

AFD AND THE EXTERNAL ACTION OF FRANCE'S LOCAL AUTHORITIES

Building complementarities with decentralized cooperation



DAECT CALLS FOR PROJECTS

For several years, the French Ministry of Foreign and European Affairs (MAEE) has been conducting a policy for partnerships with local governments based on three-yearly and annual calls for projects. Every year, the Delegation for the External Action of Local Authorities (DAECT) launches an online call for projects during the second half of the year for specific geographical areas or topics. The projects selected at the beginning of the following year benefit from a State subsidy.

(www.diplomatie.gouv.fr/cncd)

AFD – CUF PARTNERSHIP

AFD and United Cities France (CUF), network of French local and regional governments involved in international cooperation, have been working in partnership since they signed a framework agreement in 2006. The partnership aims to promote cooperation based on a greater mutual understanding and foster closer ties in the field of decentralized cooperation. This collaboration involves conducting studies, producing publications and exchanging information on AFD and French local authority projects in the countries they intervene.

(www.cites-unies-france.org)

AFD IS SCALING UP ITS FINANCING TO SUPPORT SOUTH LOCAL AUTHORITIES

Three-quarters of civil public investments in France are made by local governments. The worldwide trend towards decentralization is considerably strengthening the role of local authorities in providing basic services to populations. This development leads to the cost of public investment being redistributed and development agencies are redirecting operations towards local authorities.

AFD is allocating an increasing amount of its financing to directly support South local authorities. In order to implement this strategy, it's willing to appeal to the support of the high level of political expertise of France's local authorities.

AFD aims to boost their partnerships with South local authorities and promote new partnerships. When AFD initiates a project it strives, as far as possible, to involve the French local authority that is already a partner of the local authority that will benefit from the project. If the latter has not yet partnered with a French local authority, AFD identifies the one which is the most likely to provide appropriate support.

AFD signs partnership agreements with French local authorities that have a high level of involvement in decentralized cooperation: regions, departments, cities and urban communities. The purpose of these partnerships is to promote common objectives, regular consultation and synergies between operations.

In addition to the financing agreement, AFD signs a tripartite project agreement with the South local authority benefiting from the project and the French partner local authority. Where applicable, operators from the South local authority or the French local authority (local public companies, city planning agencies, regional natural parks) can be involved in this agreement.

A methodological guide
"Les partenariats AFD – Collectivités locales françaises"
has been published in order to launch dialogue with
French local authorities. It can be downloaded on the
"Decentralized Cooperation" portal of AFD's institutional
website: www.afd.fr.



AFD GIVES PRIORITY TO THE SOUTH LOCAL AUTHORITY – FRENCH LOCAL AUTHORITY TANDEM

AFD can enhance input from French local authorities in projects to support South local authorities: the duration and loyalty of the relationship which helps to formulate requests and monitor the operations that are implemented; the legitimacy, visibility and credibility of the support that is provided; cooperation between the actors from the two regions.

This partnership can take many forms depending on the type of project:

- **political cooperation:** meetings between councillors contribute, within local public institutions, to strengthening democracy and to the emergence of a culture of accountability;
- **exchange of experiences,** based on a joint analysis of the issues facing local authorities, and aiming to establish a mutual interest and reciprocity in benefits; this reciprocity is increasingly sought after in the framework of decentralized cooperation, particularly with local authorities in emerging countries.



© The Governor of Brasilia in Montpellier / X. Hoang

LIGHT METRO PROJECT IN BRASILIA

AFD is participating in cofinancing infrastructure for a “light metro” line via a loan to the Federal District Government of Brasilia in the framework of an integrated transport development program in Brasilia.

In line with its strategy, AFD has initiated decentralized cooperation between Brasilia and the Greater Montpellier Community which enjoys a particularly efficient transport network. In addition to its loan, AFD is providing a grant to support specific operations (training and technical assistance for public transport), which call on the know-how of Greater Montpellier’s semi-public transport company.

THE FRENCH GLOBAL ENVIRONMENT FACILITY (FRENCH GEF)

French local authority projects that have positive impacts on the environment may benefit from a French GEF grant. This grant has an additional nature: it finances the costs of a development project that are directly or indirectly related to a global environment issue.

(www.ffem.fr)

- **institutional support and capacity building** (service organization and management, training for councillors, improving methods and procedures, etc.) are areas in which the specific competences of French local authorities make it possible to transfer know-how between peers that have to face the same situations in terms of local management. For example, major cities such as Lille or Rennes provide technical assistance missions in areas such as intermunicipal cooperation, urban policies and urban transport.
- **assistance to the recipient contracting authorities** for project implementation which gives rise to a constructive dialogue prior to, during, and after project completion. Many of AFD’s projects include assistance provided by a French local authority (see the examples of Mahajanga, Amman and Beirut below).
- **technical assistance.** This type of support still needs to be explored, but has already been tested by the Urban Community of Lyon (Greater Lyon) which has made one of its executives available to the city of Ouagadougou during the entire life of the project financed by AFD.

The French local authority provides the expertise of its councillors and agents by receiving representatives from the partner local authority during visits or training courses. The project financed by AFD bears the costs of these missions.



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AFD PROVIDES A WIDE RANGE OF SUPPORT AND FINANCIAL TOOLS

AFD develops new tools designed to meet the changing needs of partner countries and its own missions and tailors them to projects involving local authorities.

Financing may be allocated to the State (sovereign loan or grant) which reallocates it to either a specialized public financial institution (for example in Morocco and Tunisia) in charge of financing local authority investments, a national fund to support municipalities (for example in Mali), or directly to one or several local authorities.

Direct loans to foreign local authorities or local operators (“sub-sovereign risk”) are one of AFD’s major specificities. They are intended for major local authorities that have sufficient financial autonomy to contract a loan and a solvency level that allows them to repay it. They are allocated with or without a State guarantee.

► The Decentralized Cooperation Facility

AFD can support decentralized cooperation actions in addition to projects that benefit a foreign local authority. These operations will no longer be eligible for financing from the French Ministry of Foreign and European Affairs (MAEE).

AFD aims to be complementary to the Delegation for the External Action of Local Authorities (DAECT) by providing assistance to French local authorities in the framework of calls for proposals for topics and in geographical areas that are considered as priorities. The projects will be carried on by a South local authority – French local authority tandem.

AFD can finance – via local financing for low amounts – small autonomous investment projects of a mobilizing

A SOVEREIGN GRANT BENEFITS LOCAL AUTHORITIES IN MADAGASCAR

AFD has allocated a grant to the State of Madagascar for urban projects in four cities. In Mahajanga the project financed investments for the rehabilitation of markets. The Regional Institute of Cooperation for Development of Alsace (IRCOD) and the City of Mulhouse, which enjoys recognized expertise in market management, provided specific assistance to the organization of the market: definition and preparation of the management system, financial management supervision, organization of traders, hygiene and security.



© Mahajanga market / G. Josse

and innovative nature that can have strong impacts and a high profile. If the amounts range between €300 000 and €750 000 and have a two to three-year maturity, the director of the local AFD agency can handle project preparation, together with the relevant headquarters department, via a fast-track procedure.



© The City of Amman / M.P. Bouzai

THE CITY OF PARIS AND APUR SUPPORT THE MUNICIPALITY OF AMMAN

The capitals of France and Jordan signed a friendship and cooperation pact in 1987. Their partnership is particularly developing in the sectors of urban planning, public transport and heritage protection.

In early 2008, AFD allocated a grant to finance assistance provided by the City of Paris and the City Planning Agency of Paris (APUR) to the contracting authority for the implementation of Master Plans in these three sectors.

ILE-DE-FRANCE REGION SUPPORTS THE MUNICIPALITY OF BEIRUT

The Municipality of Beirut and Ile-de-France Region (RIF) have been in partnership for about ten years now. A major decentralized cooperation program has been initiated and aims to strengthen the Municipality's capacities to operate in the sector of public space development. AFD is supporting this program which includes the definition of a development policy, urban planning studies and operational studies. RIF provides cofinancing to the Municipality as well as assistance to the contracting authority.



© Beirut City Hall / N. Jammal

METHODOLOGICAL ADVICE

AFD conducts a rigorous process in order to ensure a sound appraisal is made for each project and that it is implemented according to plan. The foreign local authority is the project owner and beneficiary of the financial support. It is the main partner for AFD at each stage of the project cycle.

The foreign local authority – French local authority tandem jointly identifies and carries on the project in order to ensure it is as effective as possible. The tasks of each partner – the foreign local authority, project beneficiary, AFD, and French local authority – must be established during preparation in the clearest possible manner.

The project is subject to a financing agreement between AFD and the foreign local authority. It clearly sets out the actions of the project and the associated financing. When a French local authority is a project partner, a tripartite agreement defines the tasks and commitments of each signing party. Consultation between the different parties must take place at the earliest possible stage.

THE CENTER FOR BANKING, ECONOMIC AND FINANCIAL STUDIES (CEFEB) TRAINING PROGRAM

CEFEB is AFD's business university dedicated to building the capacities of its clients, partners and AFD staff. CEFEB gives priority to partnerships with local authority networks, local training centers and other bilateral or multilateral development agencies.

www.cefeb.org

AFD's local agency in the relevant country is the main contact for both the French local authorities and their South partners.



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PROJECT TO REDUCE UNSAFE HOUSING IN DIYARBAKIR

The Urban Municipality of Diyarbakir (Turkey) has set out to implement an ambitious catching-up program for its housing and urban development policy. It has defined a strategy that provides a response to current demographic pressure and future needs. AFD wishes to benefit from support from the City of Rennes which has been implementing cooperation actions with Diyarbakir for several years. Financing has been provided for City of Rennes departments to conduct a far-reaching study on Diyarbakir's urban program.



AFD stands for **the Agence Française de Développement**. AFD is a public development-finance institution that has worked to fight poverty and support economic growth in developing countries and the French Overseas Communities for more than 60 years. AFD executes the French government's development aid policies.

With offices in more than 50 countries, AFD finances and supports projects that improve people's living conditions, promote economic growth and protect the planet. AFD-funded projects provide schooling for children, support farmers and small businesses, supply drinking water, preserve tropical forests and fight climate change, among other things.

AFD committed nearly €6.2 billion to financing aid activities in developing countries and the French Overseas Communities in 2009. The funds should permit the vaccination of 1,8 million children, give 7.3 million people access to drinking water and create or save jobs for 900,000 workers engaged in private enterprise; funding for energy efficiency projects will save nearly 5 million tons of carbon dioxide emissions per year.

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PROPARCO

PROPARCO, AFD's subsidiary dedicated to private investment, promotes private investment in emerging and developing countries in order to boost growth, promote sustainable development and reach the Millennium Development Goals. Its financing is tailored to the specific needs of investors in the productive sector, financial systems, infrastructure and private equity investment.
www.proparco.fr

French Global Environment Facility (FFEM)

Fonds Français pour
l'Environnement Mondial

FFEM is a bilateral public facility set up by the French Government in 1994 following the Rio Summit. It aims at promoting global environmental protection via sustainable development projects in developing or transition countries. The French Global Environment Facility supports physical projects in recipient countries. Its operations are learning-based and support experimental, innovative or exemplary approaches.
www.ffem.fr



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