Annex C: Field visits to Morocco and Niger

As part of the peer review of France, teams of examiners from Luxembourg and the Netherlands, and members of the OECD Secretariat visited Morocco and Niger in January 2018. In each country, the teams met the French Ambassador; the Counsellor for Co-operation and Cultural Affairs; and the head of the local branch of the French Development Agency (AFD), and their teams. They also met French development co-operation professionals, and representatives of the national authorities, civil society organisations, parliament, the private sector and other bilateral and multilateral partners.

Global efforts by France to support sustainable development

Two African countries with very contrasting development situations

Morocco is a middle-income country on the cusp of emergence. In 2016, its gross domestic product (GDP) per capita was USD 2 850 (United States dollars). Morocco's development path over the past 20 years has been stable, thus allowing substantial improvements in the living conditions of Moroccans and a decline in poverty. The country has also successfully entered some key international markets, such as the automotive industry. There has been a significant improvement in its business climate[1] and the country's stability has attracted foreign direct investment. In addition, Morocco has developed major infrastructure (especially in rail transport, public transport, port infrastructure, water, energy and electricity). The country is also demonstrating renewed international ambitions: with its hosting of COP22 in 2016; rejoining the African Union in 2016; applying to join the Economic Community of West African States (ECOWAS); and expanding its economic exchanges and investments, for example in the banking sector and in Sub-Saharan Africa.

Nevertheless, there are limitations to Morocco's economic model. The country's Human Development Index value is only 0.647, relegating the country to 123th place (out of 188) in the worldwide ranking by the United Nations Development Programme (UNDP, 2016). Morocco's industrial productivity remains weak; there are shortcomings in the education sector, in particular an illiteracy rate of 32% and education of insufficient quality; there are still very significant inequalities between urban and rural areas; the unemployment rate is very high, especially for young graduates; and the trade deficit remains high (MEAE, 2018; AfDB/OECD/UNDP, 2017; OECD, 2017). In 2016, Morocco's net ODA was USD 2 billion, i.e. 2% of its gross national income (GNI). Loans represented 60% of gross ODA (Figure C.1; OECD, 2018).

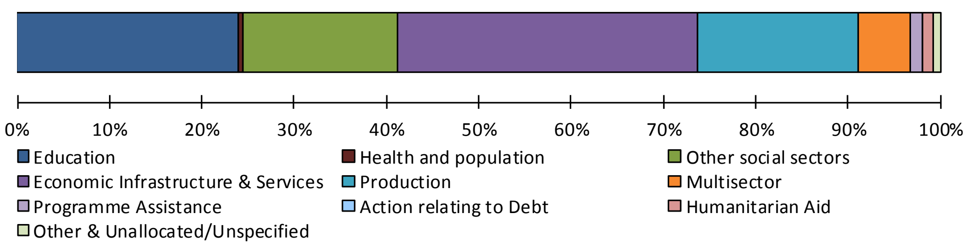
Figure 0.1. ODA to Morocco

Receipts	2014	2015	2016
Net ODA (USD million)	2 240	1 481	1 992
Bilateral share (gross ODA)	70%	59%	68%
Net ODA / GNI	2,1%	1,5%	2,0%
Other Official Flows (USD million)	887	568	867
Net Private flows (USD million)	2 982	415	1 045
Total net receipts (USD million)	6 110	2 464	3 904

For reference	2014	2015	2016
Population (million)	34,3	34,8	35,3
GNI per capita (Atlas USD)	3 040	3 000	2 850

Top Ten Donors of gross ODA (2015-16 average)		(USD m)
1	EU Institutions	534
2	Germany	480
3	France	424
4	Kuwait	197
5	United Arab Emirates	148
6	Arab Fund (AFESD)	129
7	Climate Investment Funds	129
8	Japan	121
9	United States	37
10	Spain	26

Bilateral ODA by Sector (2015-16)



Sources: OECD - DAC, World Bank; www.oecd.org/dac/stats

Niger is one of the poorest countries in the world. With a GDP per capita of USD 420, it ranks 187th out of 188 in the UNDP's Human Development Index (UNDP, 2016). Its demographic growth rate of 3.9% is one of the highest in the world, and it ranks 144th out of 190 in the World Bank's *Doing Business* ranking.[2] Niger faces many problems: social and economic indicators are low in all areas, there is chronic food insecurity, the country is particularly vulnerable to the hazards of climate change, and there are serious threats from jihadism and drug trafficking in several regions which are in a state of emergency. Economic growth barely exceeds population growth, entrepreneurship operates mainly in the informal sector, industrialisation remains low and infrastructure (especially electricity) is wholly inadequate. To make matters worse, Niger shares borders with countries in conflict and in crisis, and is currently hosting over 300 000 refugees.

At the political level, Niger has been relatively stable since 2016, and the state, although weak, has not failed. The country receives direct military support from France and the United States, and indirect support from other partners. The international community acknowledges that Niger needs assistance to overcome its many challenges and preserve its stability. To this end, it is a member of the G5 Sahel. In 2016, Niger's net ODA stood at USD 1 billion, i.e. 12.8% of its GNI (Figure C.2). Several donors have recently launched (or relaunched) co-operation with Niger, [3] suggesting an increase in the country's ODA in coming years.

Figure 0.2 ODA to Niger

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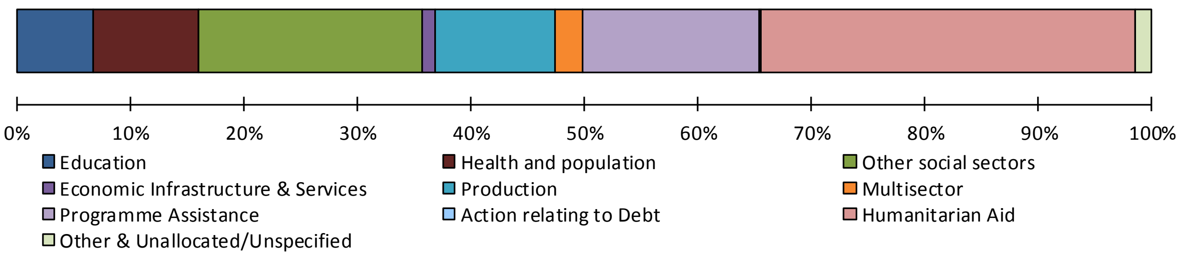
Receipts	2014	2015	2016
Net ODA (USD million)	918	868	951
Bilateral share (gross ODA)	34%	40%	39%
Net ODA / GNI	11,3%	12,3%	12,8%
Other Official Flows (USD million)	4	0	84
Net Private flows (USD million)	91	56	75
Total net receipts (USD million)	1 013	923	1 111

For reference	2014	2015	2016
Population (million)	19,1	19,9	20,7
GNI per capita (Atlas USD)	420	390	370

Top Ten Donors of gross ODA (2015-16 average)		(USD m)
1	EU Institutions	229
2	International Development Association	151
3	United States	109
4	France	66
5	IMF (Concessional Trust Funds)	36
6	Germany	33
7	African Development Fund	33
8	Switzerland	32
9	Global Alliance for Vaccines and Immunization	27
10	Luxembourg	24

Bilateral ODA by Sector (2015-16)



Sources: OECD - DAC, World Bank; www.oecd.org/dac/stats

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Ties with France are important

Apart from development assistance, Morocco and Niger have many, and varied, ties with France. A shared history and language, similarly structured administrations, and a high number of French and dual nationals living in both countries[4] make France a privileged partner. In Morocco's case, there is also the very high number of both Moroccan nationals based in France (1.5 million) and Franco-Moroccans with dual citizenship.

France is Morocco's second largest trade partner, its leading investor and tourism partner and the third highest ODA donor (the second highest bilateral donor). Morocco is the leading beneficiary of French ODA and among the top three countries for French foreign investment.

As for Niger, France is its leading trade partner and fourth highest ODA donor (but second highest bilateral donor). Both countries are home to French *lycées*, and while Morocco has an *Institut français* (French institute), Niger has a Franco-Nigerian Cultural centre with a branch in Zinder, as well as two *Alliances françaises*. Niger is one of the countries of the West African Economic and Monetary Union whose currency, the CFA franc, is guaranteed by the French Treasury. In addition, France has a significant military presence in Niger within the framework of Operation Barkhane (4 000 soldiers in the Sahel region) and the G5 Sahel.

Vision, strategic guidelines and financing for development

As far as possible, France has aligned its co-operation in both countries with national priorities. Its aid is adapted to circumstances, and it has been considered a trusted partner for many years by all the development actors. French co-operation is characterised by a very good knowledge of both countries and the regional context; it nurtures close and historical ties with many institutions, and has a variety of partnerships, allowing it to build or support programmes appropriate to the local context.

France lacks a global framework for co-operation in the two countries

At the Morocco-France High-level Meeting every two years France signs a partnership agreement between the Heads of Government which outlines plans for co-operation between the two countries. The last meeting was held in Rabat in November 2017 in the presence of a dozen ministers from the two countries. The Statement from the High-level Meeting is a political document, but contains no amounts or indicators. The AFD has developed a 2017-21 strategy for Morocco which specifies the main operational areas and cross-cutting strategic priorities (AFD, 2017). The Statement from the Morocco-France High-level Meeting refers to the AFD's strategy, but does not have exactly the same operational objectives or cross-cutting priorities. The AFD's strategy gives the overall budget for the activities to be financed over 2017-21, but does not provide specific amounts by sector, priority or project, and does not include any performance indicators (AFD, 2017; French Embassy in Morocco, 2017).

In Niger, France has signed a general framework for co-operation with the government for 2017-21. This policy document does not give any details on amounts, activities and indicators either, as France has decided to wait for the implementation of European joint programming to officially decide on sector budget allocations. The general framework establishes four co-operation priorities covering several sectors (governance, security, education, health, private sector, agriculture, environment and culture). The AFD, which does not have a specific strategy for Niger, was only involved at a late stage in the drafting of this document. At present, there is no detailed co-operation framework covering all of France's co-operation activities in Niger, nor a results framework enabling monitoring and assessment.

It would be in France's interest in both counties to put together a co-operation framework containing all the activities, amounts involved and performance indicators. This would make it easier for the embassy to steer operations, support discussions with the national authorities, and contribute to the monitoring and assessment of projects.

France is active in many sectors

France is the second largest bilateral donor in both Morocco and Niger, making it a major ODA actor. In Morocco, France's ODA totalled USD 424 million in 2015-16, mainly distributed over education (38%), transport (24%), energy (11%) and housing (8%). Development assistance in education concerned higher and secondary education (French *lycées* in Morocco, tuition fees and scholarships in France), and vocational training (mainly in the automotive and energy sectors).[5]

In Niger, France's ODA totalled USD 66 million in 2015-2016,[6] and was mainly focused on budget support (38%), education (13%), population programmes (9%), water and sanitation (8%), energy (7%), agriculture (6%) and debt relief (6%). Despite a considerable increase in the budget for French aid to Niger, assistance is distributed over a very wide range of sectors, thereby preventing France from fully leveraging its added value. The presence of new donors in Niger is an opportunity for France to focus its assistance on the sectors in which it has the greatest added value, and in which it can play a leading role. On the other hand, the implementation of larger scale projects would be better suited to the limited project management capacities of Nigerian institutions.

French co-operation for climate is consistent with the undertakings made in Paris. In Morocco, French renewable energy financing is part of the National Sustainable Development Strategy (including projects for thermodynamic solar power plants, a tram system in Rabat and high-speed trains).

However, while impact assessments on the “gender co-benefits” of French investments are a step in the right direction, the low volume of investment in promoting gender equality does not correspond to the stated priority of French co-operation, or to the very considerable requirements in this field in both Morocco and Niger.[7]

France plays an important role in donor co-ordination

In addition to the volume of its assistance, France also plays an important role in donor co-ordination and collaboration in the two countries.

In Morocco, France is the lead manager in the water sector, guaranteeing good levels of harmonisation and co-ordination among donors for the National Sanitation Programme within the context of co-financing from the European Union’s Neighbourhood Investment Facility (NIF) and the European Investment Bank. The authorities appreciate this efficient approach, which is characterised by a common set of instructions, the fungibility of European donors’ financing, and collective monitoring as part of sector outputs.[8] In renewable energy, France successfully uses co-financing from development banks, and co-financing and delegated co-operation with its European partners (KfW, European Investment Bank, European Bank for Reconstruction and Development, European Union).

In Niger, France plays a vital and appreciated role by mobilising and co-ordinating its initiatives with the other technical and financial partners. This puts it on a strong footing for integrating its co-operation into future European Union joint programming. The Sahel Alliance is also designed to be a mechanism for strengthening co-ordination between partners. France will have to clarify the Alliance’s complementary role to European Union joint programming initiatives in Niger (Chapter 2). In accordance with effective aid commitments made in Busan on ownership, alignment, and harmonisation, France supports the implementation of sector-based policies by using basket funds, such as the education sector basket fund. France also played a key role in setting the President’s priorities (such as demographic transition, and the connection between security and development) in Niger’s strategic documents. It also helped align partners’ assistance with these priorities.

It is still the case however that France, as a strategic donor and a privileged partner of both countries, could do more to share with other technical partners both its expertise and the substantial information at its disposal. It could also do more to leverage its wide range of financial and technical instruments in order to strengthen its catalytic role. It has done so in Morocco, where its investments in vocational and technical training have helped to support the creation of industrial ecosystems.

Structure and systems

The system comprises many actors

The French co-operation system in Morocco and Niger is in line with the model used in most countries. It is complex, involving many actors: the Co-operation and Cultural Action Department (SCAC), the AFD (including Proparco), *Instituts français*, Campus France, research centres, schools, *Alliances françaises* and *France Volontaires*. The ambassador has a role in co-ordination, and while the SCAC and AFD work together pragmatically in both countries, the embassy does not always have the capacities and resources required to play its steering role to the full (Chapter 4). Strategic co-ordination between the embassy and the AFD in particular could be improved to allow their activities to be carried out within a joint framework fully owned by both parties.

Instruments are varied, but the use of grants is insufficient

French co-operation has a range of instruments at its disposal, which it uses depending on the requirements and situations in the two countries. These instruments are donations; concessional and non-concessional loans; debt cancellations (in Niger); project assistance; general budgetary assistance (in Niger); co-financing (mainly in Morocco); technical assistance; equity participation; cultural, scientific and educational co-operation; security and military co-operation (in Niger); subsidies for (international and local) NGOs; and humanitarian assistance (in Niger). In Morocco, the setting up of loan-donation-technical assistance projects gives the AFD an edge over other donors.

In Niger, 51% of ODA in 2016 was in the form of loans (half of which were allocated to general budgetary support). Given the country's poverty levels and fragile situation, this percentage seems high. In Morocco, loans represented 66% of ODA in 2016, which is more in line with the situation for a middle-income country. Also in Morocco, 60% of French grants were used to cover tuition fees and scholarships for Moroccan students in France. Nevertheless, grants could maybe be put to better use by financing interventions in social sectors and for the most deprived populations.

France's response to its commitments to the 2030 Agenda requires it to focus its projects more closely on the most impoverished. It also entails the use in both countries of better adapted financial tools, notably including a greater proportion of grants.

Instruments for fragile contexts exist

For France, the Sahel is a testing ground for its approach to fragility, giving rise to the Sahel Alliance, which represents development issues, in connection with the G5 Sahel, which focuses on military aspects. In Niger, "security" and "development" overlap significantly, and France uses several instruments specifically designed for fragile contexts and crisis conditions, such as the Stabilisation Fund, to deal rapidly with a deteriorating political or security situation, and to deliver humanitarian assistance (Chapter 7). Similarly, France finances initiatives that are part of a global focus on migration control.

Support for private sector development is substantial and varied

When it comes to private sector development, the AFD has an array of instruments at its disposal in both Morocco and Niger, including support for microfinance, guarantee funds, regulatory assistance and supporting business incubation projects for small and medium-sized enterprises. The Morocco-France High-level Meeting provides an opportunity to organise economic fora with private sector actors from both countries. In addition, Moroccan counterparts appreciate the fact that the AFD has extended its activities to financial intermediation for small and medium enterprises and to granting non-sovereign loans. In addition to ODA, private sector loans granted by Proparco, and remittances sent by immigrants in France, are a driving force of the Moroccan economy.[9]

Proparco's return to Niger in 2016 helped launch investments in the still fledgling private sector. Proparco is expected to further examine ways of adapting its procedures to the private sector in Niger, which mainly comprises relatively small companies.

Some procedures need simplifying and delegating in the field

While the AFD's project appraisal process is heavily centralised, the context in Niger requires the intensive involvement of the agency's teams in the country. By delegating more responsibilities to its agency in Niamey, the AFD would be able to adopt a more flexible way of working, and to better meet the country's requirements within the framework of the Sahel Alliance and European Union joint programming. The AFD should pursue efforts to simplify its procedures so as to speed up project appraisal, and to adapt them better to the capacities of counterparts in Niger. If the Sahel Alliance is to achieve its aim of delivering faster, more effective and better targeted assistance in a country like Niger, the AFD will also have to adapt its procedures for identifying and formulating projects, in order to make them more reactive and flexible in fragile contexts (Chapter 2).

Similarly, against the backdrop of an increase in the volume of its Morocco portfolio in 2016, the AFD should outline ways of further delegating operational implementation to its Rabat office to allow a smoother flow of operations.

Human resources are of high quality, but the new technical assistance structure needs to be clarified

The representatives of government institutions and of other donors in the two countries appreciate the quality and expertise of the people working in French co-operation. France could however clarify its technical assistance structure, as well as the added value of Expertise France, and at the same time making the conditions for mobilising experts in the field faster and more flexible. In Niger, the transfer of the management of French technical assistants from the MEAE to the AFD and Expertise France is an opportunity for France to redefine its capacity-building strategy for the Nigerien administration, in particular with a view to improving its sustainability.

Partnerships, results and learning

Implementation is consistent with Busan commitments

The AFD, which implements the majority of French ODA in Morocco and Niger, uses national systems and local project management for most of its projects. Its very commendable aim is to strengthen the capacities of government institutions, even in Niger's fragile context. In Morocco, the capacities of the institutions are generally good, and procurement and financial management systems are solid, with French co-operation using both.[10] However, the fact that the AFD's projects are mostly designed in Paris (although approved by agencies) can limit the direct involvement of national counterparts in the project formulation process; this situation will have to be improved.

Closer partnerships with NGOs and civil society will better target those most in need

France only provides limited support to civil society organisations (CSOs) in Morocco and Niger, as is the case in most countries. Projects implemented by international NGOs are generally financed by the AFD, which processes requests from Paris. Projects for local NGOs are financed by the Solidarity Fund for innovative projects, civil society, the *francophonie* and human development, and are managed by the embassy. The amounts involved are granted on an annual basis and are very low, and the procedures are relatively cumbersome. The MEAE could examine ways of easing these procedures, which are disproportionate to the low amounts involved, and of making the support given to CSOs more predictable. In Morocco in particular, increased support for NGOs could help build capacities at the local level, which are essential if the most vulnerable populations are to derive greater benefit from domestic development.

Decentralised co-operation is another means of better targeting the most deprived populations, but this tool is not being used to its full potential. Positive steps forward include the promotion of regionalisation, put forward as a cross-cutting aspect of the AFD's new 2017-21 strategy in Morocco, and the signing at the end of 2017 of an agreement to strengthen capacities between the French administrative region of Occitanie and the Association of Moroccan Regions.

Triangular co-operation should continue and be expanded

France has launched triangular co-operation activities with Morocco and some Sub-Saharan countries, especially in solar energy, water, agriculture, vocational training and higher education. The examiners encourage France to continue to develop this type of co-operation and to share good practices in its other partner countries.

Evaluations could be put to better use

Evaluations are organised in a targeted manner and are used during the project appraisal phase. Greater efforts to use evaluation findings assessments, both internally and with partners, would help strengthen their strategic importance.

Notes

[1] In the World Bank's *Doing Business* report, Morocco ranks 69 out of 190 countries, climbing 60 places since 2008 (www.doingbusiness.org/rankings, [accessed 11 May 2018]).

[2] See www.doingbusiness.org/rankings, (accessed 11 May 2018).

[3] Including Denmark, Italy, the Netherlands, Turkey, and the United Kingdom.

[4] 52 700 in Morocco and 1 471 in Niger (https://www.diplomatie.gouv.fr/fr/dossiers-pays/).

[5] France is however going to be much more active in primary education, as in 2017 the AFD signed a EUR 80 million loan (along with a EUR 500 000 donation) to support the 2015-2030 Strategic Vision for the reform of education. Moreover, the choice in terms of co-ordination of European donors and the division of labour is based on the fact that basic primary school teaching is supported by the European Union (EU sector policy support programme "Education II – 2015-2018").

[6] This volume is set to increase: at the Donors' Round Table for Niger in December 2017, France pledged an annual ODA budget of EUR 100 million over four years.

[7] The AFD is however currently appraising a project in Morocco to support gender budgeting, consisting of granting a public policy loan of a maximum of EUR 80 million. Moreover, grants are being channelled into supporting gender equality through a new call for projects by SCAC on “Innovative projects by civil society and stakeholder coalitions”. The issue is also being dealt with as a cross-disciplinary theme as it is integrated into the granting of scholarships, invitations and missions, and in the selection of projects to support. In addition, In December 2017, President Macron announced a EUR 10 million commitment to support the school enrolment of young girls in Niger (Khadim Mbaye, 2017).

[8] www.eaudumaroc.com/2016/11/eaux-usees-au-maroc_12.html.

[9] According to World Bank estimates for 2015, France was the primary source of remittances to Morocco (up to USD 2.2 billion, i.e. 31% of the total), reflecting the country distribution of Moroccan migrants (OECD, 2017).

[10] Sometimes under the control of a non-objection opinion by the AFD.

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