' comparative advantages, clarify responsibilities, use more flexible and supportive frameworks and align national interests (EC, 2017). While a joint strategy is highly desirable in an increasingly complex environment, joint analyses contribute crucially to information exchange among participants in Benin, Cameroon and Morocco.

French and German Embassy staff exchange regularly with the EU delegation, where the latter also supports specific projects, for instance, in terms of representative actions. The EU also promoted the first Franco-German financial cooperation projects via subsidies in the framework of the European Neighbourhood Investment Facility. In upcoming years, further EU engagement can be expected under the Neighbourhood, Development and International Cooperation Instrument (NDICI), which has an explicit focus on Africa and Mediterranean neighbours. As pointed out earlier, the EIB adds significant financial scope to joint projects. While those supportive actions are also a value-added for the partner government, the EU's comprehensive regulatory procedures might increase opportunity costs in terms of time investments. Although ongoing projects coordinate with the EU, starting exchange in the preparation phase would improve EU-level coordination. In this regard, France and Germany along with Belgium, Denmark, Hungary, Italy, Spain, Switzerland and the United Kingdom engage in a joint programming exercise (EU, 2019). The EU and its Member States decided to focus joint programming on the three sectors of migration, vocational training and gender equality, where the French AFD and the EU have developed a collaborative support framework in gender responsive budgeting. A challenge for joint programming in Morocco is that the bilateral financing agencies AFD and KfW focus on large infrastructure projects, whereas the government only includes donors in the sectoral dialogue if they provide budget support. For this reason, it is hard to incorporate joint strategies on a sectoral level, so the joint programming framework is not functioning yet. Nevertheless, France, Germany and other European donors engage in a joint analysis. Beyond this mostly European dialogue, further coordination with bilateral actors (e.g., during sectoral rounds) as well as the larger multilaterals, including the World Bank and the African Development Bank, act as complements. AFD and KfW also coordinate with Morocco within the framework of the G20's Compact with Africa.

The partner government in Rabat has been pro-active regarding climate change mitigation and green energy, culminating in ambitious projects, including the creation of the Ouarzazate Solar Power Station. The long-term commitment by both donors supports cooperation with the Moroccan government, which perceives both countries as well-established partners. In this regard, in cases where Moroccan officials must choose between

cooperating with French or German actors, technical considerations have more weight than history. KfW and AFD also coordinate from a standard approach, for instance, by urging the partner government to consider environmental and social factors. Although the empowered Moroccan government agencies were sceptical about Franco-German coordination in the beginning, the reduction of transaction costs and the potential to crowd-in further funds helped when advocating for coordination.

## 5.2 Case Study – India

India is a middle-income country (per capita GDP of USD 1,982 in 2017) and had a medium-level HDI of 0.624 in 2017 (UNDP, 2019a; World Bank, 2019b), which may mask distinct inequalities across the South-Asian country. Yet, India ranks 24th of 129 countries on the Bertelsmann Transformation Index (Bertelsmann Stiftung, 2018). Being the most populous democracy in the world and a nuclear power, France and Germany have geostrategic interests to cooperate with India. As an emerging economy, India has diversified economic linkages. France only receives 1.9 per cent (USD 4.9 billion) of Indian exports, provides 1.1 per cent (USD 4.2 billion) of its imports and French investors constitute merely 1.7 per cent (USD 3.8 billion) of the Indian FDI stock. Germany receives another 2.8 per cent of Indian exports (USD 7.2 billion), provides 3.3 per cent (USD 17.8 billion) of Indian imports and 5.8 per cent (USD 12.6 billion) of the Indian FDI stock originates from Germany (UNCTAD, 2014, 2019). In terms of development cooperation, Germany is a more relevant donor than France; France provided 8 per cent of ODA to India and Germany provided 18 per cent during the 2015-2017 period (see Appendix Table AA2). The large and highly diverse country has manifold development priorities encompassing a more efficient fiscal system, economic transformation, social services (e.g., health, education), infrastructure, governance and climate change mitigation (ADB, 2017). Despite India's emerging economy status, France and Germany provide sizeable ODA largely due to environmental considerations. A large overlap in transport and storage as well as energy (see Table 12) is related to the Indian national priority of climate change mitigation and is also related to infrastructure development. Moreover, individual disbursements by Germany contribute to social services (education and health) and support governance, whereby France also actively supports education services and promotes finance for economic development (see Appendix Table AA5).

As an example of Franco-German coordination, urban development and mobility activities of GIZ and AFD in Kochi, Kerala, target climate change. India, together with both France and Germany, chose the project location and ensure via bi-annual progress meetings the review and setting of milestones based on hard indicators. AFD is active in the framework of the global Mobilise Your City initiative, whereas GIZ engages under the umbrella of its Smart City programme.<sup>32</sup> AFD focusses on the technical assistance components more closely related to the finance-intensive project (metro construction) that it supports (bus network rationalisation geared towards metro services; pricing and financial sustainability of public transport). While GIZ focusses on the technical cooperation (advocacy, institution building, capacity transfer and non-motorised mobility). The strong staffing of GIZ provides consulting and advocacy capacities that the AFD values. As the programme components were developed independently, potential for duplication arises due to AFD providing both

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32 For a more detailed description of the project example, please consult Appendix C.

finance and, to a smaller extent, technical consultancy. Yet, GIZ and AFD have coordinated to reap the complementarities of division of labour. During the launch phase of the project a preparatory workshop with stakeholders was held to identify which actors could be brought in and to ensure an efficient division of labour. A working group at the city level (a further steering committee is planned at the decisive state level) facilitated further coordination. In this regard, both AFD and GIZ provide capacity building to Indian partners for a potential scale-up of activities. Frequent communication between project-, country- and central offices of both AFD and GIZ with the Indian government has contributed to project progress and to a common and strong Franco-German voice when issues arise. In order to foster trilateral coordination, France and Germany need to demonstrate the value-added clearly to the Indian government.

<b>Technical cooperation</b>	<b>Financial cooperation</b>	<b>Embassy/political cooperation</b>	<b>Cooperation with partner</b>	<b>Cooperation with other donors</b>
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• GIZ's technical capacities as an asset for joint project set-up</li> <li>• Exchange via sectoral rounds</li> <li>• Joint capacity building</li> <li>• Joint voice; less duplication of efforts</li> <li>• Division of labour/synergies (e.g., in smart city programme (AFD finances metro; GIZ supports non-motorised mobility))</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• As AFD is also active in technical cooperation, important to coordinate within projects</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• KfW as a door opener for AFD</li> <li>• Complementarity of informal meetings and formal procedures (MoU)</li> <li>• MRI avoids double/contradictory screening</li> <li>• Balancing of leads across AFD and KfW</li> <li>• Exchange both at headquarter- and country office levels</li> <li>• Complementary political and technical networks; risk sharing; division of labour based on comparative advantages</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• MRI not applied (reason: political will needed to overcome technical incompatibilities)</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Close relationships between embassies based on common values</li> <li>• Combination of formal exchange (regular meetings; joint report writing) and informal exchange to avoid over-coordination</li> <li>• Joint representation (opening of projects; news article on the Treaty of Aachen)</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Coordination of France and Germany not always desired, but Indian partners have strong ownership</li> <li>• Pushed smaller donors out of the country to stick to large competitive donors</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Hard to find joint time slot with partners</li> <li>• "Made in India" rules might contradict with procurement schemes</li> <li>• India prefers bilateral dialogue and actively discourages donor coordination to maintain power balance</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• EU values Franco-German coordination</li> <li>• Crowding-in of EU resources as a value-added for Indian government</li> <li>• Joint proposals with EU and joint non-papers</li> <li>• Joint project pipeline with EIB</li> <li>• EU pushes for a flexible relationship with other members; wants to signal that EU not driven by particular countries</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Japan as another large donor has procurement rules, which are hard to integrate</li> <li>• Multilaterals as potential partners, but too centralised and not enough human resources</li> </ul>
Source: Author				

When the AFD extended its portfolio beyond Africa in the 2000s, KfW acted as a door opener for the AFD in Asia, which is especially important as negotiations and contractual frameworks differ strongly across countries. Above more general expectations to get easier access to other francophone markets, the entry of the AFD opens opportunities for parallel financing. Formal cooperation arrangements, including high-level commitment in the



framework of the global MoU, foster coordination and are complemented by informal exchange on a personal level (AFD, 2019a). Large volumes of infrastructure projects require co- or parallel-financed projects both in terms of volume and risk-sharing, especially as the AFD has a comparatively smaller portfolio. As in the Moroccan case study, AFD and KfW act as primary partners for collaborative projects due to a similar depth of detail and a common set of aims and values (e.g., SDGs and climate).

**Box 2: The Mutual Reliance Initiative**

In 2005, AFD, KfW and the EIB set up an agreement to facilitate co-financing by harmonising procedures in order to reduce transaction costs regarding technical consultations and to ease delegation (Eurodad, 2013). Co-financing implies joint financing of a whole project, which is more integrated than the case of donors individually financing certain steps of a project under parallel financing. While parallel-financed projects can also be well coordinated, co-financing under the MRI goes one step further. In the standard scenario, the MRI puts one of the three partner banks (AFD, EIB, KfW) in the lead and ensures that (i) one counterpart is responsible for the overall management of the project and (ii) mainly the procedures of the lead bank are applied (whereas the MRI also defined a set of joint procedures for certain processes such as procurement or ex-post evaluation). In this regard, institutions balance those leads across regions. The MRI enhances co-financing and facilitates screening processes. Delegation of tasks contributes to a practical division of labour. Yet, differences in financial and legal documentation partly persist. Moreover, different disbursement schedules of AFD and KfW impose transaction costs. AFD has shorter time horizons for the disbursement of funds, while KfW is more flexible in this regard. In contrast, KfW faces stricter disbursement caps that are set by BMZ at the beginning of a project and are not changed. The EIB is more centralised than the national development banks. When setting up joint projects, banks need to consider these factors. Although the BMZ did not actively take into account mutual reliance in previous decisions, it now considers the MRI more strongly in the framework of its BMZ 2030 strategy. KfW and AFD have recently been steering a process to ease the application of the MRI, for example, by loosening the rules in order to allow for a flexible application at different project stages (procurement, environmental safeguards, etc.), further integration of procedures (use of contracts in foreign language) and a more condensed summary of operational guidelines.

Joint projects particularly benefit from the specific networks of suppliers and experts from France and Germany. During the screening phase, feasibility studies are exchanged as a means to reduce a potential duplication of efforts and facilitate the identification of joint projects. KfW and AFD's regional units share information about country portfolios. Exchange reduces the risks of duplication and renders competition pro-developmental. However, KfW and AFD move through the appraisal phase at different rates and the German side may take longer to approve joint projects. During the implementation phase, the banks exchange more formal progress reports to avoid contradictory activities. Agreeing on a common position plays a strong role in developing safeguards to ensure that joint standards on environmental, social and human rights are not undermined, especially if challenges arise (unforeseen changes of policies, accidents). As co-financing can add further complexity (e.g., due to differences in detailed standards, screening procedures and failing to consider other ministries and agencies), parallel financing prevails in India.

While the French Embassy coordinates more with BMZ (and its embassy representative), the AFD sees KfW as its bilateral counterpart. French and German Embassy staff have a close and trusting relationship based on regular meetings and joining each other's internal exchange rounds. Coordination results in common internal (e.g., drafting of reports) and

external communication. Externally, France and Germany jointly address the EU level (via joint non-papers, e.g., on political-security issues) and partners (e.g., the ambassadors issued a newspaper article on the Treaty of Aachen and jointly open development projects).<sup>33</sup>

If France and Germany succeed at flexible cooperation, they could crowd-in further EU resources. As an example of EU cooperation, the MRI of AFD, KfW and EIB harmonises procedures and contributes to a mutual project pipeline. The EU delegation values Franco-German coordination but pushes for a flexible relationship that is also open to other countries, in order to signal that EU positions are not driven by particular countries. A strong EU commitment adds value that may convince the Indian partner government of the benefits of a greater donor coordination. As an emerging economy, and due to its strong capacities, India is a special case and advocates to overcome North-South hierarchies and, thus, there is no joint-programming process (Paulo, 2018).

There are three noteworthy items related to India's position as an empowered recipient country. First, India is very proactive and has created its own initiatives, like the International Solar Alliance, which innovates on South-South coordination and trilateral approaches.<sup>34</sup> Second, India pushed smaller donors out to reduce coordination costs, leading to a focus on a few large donors (Germany, France, Japan and the USA).<sup>35</sup> Third, India discourages formalised donor coordination and coordinates donors itself, preferring bilateral rather than trilateral negotiations with the BMZ or MEAE to determine sectoral and geographic foci. Bilateral consultations are intended to guarantee a balanced power status and to foster competition in certain sectors, despite the small number of donors. Thus, the Indian government is an empowered partner with high ownership; it pro-actively suggests projects and also rejects project outlines if they are not in line with its aims. Despite bilateral negotiations being the standard in international relations (due to transaction costs and political incentives), it could be beneficial for a project to negotiate trilaterally in order to align activities. Signalling the value-added of trilateral coordination to the partner government is, thus, a key component to guarantee that developmental aims are protected.

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33 For the article, please see Ziegler and Wieck (2019).

34 Other examples are recent Indo-Japanese trilateral activities, including a hospital in Kenya and two terminals in the port of Colombo, Sri Lanka.

35 Coordination with Japan is limited due to its approach of economic support, where procurement from Japanese firms is partly inconsistent with AFD and KfW's approaches.

## 5.3 Case Study – Cameroon

<b>Technical cooperation</b>	<b>Financial cooperation</b>	<b>Embassy/political cooperation</b>	<b>Cooperation with partner</b>	<b>Cooperation with other donors</b>
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Technical capacities and human resources of GIZ country offices are highly valued by French partners</li> <li>• Joint GIZ-EF projects benefit from strong French political networks</li> <li>• Integration of procedures across GIZ and EF could ease coordination</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Sectoral coordination rounds are partly inactive</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Common values ease coordination</li> <li>• Knowledge exchange</li> <li>• Complementarity of French political and German technical networks in KfW-AFD relations</li> <li>• DEG and Proparco integrate procedures to share risks and extend its financial scope</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Different financing instruments and sectoral priorities of AFD and KfW</li> <li>• Lack of a DEG office in Cameroon constrains joint project identification</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• French Embassy very active in political dialogue</li> <li>• Strong GIZ office substitutes for limited human capacities of German Embassy</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Overlapping mandates hamper identification of best counterpart</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Coordination reduces reliance on inefficient partner systems</li> <li>• Reduced transaction costs as value added to partner government</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Individual negotiations for project set-up with centralised and overburdened ministries lead to different positions</li> <li>• Coordinated positions can reduce partner ownership</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Coordination meetings of EU countries on a bi-monthly basis</li> <li>• Joint positions foster coordination with the World Bank</li> <li>• Joint advocacy with multilateral agencies (the World Bank, World Health Organization (WHO), GFATM) as well as the United States Agency for International Development (USAID)</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Joint programming so far does not exceed stock-taking</li> </ul>
Source: Author				

In 2017, the Republic of Cameroon had a medium HDI, with a value of 0.556, and a per capita GDP of USD 1,422. Cameroon ranks 109th of 129 countries on the Bertelsmann Transformation Index (Bertelsmann Stiftung, 2018; UNDP, 2019a; World Bank, 2019b). Tensions between the Anglo- and Francophone parts of the country contribute to fragility (De Marie Heungoup, 2017). While the German protectorate (1901-1916) was briefer and dates back further, French and British involvement between the end of World War I and the 1960s left stronger traces of Anglo- and Francophonie. In this regard, French development cooperation has better access to political networks. Economic linkages are facilitated by Cameroon's membership in the CFA franc zone. France receives 6.5 per cent (USD 215 million) of Cameroon's exports, and provides 12.4 per cent (USD 608 million) of Cameroon's imports (UNCTAD, 2019). France is also the main source of FDI stocks to Cameroon (USD 1 billion) (UNCTAD, 2008, 2014). Germany receives 1.5 per cent of Cameroon's exports (USD 49 million), and is the source of 3.3 per cent (USD 163 million) of Cameroon's imports. Similarly, German investment was not significant (UNCTAD, 2008, 2014, 2019).

Germany and France combined provide the majority of bilateral aid to Cameroon (see Table 9), putting them in a strong position to negotiate with the government.<sup>36</sup> Cameroonian priorities focus on creating a stable macroeconomic environment to foster employment. A further aim is to address environmental and fragility issues (AfDB, 2015). Germany individually contributes via governance and civil society support to political stability, whereas environment is among France's top five sectors (see Appendix Table AA5). The strong activities of French and German cooperation in education could contribute to better employment opportunities. Yet, due to the different education systems of France and Germany, both donors find it hard to develop compatible approaches. In addition to development cooperation, France also provides military support to Cameroon through training services and equipment (French Embassy in Cameroon, 2015). Despite Cameroon's medium development level, the regions of Adamaoua, Nord and Extrême-Nord face chronic poverty, which is further aggravated by fragility issues and the Boko Haram insurgency. Moreover, tensions between the Franco- and Anglophone parts of the country lead to conflicts in the formally centralised country (International Crisis Group, 2019), which constrains the active involvement of both France and Germany.

GIZ's technical and advisory activities complement the work of the AFD and KfW. Due to GIZ's strong human resources it can more actively engage in dialogue with the partner government than financial cooperation providers (AFD and KfW). On the one hand, the strong technical capacities and human resources of GIZ country offices are highly valued by other agencies (including EF, KfW and AFD). On the other hand, the strong in-country presence of GIZ is partly perceived as dominant by French partners. Beyond a Franco-German leadership towards universal health coverage, there are smaller projects that are jointly carried out by GIZ and EF. Projects benefit from bringing together French and German comparative advantages – among them the French political networks and the strong country offices of GIZ. While informal exchange between agencies takes place on a bilateral level (e.g., between the KfW and AFD or between GIZ and AFD), formal exchange in the sectoral working group strengthens the exchange among all three agencies to prevent a duplication of efforts.<sup>37</sup>

In Cameroon, KfW and AFD rely on different financing mechanisms, with KfW disbursing ODA via grants and AFD providing aid through its Debt Reduction-Development Contracts. As the latter requires different procedures (e.g., use of the partner's procurement systems is needed), different financing mechanisms hamper coordination. Moreover, German sectoral priorities sometimes constrain participation if AFD proposes projects. KfW and GIZ support projects based on the sectoral priorities set by the BMZ, whereas the AFD has a broader portfolio. Based on sectoral foci, Franco-German development cooperation overlaps in the health sector with a dedicated focus on poor and vulnerable regions and the promotion of maternal and neonatal health. Due to different financing instruments, France and Germany have independently planned, negotiated and set up components of a common *projet*

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36 France is the largest bilateral donor (taking the debt reallocation facilities into account), and Germany is the second largest donor.

37 Non-governmental activities supplement Franco-German technical capacity building. For example, France and Germany engage in trilateral youth exchange with Sub-Saharan African nations (e.g., Sénégal, Bénin and Cameroon), where exchange programmes and joint symposia consider the reflection of (colonial) history. The Franco-German component contributes via its lived experience of overcoming previous conflicts.

*conjoint*.<sup>38</sup> Common values across agencies and a strong informal coordination on an individual level helped to harmonise the project components and resulted in diverse benefits. First, joint programmes leverage complementarities (e.g., French political networks and German technical capacities). Second, Franco-German coordination offers more financial capacities in order to achieve outcomes for the targeted population and allows for more financial flexibility, where, for example, the concessional finance of Germany allowed the hiring of external technical consultants. Third, aligning aims results in an effective division of labour, avoiding redundancies and a duplication of efforts. Fourth, joint missions of KfW and AFD headquarters to Cameroon induced knowledge exchange and guaranteed that bank staff speak with one voice to the partner and other donors.

In order to achieve the SDGs, development politics increasingly promotes public-private partnerships (Mawdsley, 2018). AFD and KfW's private investment subsidiaries Proparco and DEG engage in projects in the energy sector. Like their parent agencies, DEG and Proparco share similar objectives, which eases joint set-up of projects, particularly in the Cameroonian energy sector. Joint projects reduce transaction costs via common screening processes, portfolio management and contracts, as in a mutual reliance framework. Moreover, DEG and Proparco share risks and have a broader scope with which to provide upstream technical consultancies. In Cameroon, Proparco is often in the lead as its country office facilitates access to francophone political networks and the local business community, while a local DEG counterpart is not provided and is partly substituted by the local KfW branch.

The Franco-German dialogue at the implementation level is more integrated than at the political level. The French Embassy, due to France's strong historical and political relationship with Cameroon, has different and more effective communication channels than the German Embassy, which can at times raise concerns that French development cooperation might be more politicised. A division of labour exists between the German Embassy (political dialogue and coordination) and GIZ/KfW (technical dialogue and implementation), although in practice these areas frequently overlap. That is why at times integration of the political and technical dialogue is hampered as French officials find it challenging to identify a suitable counterpart.

The EU organises coordination rounds of all European donors (Belgium, France, Germany, Italy, Spain and the United Kingdom) every two months and is an agenda setter for certain topics (e.g., trade and gender).<sup>39</sup> Although European joint programming (JP) initiatives so far have not exceeded stocktaking due to institutional inertia, it is valued by participating Member States for information exchange. A better coordination of European country strategies is needed and feasible but hinges on the political will of Paris and Berlin. Due to the significance of Franco-German development cooperation in Cameroon, France and Germany could steer the JP process while taking other EU Member States on board. Franco-German coordination can ease cooperation with international and multilateral actors. Aligning positions (e.g., indicators, procedures) signals a value-added to the World Bank, which usually refrains from integrating its procedures with single donors. In addition, the Franco-German coordination extends to other international organisations that are active in Cameroon. Examples are a joint concept note of USAID, WHO, the World Bank, AFD and

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38 For more details on this project example, please consult Appendix C.

39 The EU Emergency Trust Fund for Africa and the European Development Fund cooperate on joint projects with the Member States.

GIZ on universal health coverage and the Franco-German contributions to the GFATM. Originating from its strong debt restructuring activities, France is a member of the “big five” round (the World Bank, IMF, and the African Development Bank) and, thus, has a stronger leverage in political and technical coordination than Germany.

Although the central government indicates an interest in donor coordination, at times implementing agencies face contradicting positions from the same line ministry due to decision overload and a lack of internal coordination. Bilateral negotiations with the partner government increased transaction costs and hampered delegation of activities and integration of procedures.<sup>40</sup> Although a strong use of the partner system is desirable, bilateral negotiations resulted in an inefficient use of partner systems that was linked to administrative burdens (e.g., red tape), higher costs and corruption as indicated by Transparency International’s Index (see Appendix Table AA6). Similar considerations also hamper the sustainable transfer of project responsibilities to the partner government. Coordinated Franco-German positions and projects both at the political and technical level could reduce the reliance on those inefficient systems but need to consider the partner’s priorities so as not to fall short on Cameroonian ownership.

#### 5.4 Case Study – Benin

The Republic of Benin is a low-income (USD 827 in 2017) West African country with a low HDI (0.485) (UNDP, 2019a; World Bank, 2019b). Based on need, both France and Germany consider Benin to be a very relevant partner. Benin has a democratic government and the Bertelsmann Transformation Index ranks the country 35th of 129 countries (Bertelsmann Stiftung, 2018). The government is strongly centralised despite recent calls (involving France and Germany) for reforms. French investment constitutes 45 per cent (USD 126 million) of Benin’s FDI stock, but France receives only 0.7 per cent (USD 13 million) of Benin’s exports and makes up 6.3 per cent (USD 167 million) of Benin’s imports. In contrast, Germany is neither a major trade partner (receiving 0.13 per cent of exports, worth USD 2.4 million, and providing 1.3 per cent of imports, worth USD 33 million) nor an investor (contributing 0.4 per cent of FDI stock, worth USD 1 million). France has stronger economic interests in Benin and, thus, more often operates in the grey zone between economic and development policy, further magnified by the salience of the CFA-Zone. Benin is a priority country of French development policy with some history of French-German cooperation. After a slow-down in 2015, German development cooperation has increasingly allocated funds to the country. Benin’s national policy priorities include structural change, improving living conditions and democratic consolidation. French and German development cooperation overlap in the agricultural and education sectors, which are important for structural change (Page, 2012). Individual ODA priorities of France on energy and health provision may improve the living conditions of the poor, as might Germany’s financing for water supply, and Germany also contributes to governmental reforms and, thus, to democratic consolidation (see Appendix Table AA5).

Security considerations increasingly affect the Franco-German development policy towards Benin. Germany increasingly pushes for a stabilisation of Benin to sustain an example of good

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40 As the previously mentioned MRI was designed for co-financing activities (but not grants), it was not applicable to the *projet conjoint* (also due to the MRI’s later initiation in 2013).

governance in an otherwise unstable sub-region and, quite recently, to prevent potential migration movements. France provides military support in the framework of advice, training and modernising the Beninese army (French Embassy in Benin, 2018), while Germany's Federal Ministry of Defence (BMVg) previously advised the government on maritime security.

**Table 6: Opportunities and challenges of Franco-German coordination in Benin<sup>41</sup>**

Technical cooperation	Financial cooperation	Embassy/political cooperation	Cooperation with other donors	Cooperation with partner
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Speaking with one voice; knowledge transfer</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Strong GIZ office is well respected among French partners, but might create perception of domination</li> <li>• Thematic approaches for decentralisation or education differ, exacerbating coordination</li> <li>• Different thematic and geographic foci; incentive structures of implementing agencies; project time horizons; transaction costs</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• KfW and AFD have similar objectives and procedures</li> <li>• More funds; crowding-in of EU resources, different financial instruments; knowledge exchange; French political and German technical networks</li> <li>• Formal coordination during KfW-AFD delegation meetings; informal coordination</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Different application of standards; risk taking</li> <li>• Internal rationales of agencies hamper coordination</li> <li>• Technical, financial and political dialogues not integrated</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• France's close political ties</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• French leadership role makes it hard to coordinate sometimes</li> <li>• Split of financial, technical and political dialogue</li> <li>• Diverging security interests of France and Germany</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Previous progress on joint programming, given small number of EU members in Benin</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Joint programming did not exceed stock-taking due to staff turn-over and lack of political will</li> <li>• EU ties interest together, but claims visibility for itself, which can be counterproductive</li> </ul>	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>• Germany: perceived by partner as honest broker; France: more direct communication with former colony</li> </ul> <p><u>Challenges:</u></p> <ul style="list-style-type: none"> <li>• Benin coordinates donors to different extent (choice of donors with lack of sectoral experience; push for bilateral negotiations; human resource constraints)</li> </ul>
Source: Author				

Different time horizons as well as thematic and geographical foci constrain coordination. For example, priority areas for France, namely education and energy, are not priorities for GIZ and KfW. In Benin, Franco-German sectoral priorities overlap in the agricultural sector, where numerous individual initiatives, especially from the German technical cooperation (including the special initiative One World Without Hunger) increase

41 Those opportunities and challenges may differ in terms of addressability. While it may be feasible to revive an inactive sectoral coordination round, it may prove harder to address structural barriers pertaining to institutional structures. Moreover, relevance of opportunities and challenges differs evidently by context and is discussed subsequently.

complexity. A German liaison person on agriculture compensates for this complexity, coordinate activities and supports ongoing exchange between AFD and GIZ. For the time being, Franco-German coordination is more opportunity- than strategy-driven, based on concrete common interest in thematic fields (e.g., soil conservation). At the moment, France and Germany are both individually discussing with Benin cooperation opportunities in the vocational education and training sector. Vocational education is important for economic development in several sectors and has high visibility. Benin's education system is, however, historically closer to the French system than the dual (general and vocational) German system. A similar divide between the French and German approach towards decentralisation exists. Finding a Franco-German consensus could ensure that a coherent approach is taken.

Due to a limited overlap of priority sectors, there are currently no co-financed AFD-KfW projects. However, there was a joint AFD-KfW project on energy provision up until 2013, in the framework of a larger initiative between the EU and the African, Caribbean and Pacific Group of States (ACP). AFD and KfW valued the increased financial scope, the harmonisation of positions vis-à-vis the partner government as well as the complementarities of French political and German technical networks and knowledge. The AFD acts more in the political realm and partly relies on other instruments and as a pure development bank assesses risks differently than colleagues at the KfW. Yet, AFD and KfW regularly share information via formal channels, including joint missions and mutual visits of headquarter staff to the other agency's country office. Informal exchange keeps coordination flexible and promotes efficiency by reducing transaction costs.

At the political level, embassies support coordination of Franco-German financial and technical cooperation. Yet, the implementation agencies engage in a more frequent Franco-German exchange and there seems to be a division between coordination at the political and at the implementation level. This also affects the communication structure, where within one project different discussions take place on the level of ambassadors, heads of the financial institutes as well as technical advisors. Diverging internal incentive structures of agencies and embassies exacerbate this issue. Regular exchange between the political and operational level is, however, needed to advance coordination to a more strategic approach and enable the formulation of new objectives. For the previously mentioned reasons, Franco-German coordination in Benin does not go much beyond the level of coordination with other donors, that is, coordination at the EU- and international/multilateral level.

The French and German Embassies participated in the EU negotiations on joint programming along with Belgium, the Netherlands and Switzerland (EU, 2019). Those negotiations, however, did not expand beyond a joint analysis and the joint programming strategy is yet to be formulated. Diverging budget rules and time horizons and differing geographic and thematic foci need to be harmonised. Moreover, frequent personnel turnover of stakeholders at all levels (France, Germany, partner government and the EU) exacerbates coordination. Meanwhile, some EU Member States, like the Netherlands and Belgium, have recently adopted their own multiyear strategy. Germany is planning to finalise its own multiyear strategy on Benino-German Cooperation by the end of 2019.



National strategies might then be difficult to adapt to joint EU programming.<sup>42</sup> More integrated approaches seem only possible if governments and the responsible ministries are politically committed to an alignment of implementing agencies' planning cycles. At the same time, a higher willingness to compromise on geopolitical interests and visibility (geographic and thematic foci) is needed. While the EU tries to tie interests together, for instance in the framework of the joint programming initiative, the Union usually claims much of the visibility for itself. At times, unilateral actions (e.g., a French declaration prior to a common EU declaration) undermine the goal of speaking with a common voice.

Coordination between France and Germany could contribute to the formation of a Franco-German voice, where harmonised positions could reduce transaction costs and demonstrate added-value vis-à-vis the partner government and other donors. A strong advocacy for coordination is especially important in Benin, where the government generally only coordinates donors to a limited extent or in certain sectors (e.g., agriculture). French partners can draw from a stronger political network and are able to communicate more directly with Benin's government, partly due to previous colonial linkages. Beninese partners perceive Germany to be less driven by self-interest and to be an "honest broker". Combining those comparative advantages helps with project implementation and a harmonisation of approaches, which may ease the partner dialogue.

## 6 Discussion and conclusion

The 2030 Agenda for Sustainable Development extends the scope of developmental goals into several dimensions vis-à-vis previous international agreements. Furthermore, it ends the dichotomy between donors and recipients and requests steps be made towards sustainability in both the Global North and South. The extension of goals and stakeholders can be interpreted as an advancement. However, the myriad of actors also requires more coordination, which may be hard to achieve given recent trends of multilateral disintegration.

German and French development have a strong overlap that can imply both opportunities for effective coordination as well as challenges to achieving sustainable development (Oh & Kim, 2015; Schulpen & Habraken, 2016). However, France and Germany have underperformed recently with regard to their international influence on global sustainable development compared with their sizeable ODA budget, according to an opinion poll of practitioners (Custer, DiLorenzo, Masaki, Sethi, & Harutyunyan, 2018). Thus, the case for coordinated development cooperation to leverage capacities is particularly strong. So far, there is an ongoing Franco-German exchange that has resulted in formal and informal coordination mechanisms, but actual cooperation on at the project level is more opportunity- than strategy-driven (DIE & IDDRI, 2019; Klingebiel et al., 2018; Krüger & Vaillé, 2019). The Treaty of Aachen, signed in January 2019, provides a window of opportunity to coordinate Franco-German development cooperation more closely. Against this background this paper investigated to what extent France and Germany coordinate and what the challenges and opportunities are of intensified coordination.

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42 Another coordination round of international donors and multilateral agencies is currently under the leadership of the Belgian Embassy. Some donors do not participate in any coordination meetings, like China and Arab and Islamic donors.

Political economy incentives are a major source of impediments. France has strong geopolitical linkages with its former colonies, linked to economic, cultural and security interests (Bovcon, 2013). Despite its image as an honest broker, Germany also follows some commercial and increasingly anti-migration motives (OECD, 2018b). Additional costs can arise if Franco-German coordination leads to a (perceived) paternalism of the partners in the South, which consequentially undermines ownership, or a domination of other (e.g., smaller EU) donors.<sup>43</sup> If France and Germany move closer together, this could (but does not necessarily) imply a distancing from other donors, which would be problematic given rising unilateralism in development politics. Further, costs arise due to different internal procedures and time schedules of organisations across countries.

Benefits of cooperation include the pursuit of joint priorities: poverty alleviation, food security, education, employment, health, climate and environment (with a focus on renewable energies), human rights (including gender equality) as well as fair trade and good governance (Berville, 2018; BMZ, 2018). France and Germany can ensure coherent approaches to reduce the transaction costs of partners. Coordinated action can ensure a division of labour based on comparative advantages. Moreover, French and German development cooperation can increase project scope and crowd-in additional donors.

The right degree of coordination also crucially depends on the country context, which includes socio-economic and political needs (income level, social systems, administrative capacities), as well as bilateral relations (cultural and language proximity) and geopolitical interests (e.g., security). Global formalised arrangements can set the stage for the seizure of opportunities, but coordination must be to some extent responsive to the local context. Four case studies illustrate the interplay between more systemic and context-specific opportunities and challenges of Franco-German coordination. The case studies were chosen carefully to capture contexts in which both France and Germany are significantly active, based on large partner-sector overlaps. The analysis has taken into account a distinct heterogeneity pertaining to historical linkages, world regions, income status, partner capacity, language, as well as the significance of donors. For example, in India, Germany is rather in the lead, whereas Germany has only recently become more active in Benin. Semi-structured interviews among staff from implementing agencies' country offices, the EU level and headquarters as well as embassies and ministries provide deeper insight into how these factors contribute to opportunities and challenges of Franco-German cooperation.

### *Policy recommendations*

**Recommendation #1: Technical agencies should pursue closer harmonisation of procedures and standards.** The coordination between EF and GIZ is a significant opportunity to include complimentary knowledge and networks and mobilise additional EU resources. The qualitative research for this study indicates that individual exchange among implementing staff plays a major role in the promotion of joint projects and knowledge exchange. Different institutional structures add to the challenges of coordination, including diverging time horizons (e.g., programme cycles) as well as different procedures. More concretely, GIZ as a larger organisation is less flexible in its processes than the smaller EF. Moreover, the centralised structure of EF can be incompatible with the more decentralised

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43 For instance, former Czech president Václav Klaus criticised the Treaty of Aachen as a source of Franco-German dominance in the EU (Hummer, 2019).

decision making of GIZ, which relies strongly on its country offices. Those differences become even more salient, when GIZ and EF partner on EU projects and must apply one contractual framework. Regular meetings between EF and GIZ staff can constructively address those issues and should involve not only headquarters but also country-level staff to take into account the different organisational structures. Those meetings will be particularly important for guiding the harmonisation of procedures once EF becomes a member of the AFD group, which promises further prospects in terms of reliance on AFD's resources (country offices and financial and human resources). In this regard, EF's membership in the AFD group could allow for interesting constellations that promote co-financing of GIZ and EF projects. Dialogues can ensure that the repositioning of EF promotes coordination (and where useful competition) that contributes to global sustainable development. In the long term, procedural harmonisation analogous to financial cooperation may ease joint project appraisal.

**Recommendation #2: Financial cooperation should promote the harmonisation of procedures.** In financial cooperation, central initiatives like MoUs and staff exchange between AFD and Kreditanstalt für Wiederaufbau Entwicklungsbank (KfW) strengthen mutual understanding and a congruence of values and objectives. However, as in technical cooperation, complex procedures impose barriers for coordination. For this purpose, the centrally-planned MRI aims to ease joint financing by aligning the procedures of KfW and AFD as well as the EIB. Delegating responsibilities to one counterpart and conducting joint screening processes reduces transaction costs for donors and partner countries. Close coordination between agencies enables a balancing of the leading position of projects across geographic regions, which forebears the risk that one partner will perceive itself as a junior partner. Yet, staff at the banks who are unfamiliar with the MRI tool may be reluctant to apply the framework, as delegation imposes set-up costs. Therefore, trust and experience with the MRI are needed to reap the full potential. An AFD-EIB-KfW steering committee recently proposed (i) to increase flexibility of the MRI by allowing only certain steps of a project (e.g., environmental safeguards) to be delegated and (ii) works to condense the operational guidelines. Beyond those technical factors, political will is needed to ingrain the MRI in organisational culture. Growing staff exchange could support the mutual recognition of procedures. Further, challenges arise when France and Germany implement projects with different financial instruments, causing inconsistencies in accounting schemes and additional administrative costs. Although financial instruments might be hard to adapt to every context and the MRI may not always be applicable, a more careful joint set-up, for example using parallel financing, should be considered to reduce costs.

**Recommendation #3: French and German embassies need to engage with the right counterparts to speak with one voice.** French and German embassies should engage in dialogue from a coordinated position. If the two donors coordinate to jointly engage with their respective actors (e.g., ministries and agencies) as well as networks, they will signal the high relevance of the issues at hand. However, integrating the political and technical dialogue is oftentimes challenging. France and Germany each have more than ten ministries involved in development cooperation. Although approaches to achieve a higher coherence of government remits exist (Berville, 2018; OECD, 2018c), aims are often non-binding and not formalised (BMZ, 2015, 2018). Given the myriad of actors, the lack of a coherent whole-of-government-approach makes bi- and multilateral coordination in partner countries more complex. Differing mandates may exacerbate coordination. For instance, staff from the AFD, which is also active in the political dialogue of development cooperation, may at times

find it hard to engage in a dialogue with the more technical KfW. Similarly, KfW staff may find it challenging to identify their relevant counterparts on the French side (Cumming, 2018; Krüger & Vaillé, 2019). However, knowledge of the relevant counterparts is essential, especially given the different mandates across Franco-German development cooperation. Due to limited human resources at the embassy, the intensity of exchange depends crucially on sectoral expertise areas on both sides (e.g., the presence of experts on green energy at the French and German Embassies) and individual contacts. Additionally, Franco-German coordination is at times challenged by diverging priorities. Recent examples concern the security-development nexus, where France takes a more active stance towards security, while Germany focusses more on economic development as a tool for stabilisation. This divide depends strongly on the context, as French-German cooperation can also benefit from a complementarity of security-focussed and stability-centred approaches (examples can be found in the Sahel zone). In partner countries, where priorities overlap, deep dive sessions across Franco-German sector specialists and trainings on the partner's development system (and how to approach it) as well as the resumption of partially inactive sector rounds could contribute to coordinated positions.

**Recommendation #4: Focus cooperation on less politicised sectors with reliable and needy partners.** French-German overlap is particularly high in middle-income countries, like India and Morocco, as well as in several Sub-Saharan African countries. These countries have more capacity and ownership, which is crucial to implementing ambitious projects. At the same time, French and German engagement in these countries is often more strongly motivated by economic or strategic interests, which might negatively affect interest in cooperation. However, in some strategic sectors – like fighting climate change – interests might converge and opportunities for cooperation emerge. Quantitative overlaps of French and German aid are slightly lower in low-income states, partly as they are less targeted by non-concessional or blended finance. Several of those countries are francophone and, thus, geopolitical priorities between Germany and France may diverge. However, especially given those diverging priorities and lower capacities of low-income states, coordinated Franco-German approaches are needed.

Regarding sectors, France and Germany have a large overlap in activities in the field of education. However, different education systems in France and Germany impair cooperation. Due to its potential to wield cultural influence, the education sector is more politicised than the infrastructure (e.g., water and sanitation, energy and transportation) and health sectors. Even if less overlap exists, those sectors might therefore be more conducive to Franco-German cooperation, as illustrated by jointly-financed metro railways in India and the world's largest solar power plant in Morocco. Coordination should, thus, focus on the less-politicised sectors, where French and German interests and systems do not differ that strongly.

**Recommendation #5: French and German agencies should stay open to including other development partners, especially in the EU context.** France and Germany should remain flexible for coordination with other partners. Opportunities for coordination with other donors arise at the EU- and the multilateral levels. AFD and KfW succeeded in crowding-in further resources from EIB within the framework of the MRI. GIZ and EF successfully could apply for European grants after overcoming previously mentioned challenges. Moreover, as two important donors, France and Germany could steer the integration of implementation approaches at the EU level. Joint implementation would

allow forces to be joined with other Member States to leverage synergies. Yet, beyond staff turnover, different programming cycles and organisational differences across implementing agencies, Member States' priorities and visibility concerns constrain coordination (Krüger & Steingass, 2018). France and Germany could contribute significantly to the process by harmonising their programming cycles with other Member States. Moreover, if Franco-German cooperation is pioneered in a less-politicised country or sector context, by setting aside their own priorities and bridging different approaches, an example would be set for other members to follow.<sup>44</sup> Beyond the EU level, France and Germany have further leverage when negotiating from a coordinated position with multilateral banks and international organisations. Especially in settings where Franco-German cooperation is significant, multilateral actors like the World Bank put value on coordination with one lead partner and the resulting reduction in transaction costs. In this regard, there are several other policy fields where collective action is needed and an intensified Franco-German coordination could create strong leverage. Against this background, recent initiatives, like the Clean Oceans Initiative with the EIB or an ambitious post-2020 strategy for biodiversity as envisioned in the Franco-German Roadmap on Development, could become lighthouse programmes. Those areas set a promising stage for further policy-relevant studies.<sup>45</sup>

**Recommendation #6: Franco-German cooperation should guarantee partner dialogue on an equal footing.** Although coordinated dialogue with the partner government does not always need to result in joint solutions, it should ensure compatible approaches. These range from environmental safeguards and human rights, to more specific monitoring of joint projects. Considerations on the power balance in international relations might incentivise partner countries to switch to a bilateral dialogue rather than negotiating trilaterally. However, instead of dominating the dialogue, which may challenge ownership of partner countries, a Franco-German approach should take the opportunity to balance positions, especially, vis-à-vis smaller partner countries. Signalling the value-added of Franco-German coordination (e.g., donors' comparative advantages, crowding-in of resources and lower transaction costs) is key to enabling trilateral conversations to increase ownership and foster integrated approaches. In this regard, implementing agencies should engage in bottom-up project identification and use partner capacities or, where not possible, support capacity building. This especially applies if a partner's lack of capacities (human resources, technical capacities) reduces ownership.

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44 However, a strong Franco-German position can be at times also perceived as dominant, especially, among smaller European donors as indicated by critical reactions to the Treaty of Aachen.

45 For a more thorough discussion of Franco-German coordination on domestic climate policies, please consult for instance Statz and Wohlfahrt (2010) or Berghmans, Saujot and Hege (2019).

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## Appendix A – Tables and results

<b>Table AA1: Priority countries, regions and sectors (2016-2017)</b>				
	Priority countries	Priority regions	Priority income group	Priority sectors
France	<ol style="list-style-type: none"> <li>1. Morocco</li> <li>2. Turkey</li> <li>3. Cameroon</li> <li>4. Iraq</li> <li>5. Jordan</li> <li>6. Egypt</li> <li>7. Mexico</li> <li>8. India</li> <li>9. Brazil</li> <li>10. Senegal</li> </ol>	<ol style="list-style-type: none"> <li>1. South of Sahara (33%)</li> <li>2. North of Sahara (15%)</li> <li>3. Middle East (11%)</li> <li>4. South America (9%)</li> <li>5. South &amp; Central Asia (8%)</li> <li>6. North &amp; Central America (8%)</li> <li>7. Far East Asia (7%)</li> <li>8. Europe (7%)</li> <li>9. Oceania (2%)</li> </ol>	<ol style="list-style-type: none"> <li>1. Lower-middle-income countries (49%)</li> <li>2. Upper-middle-income countries (32%)</li> <li>3. Low-income countries (19%)</li> </ol>	<ol style="list-style-type: none"> <li>1. Education (18%)</li> <li>2. Energy (12.2%)</li> <li>3. Water &amp; sanitation (11.7%)</li> <li>4. Transport &amp; storage (10%)</li> <li>5. Agriculture, forestry &amp; fishing (8.3%)</li> </ol>
Germany	<ol style="list-style-type: none"> <li>1. Syria</li> <li>2. China</li> <li>3. Afghanistan</li> <li>4. Iraq</li> <li>5. Morocco</li> <li>6. Indonesia</li> <li>7. Turkey</li> <li>8. India</li> <li>9. Mexico</li> <li>10. Lebanon</li> </ol>	<ol style="list-style-type: none"> <li>1. South of Sahara (23%)</li> <li>2. Middle East (22%)</li> <li>3. South &amp; Central Asia (12%)</li> <li>4. Far East Asia (11%)</li> <li>5. Europe (8%)</li> <li>6. North of Sahara (7%)</li> <li>7. South America (6%)</li> <li>8. North &amp; Central America (3%)</li> <li>9. Oceania (1%)</li> </ol>	<ol style="list-style-type: none"> <li>1. Lower-middle-income countries (46%)</li> <li>2. Upper-middle-income countries (33%)</li> <li>3. Low-income countries (20%)</li> </ol>	<ol style="list-style-type: none"> <li>1. Energy (13.8%)</li> <li>2. Government &amp; civil society (12.4%)</li> <li>3. Education (12.4%)</li> <li>4. Emergency response (9.9%)</li> <li>5. Other multisector (7.2%)</li> </ol>

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<b>Table AA2: Aid significance measures (2015-2017)</b>				
	<b>France</b>		<b>Germany</b>	
	<b>Recipients</b>	<b>French share in total ODA received (2015-2017)</b>	<b>Recipients</b>	<b>German share in total ODA received (2015-2017)</b>
1	Wallis and Futuna	9974017	Chile	.7705661
2	Comoros	8771233	<i>China (People's Republic of)</i>	.7042096
3	Gabon	8616155	Uruguay	.6744725
4	Egypt	7176089	<i>Iran</i>	.6555977
5	Congo	6788341	Serbia	.5473968
6	Algeria	6746494	Montenegro	.4933373
7	Djibouti	6321719	Libya	.4628781
8	Mauritius	5022166	<i>Mexico</i>	.4532686
9	<i>Cameroon</i>	4987576	<i>Morocco</i>	.4469352
10	<i>Argentina</i>	4411704	<i>Tunisia</i>	.4136787
11	<i>Armenia</i>	4024755	<i>Namibia</i>	.4067509
12	Dominican Republic	3633601	Syrian Arab Republic	.3385393
13	<i>Ecuador</i>	3618803	<i>Armenia</i>	.334265
14	<i>Morocco</i>	3528048	<i>Malaysia</i>	.3337445
15	<i>Equatorial Guinea</i>	3197492	<i>Togo</i>	.3305048
16	<i>Togo</i>	3165071	<i>Brazil</i>	.3299664
17	Chad	3070749	<i>Indonesia</i>	.3293676
18	<i>Brazil</i>	2938955	Grenada	.3276699
19	Mauritania	2582546	Kazakhstan	.3258295
20	<i>Mexico</i>	2518175	<i>Turkey</i>	.3136376
32	Benin	.1284311	Tajikistan	.210163
36	Namibia	.1164462	Cameroon	.1837018
39	Iraq	.1094739	India	.1767644
47	India	.0754252		

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<b>Table AA3: Overlap by country (2016-2017)</b>	
<i>Country</i>	<i>Overlap</i>
Turkey	4.7%
Indonesia	4.6%
India	4.2%
China	4%
Tunisia	3.1%
Jordan	3.1%
Morocco	2.3%
Mexico	1.8%
Vietnam	1.8%
Colombia	1.8%
Kenya	1.7%
Nigeria	1.4%
Ethiopia	1.4%
Pakistan	1.3%
Mali	1.2%
Cameroon	1.2%
Egypt	1%
Armenia	0.8%
Niger	0.8%
Brazil	0.7%
Source: Author, based on OECD, 2018a	



<b>Table AA4: Overlap by country sector (2016-2017)</b>		
<i>Country</i>	<i>Sector</i>	<i>Overlap</i>
China	Education	1.97%
Jordan	Water supply & sanitation	1.55%
India	Transport & storage	1.45%
Tunisia	Water supply & sanitation	1.35%
India	Energy	1.14%
Indonesia	Energy	1.13%
China	General environment protection	1.06%
Mexico	Energy	1.01%
Turkey	Education	0.72%
Indonesia	Government & civil society	0.72%
India	Other social infrastructure	0.52%
Cameroon	Education	0.51%
Brazil	Education	0.49%
Mexico	General environment protection	0.48%
Vietnam	Education	0.42%
Colombia	General environment protection	0.38%
Tunisia	Transport & storage	0.38%
Morocco	Education	0.37%
Tunisia	Education	0.37%
Lebanon	Education	0.35%
Mali	Water supply & sanitation	0.34%
India	Water supply & sanitation	0.33%
China	Energy	0.28%
Colombia	Education	0.28%
Mexico	Education	0.27%
India	Education	0.26%
Morocco	Water supply & sanitation	0.26%
Ethiopia	Agriculture, forestry & fishing	0.25%
Egypt	Education	0.25%
Turkey	Other multisector	0.23%
Source: Author, based on OECD, 2018a		

	Morocco	Cameroon	India	Benin
France	<ol style="list-style-type: none"> <li>1. Transport &amp; storage</li> <li>2. Education</li> <li>3. Water &amp; sanitation</li> <li>4. Agriculture</li> <li>5. Industry &amp; mining</li> </ol>	<ol style="list-style-type: none"> <li>1. Transport &amp; storage</li> <li>2. General budget support</li> <li>3. Education</li> <li>4. Banking &amp; finance</li> <li>5. General environment</li> </ol>	<ol style="list-style-type: none"> <li>1. Transport &amp; storage</li> <li>2. Energy</li> <li>3. Water &amp; sanitation</li> <li>4. Other social infrastructure</li> <li>5. Education</li> </ol>	<ol style="list-style-type: none"> <li>1. Energy</li> <li>2. Education</li> <li>3. Agriculture</li> <li>4. Other multisector</li> <li>5. Health</li> </ol>
Germany	<ol style="list-style-type: none"> <li>1. Energy</li> <li>2. Education</li> <li>3. Water &amp; sanitation</li> <li>4. Government &amp; civil society</li> <li>5. Business</li> </ol>	<ol style="list-style-type: none"> <li>1. Education</li> <li>2. Agriculture</li> <li>3. Health</li> <li>4. Government &amp; civil society</li> <li>5. Other multisector</li> </ol>	<ol style="list-style-type: none"> <li>1. Energy</li> <li>2. Transport &amp; storage</li> <li>3. Other social infrastructure</li> <li>4. Education</li> <li>5. Banking &amp; finance</li> </ol>	<ol style="list-style-type: none"> <li>1. Government &amp; civil society</li> <li>2. Water supply &amp; sanitation</li> <li>3. Agriculture</li> <li>4. Education</li> <li>5. Other multisector</li> </ol>

Source: Author, based on OECD, 2017

	HDI	Rank	Life expectancy at birth	Expected years of schooling	Gender Development Index	Population living below income poverty line	Corruption Transparency International (2018)
Benin	0.515	163/189	61.2	12.6	0.875	49.6	40/100
Cameroon	0.556	151/189	58.6	12.2	0.866	23.8	25/100
Morocco	0.667	123/189	76.1	12.4	0.838	3.1	43/100
India	0.64	130/189	68.8	12.3	0.841	21.2	41/100

Notes: The HDI is a composite indicator that includes income, education and health. The Transparency International Index uses a scale of zero to 100, where zero is highly corrupted and 100 is very clean.

Sources: UNDP, 2019b; Transparency International, 2019; all rights reserved, used with permission

## Appendix B – Qualitative analysis

### *Qualitative questionnaire for semi-structured interviews*

1. In which framework were you involved in the planning and/or implementation of a project with French/German counterparts?
2. How did you experience the coordination of projects with French/German partners?
3. How did you experience the coordination of Franco-German projects with partner countries in the Global South? Which role did the partner organisations take in the initiation, planning and implementation of the projects?
4. To what extent do projects “profit” from a coordination with French/German partners compared with purely German/French projects?
5. Diverse actors (ministries, NGOs, EF) are engaged in French development cooperation. What was your experience in coordinating with those actors from your own country? How do you think this would influence the interaction with Germany?
6. How does the multitude of German actors (ministries, NGOs, GIZ, KfW, BMZ) and their political mandates affect coordinated efforts?
7. Were you involved in joint projects with other donor countries (bilateral/multilateral)? If yes, which practices would you like to transfer to Franco-German cooperation?
8. To which extent do impulses from the central administration/country offices affect the coordination with France/Germany?

<b>Table AB1: List of interviews</b>	
Organisation	Country
Morocco	
KfW	Morocco
KfW	Morocco
KfW	Morocco
AFD	Morocco
German Embassy	Morocco
French Embassy	Morocco
GIZ	Morocco
GIZ	Morocco
GIZ	Morocco
Moroccan agency for water and sanitation (ONEE)	Morocco
EU Delegation	Morocco
India	
KfW	India
KfW	India
KfW	India/Headquarters
AFD	India
AFD	India
AFD	India
BMZ	India
GIZ	India
French Embassy	India

<b>Table AB1 (cont.): List of interviews</b>	
French Embassy	India
German Embassy	India
<b>Cameroon</b>	
GIZ	Cameroon
KfW	Cameroon
KfW	Cameroon
AFD	Cameroon
Consultancy	Cameroon
AFD	Cameroon
AFD	Cameroon
French Embassy	Cameroon
French Embassy	Cameroon
EU Delegation	Cameroon
<b>Benin</b>	
KfW	Benin
GIZ	Benin
AFD	Benin
German Embassy	Benin
French Embassy	Benin
<b>Central services/headquarters</b>	
KfW	Evaluation Department/HQ
KfW	Strategy Department
KfW	European Affairs
KfW	Procedures & Budget
AFD	International and European Partnerships
MEAE	European Affairs
GIZ	Headquarters
GIZ	Headquarters
GIZ	European Affairs
EF	EU Office
BMZ	EU Division
NGO	EU Division
NGO	Headquarters
NGO	Municipal Cooperation
BMZ	Morocco Division
BMZ	Cameroon Division
BMZ	India Division
BMZ	Benin Division
EDFI	Headquarter
DFI (Deutsch-Französisches Institut)	Think Tank
AFD	Headquarter/Strategy
EU Commission	DG DEVCO

## Appendix C – Project examples

### *Project example – EUTF-Project South-South Migration*

- In the realm of technical cooperation, GIZ and EF have partnered in Morocco to implement the Action for South-South Cooperation Regarding Migration, financed by the EU and BMZ. GIZ is the delegate entity of this EU delegation agreement and has signed a grant agreement with EF in order for the action to benefit from double German-French expertise.
- The objective of the action is to foster cooperation and exchange of experiences between Morocco and Ivory Coast, Mali and Senegal in the realm of legal migration, based on bilateral MoUs between the countries. The following three areas have been identified as being of common interest to the four countries: migration and development, protection of migrants' rights as well as regular South-South mobility of professionals, interns, students and volunteers.
- A model of close cooperation has been chosen for implementation, with joint GIZ/EF teams in all four countries.
- After joint planning workshops in all four countries, the cooperation action was officially launched at end of June with adoption of all action plans. All partner delegations as well as the German Ambassador, the Deputy Head of the EU Delegation in Morocco, the CEO of EF and the GIZ country director attended the kick-off conference.

### *Project example – Ouarzazate Solar Power Station <sup>46</sup>*

- Ouarzazate or also called NOOR (نور, Arabic for light)
- In the field of financial cooperation KfW and AFD partner with EIB, the European Commission, the Clean Technology Fund, the African Development Bank, the Moroccan agency for renewable energies to finance the world's largest solar power plant.
- The ambitious EUR 2.2 billion project provides energy for 1.3 million people and contributes to Morocco's aim to source 42 per cent of its power generation capacity from renewable energies by 2020.
- More than 60 per cent of the project is financed by European donors, which underlines the strong focus on climate change mitigation of European institutions.

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46 For more details please see [https://www.kfw.de/KfW-Group/Newsroom/Latest-News/Pressemitteilungen-Details\\_253888.html](https://www.kfw.de/KfW-Group/Newsroom/Latest-News/Pressemitteilungen-Details_253888.html) and <https://www.eib.org/en/projects/priorities/climate-and-environment/climate-action/ouarzazate.htm>.

*Project example – Smart City*<sup>47</sup>

- Climate-friendly infrastructure approaches, which are targeted to achieve SDG 11, the climate goals as well as the nationally determined contribution.
- In Kochi, AFD and GIZ coordinate activities in the financial (AFD) and technical (GIZ) realm.
- AFD provides finance for Kochi metro.
- GIZ fosters peer learning and capacity transfer at the city- and state levels.
- The EU, GIZ, AFD, World Resource Institute, city and state government, as well as the Kochi development authorities and local transport agencies were involved in a stakeholder workshop to assign work packages.

*Project example – Programme conjoint <<chèque santé>>*<sup>48</sup>

- The *programme conjoint* targets maternal health in the vulnerable northern regions of Cameroon.
- Mothers get access to the formal health system. The programme is in this way a frontrunner for universal health coverage.
- It follows a bottom-up approach, where KfW and AFD work together with (i) the state government, (ii) local communities and (iii) other development agencies, including the United Nations Population Fund (UNFPA), the World Bank and USAID.
- KfW finances via concessional finance, whereas AFD provides funds via a debt reallocation scheme.

*Case Study – Esther Alliance*<sup>49</sup>

- Started as an institutional health partnership to fight AIDS and associated diseases
- Developed into a more holistic clinic partnership, which includes mentoring, knowledge transfer and institutional development with a strong focus on local contexts and ownership
- France and Germany as initial key drivers, who crowded-in Ireland, Switzerland and Norway
- Ensuring continuous funding as a barrier, which currently questions the long-term prospects of the project

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47 For further information, please see <https://in.ambafrance.org/Sustainable-urban-development-and-smart-cities> and <https://www.giz.de/en/worldwide/64258.html>

48 For further information, please consult: [https://www.lemonde.fr/afrique/article/2018/03/05/dans-le-nord-du-cameroun-un-cheque-sante-pour-reduire-la-mortalite-maternelle\\_5265927\\_3212.html](https://www.lemonde.fr/afrique/article/2018/03/05/dans-le-nord-du-cameroun-un-cheque-sante-pour-reduire-la-mortalite-maternelle_5265927_3212.html)

49 For further information, please consult: <https://esther.eu/>

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