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Development Banking Diplomacy

The French Model in West and Central Africa's Economic and Monetary Unions

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Abstract:

The objective of this thesis is to investigate the evolving dynamics and interactions between France's two major Development Banks (CDC and AFD) in relation to Francophone Africa. The French development banking field finds itself under a puzzling circumstance with the entry of CDC, mandated to operate for the French national and local economy, into the international development field—historically the domain of AFD. The point of rapprochement in 2016 between these two financial institutions appears to revolve around Francophone West and Central Africa; AFD supporting national development banks in the countries of these regions since their independence in the 1960s, CDC partnering with development finance institutions based on the CDC economic model, in the same countries throughout the 2010s. Against this background, we will trace the origins and evolution of the CDC-AFD partnership, using France's shifting development banking field and engagements in Africa as a framework to identify the key characteristics of the collaboration. Thus, the central question of this thesis unfolds as: What motivated the entry of CDC into the international development field and shaped its collaboration with AFD, given the context of French efforts to exert influence in Africa through development banks (what can be termed *Development Banking Diplomacy*). With data ranging from balance sheet items to semi-structured interviews with key figures, results were obtained relating to a form of mandate management among development banks and a broader shift in development policy with a role for national development banks. The findings and analysis are complemented with policy recommendations relating to NDB models, collaboration, and data.

Keywords: Development Banking, Field, France, Africa, CDC, AFD, Finance, Diplomacy.

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List of Abbreviations

AfDB	African Development Bank
AFD	**Agence Française de Développement**
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest
BEAC	Banque des États de l'Afrique centrale
BIDI	Banque Ivoirienne de Développement Industriel
BNDES	Banco Nacional de Desenvolvimento Econômico e Social
BNDS	Banque Nationale de Développement de Sénégal
BOAD	Banque ouest-africaine de développement
CDB	China Development Bank
CDC	**Caisse des Dépôts et Consignations**
CDG	Caisse de Dépôt et de Gestion
CDP	Cassa Depositi e Prestiti
CDPQ	Caisse de dépôt et placement du Québec
CEMAC	Central African Economic and Monetary Union
CFA	Communauté Financière Africaine
CICID	Comité interministériel de la coopération internationale et du développement
DFI	Development Finance Institution
DiasDev	Diaspora et Développement
EC	European Commission
ECB	European Central Bank
ECOWAS	Economic Community of West African States
EDFI	Association of European Development Finance Institutions
EIB	European Investment Bank
ELTIA	Association of European Long-Term Investors
EP	European Parliament
FDI	Foreign Direct Investment
FiCS	Finance in Common Summit
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit
GNI	Gross National Income
IDFC	International Development Finance Club
IFC	International Finance Corporation
KfW	Kreditanstalt für Wiederaufbau
LTIC	Long-Term Investors Club
NDB	National Development Bank
ODA	Official Development Assistance
PDB	Public Development Bank
STOA	Stoa Infra & Énergie
USAID	United States Agency for International Development
WAEMU	West African Economic and Monetary Union

WHY DISCUSS FRENCH INFLUENCE WITHIN DEVELOPMENT BANKING

This thesis is placed within a greater renaissance of development banking, with a leading role of France, notably through initiatives such as *FiCS*, gathering all the world's public development banks annually, respectively the *Agence Française de Développement* (AFD) joining the *Institute of New Structural Economics* (Peking University) in developing *The First Global Database on PDBs and DFIs Worldwide*. The thesis title *Development Banking Diplomacy* is supposed to partly reflect upon this agency and influence of development banks internationally, notably within development aid policy.

The thesis specifically explores the internationalization of the world's oldest public national development bank (NDB) *Caisse des Dépôts et Consignations* (CDC) and its model. CDC is today among the five largest development banking institutions in the world, seen to total assets of the *Groupe Caisse des Dépôts*[1] (INSE-AFD dataset), however, remains under-addressed in the academic literature as pointed out by Boudet (2006). CDC was brought up in the book *The Future of National Development Banks* (2018), but is not covered in detail in contrast to its counterparts German KfW or Chinese CDB. The same goes for the book *The Reinvention of Development Banking in the European Union* (2021), where a chapter is devoted to Bpifrance, a subsidiary of CDC, however, CDC is not covered in depth.

The thesis' subtitle reflects the CDC model and French influence in development banking, notably in Africa. (It also makes reference to the French development model internationally, which includes a development entity, AFD, both issuing loans and grants.) The model of CDC, which is particular in contrast to 'traditional' development banking models, is spreading. This is an interesting evolution, currently ongoing, with countries, notably in sub-Saharan Africa, exploring the possibility of establishing their own financial institutions modelled on CDC. Lastly, a central theme throughout the thesis is exploring whether national development banks (NDBs) are purely financial tools of the State or rather genuine political actors pursuing their own objectives. Policy-makers, and not only policy-takers.

[1] Note that the total assets of *Groupe Caisse des Dépôts* increased significantly from USD 203 billion in 2019 to USD 1.2 trillion in 2020 (INSE-AFD dataset). This was notably accounted for by CDC becoming the majority shareholder of *La Poste* (see appendix B). However, as noted by Mertens et al. (2021), comparing development banks by aggregate assets can be misleading, as these institutions vary in structure, the uses of their assets differ, and their off-balance sheet activities can be substantial (p. 9). Such is also the case for CDC (see appendix B).

1. Introduction

Public Development Banks (PDBs)[2] have again become increasingly significant within both academic and policy circles, particularly in the aftermath of the 2007-2008 financial crisis and the Covid-19 pandemic of 2020-2023 (PDB Reference Book, 2025, pp. 11, 24-25). Their role as counter-cyclical financial institutions, which step in to fill investment gaps, has highlighted their importance in stabilizing economies (idem). Their main *raison d'être* lies in addressing market failures, including extending credit to low-served sectors of the economy, tackling climate change, etc. (PDB Reference Book, 2025, p. 17). Annually, PDBs account for 10-15% of global investment (public and private accumulated), with assets amounting to approximately USD 23 trillion—around one-fifth of global GDP (Melonio, 2025; PDB Reference Book, 2025, p. 20). These banks operate at the intersection of finance and public policy, working toward what the world's oldest public development bank, *Caisse des Dépôts et Consignations* (CDC), refers to as the *'intérêt général'* or public interest. Most PDBs operate at the national (52%) or subnational (22%) level (INSE-AFD dataset). These national financial institutions (national development banks, NDBs), generally placed under the tutelage of the national government, form the basis of this thesis, playing a key role in 'last mile' banking, deeply rooted in local economies and communities (PDB Reference Book, p. 130).

The main objective of this thesis is to investigate the evolving dynamics and interactions between France's major development banks, *Caisse des Dépôts et Consignations* (CDC) and *Agence Française de Développement* (AFD)[3], in relation to Francophone Africa. The French development banking field finds itself under a puzzling circumstance with the entry of CDC, mandated to operate for the French national and local economy, into the international development field–historically the domain of AFD. This shift has in particular taken the shape of CDC assisting development finance institutions in sub-Saharan Africa modelled on itself. In 2016, a rapprochement, or more precisely a merger, was officially tabled between CDC and AFD, one operating nationally and the other operating internationally. French President Hollande presented the reform as originating from the government quarters. Less explicitly, the rapprochement appeared to revolve around Francophone West and Central Africa based on previous French commitments and activities in their Economic and Monetary Unions. There is thus a pro- and post-2016 which this thesis strives to elucidate, tracking the roots of and evolution of the rapprochement, spanning from the 1950s to today; with the emphasis on today's development banking field and its evolution.

In today's development banking field, the pendulum appears to have once again swung in the favour of development banks. This has been observed in initiatives in which France has played a key role, such as founding clubs for long-term investors and development banks or to assist in operationalizing development finance institutions in Africa. In the 1960s, the

[2] Including development finance institutions (DFIs)
[3] AFD has several predecessors, however, for simplicity and coherence all of these predecessors will be referred to as AFD throughout the thesis.

French Development Agency (AFD) acted as the main supporter along African governments in operationalizing national development banks (NDBs) in Africa[4]; from the 2010s onwards, CDC has partnered with several development finance institutions modelled on its modus operandi, i.e. referred to as the CDC model.[5] Against this background, the objective of this thesis is to trace the origins and evolution of the CDC-AFD partnership, using France's shifting development banking field and engagements in Africa as a framework to identify the key characteristics of the collaboration. Thus, the central question of this thesis unfolds as: *What motivated the entry of CDC into the international development field and shaped its collaboration with AFD, given the context of French efforts to exert influence in Africa through development banks (what could be termed Development Banking Diplomacy*, defined below)?

There are seemingly two approaches to tackle this question, notably in regards to the rapprochement in 2016: i. top-down process where the French government provides a political and/or legal mandate to CDC against a background to attain a competitive advantage (and notably efficiency for taxpayers and beneficiaries of development aid), or ii. bottom-up process where CDC would push for specific types of activities. Either approach could be placed within the framework of Political Economy; the interplay and interactions between different actors, collaboration and competition, political and economic/commercial interests. Based on these approaches, and as the point of rapprochement between AFD and CDC in 2016 symbolizes the culmination of the convergence and collaboration of these development banks, the following hypotheses were formulated:

> H1: the rapprochement was directed by the French government as part of a broader shift in development policy;
>
> H2: the rapprochement was pursued because of the interests, notably financial, of AFD;
>
> H3: the rapprochement was pursued to bolster the international visibility of CDC, and obtain a legitimate mandate to operate beyond France's borders.

Additional hypotheses could have been formulated to explore why various merger scenarios proposed between AFD and CDC were ultimately unsuccessful. However, due to various factors such as internal divisions and the heterogeneity of these proposals, no overarching hypotheses were developed; instead, each scenario will be analyzed individually, based on its specific technical and political context.

With data ranging from quantitative balance sheet items to qualitative semi-structured interviews, results were obtained relating to:

[4] CDC also had a role here, in terms of holding equity shares alongside AFD, see chapter 2 section 2.1.
[5] Notably in two African waves, i. 2006-2011, respectively ii. 2018 onwards.

i. mandate management, where CDC and AFD both adapted their mandates to be responsive to different actors, respectively;

ii. shift in development policy, from a classic concept of development aid (grants, concessional loans) toward 'investment for development' and more pronounced 'technical assistance', together fostering genuine economic independence, with a role for (national) development banks to play.

The thesis is structured as follows: a review of the core literature including presenting a theoretical framework built around field theory applied to development banking, notably of France, and in addition defining development banks and development banking diplomacy (a concept coined in this thesis); this section is followed by a presentation of the data, sources and methodology, as well their limitations; a section which in turn is followed by a demonstration and analysis of the findings, structured around three chapters. Chapters I and II serve to provide essential background and analysis that contextualize the core of the thesis, presented in Chapter III.

Chapter I. Providing a comprehensive overview of the institutional landscape and the modalities of interaction between French and African development banks, with particular emphasis on the CDC model;

Chapter II. Tracing the Evolution of AFD-CDC Ties notably within the Framework of French Influence in African Development Banking;

Chapter III. The core section of the thesis examines contemporary forms of French engagement and influence in relation to African development banks and development policy, centering on the rapprochement between AFD and CDC initiated in 2016.

The analysis, notably in Chapter III, is structured around the theoretical framework of field theory and development banking diplomacy. The findings and analysis are then discussed in the sub-section 'Aftermath and Future Prospects', leading to the main conclusions as well as a set of proposed evidence-based policy recommendations, relating to institutional models, collaboration mechanisms, data collection and analysis.

2. Literature Review and Theoretical Framework

In this section, we will delve into the relevant literature, and based on that, develop a coherent theoretical framework, including key concepts, that will be applied or referred to implicitly throughout the thesis.

2.1 Defining PDBs/DFIs

From difficulties to define to 5 key characteristics

"There is no official agreement on the definition of a Public Development Bank (PDB)." (PDB Reference Book, 2025, p. 10). The term 'development bank' itself is not even universally applied, as illustrated by a World Bank survey: in China and Vietnam, development banks are known as 'policy banks'; in Malaysia, they are known as “development financial institutions” (DFIs); in Latin America, they are known as ‘public banks’ or ‘development banks’; in the EU, they are known as ‘national promotional banks’; these development banks may hold a bank license, elsewhere they do not and are established as ‘specialized financial institutions’ (WB, 2018, p. 12). In the survey, the World Bank stated it would refer to a national development bank “any type of financial institution that a national government fully or partially owns or controls and has been given an explicit legal mandate to reach socioeconomic goals in a region, sector, or market segment” (idem). An older definition provided by the World Bank, holding account to the heterogeneity of the institution considered, was the neutral definition of “development financing company” (Cissé, 1986, p. 53).

On a broader level, to Marois (2021) public banks are fundamentally contested and dynamic institutions, as opposed to static institutions with predefined functions; public banks are shaped by social forces and actors in the public sphere, with their functions preceding their ontological character. In essence, Marois (2021) means that there is a more dynamic view to public banks in contrast to classic views of either an ‘orthodox political view’ (public banks functioning in the interest of corrupt politicians) or a ‘heterodox development view’ (public banks functioning to provide economic additionality) in which the ownership form precedes the institutional function (Marois, 2021, p. 358). As such, perhaps a proper definition of public development banks should flow from this reasoning, as an ever-changing concept. Nonetheless, Xu et al. (2021) made an attempt, stipulating that ‘development financing institutions’ (DFIs) are public financial institutions initiated, owned, and steered by governments with explicit official missions to promote public policy objectives, where ‘public development banks’ (PDBs) constitute the main category. In another paper, Forster and Charnoz (2023) stipulate that “While PDBs generally are wholly government-owned and broadly focused, DFIs are predominantly held by public shareholders (i.e., ownership can include private interests) and perform a more specialised developmental mission focused on the private sector.” (p. 1). Notably the paper by Xu et al. (2021) entitled “What are public development banks and development financing institutions ? ——qualification criteria, stylized facts and development trends” served to introduce “The First Global Database on PDBs and DFIs Worldwide”, a pilot effort by INSE (Peking University) which AFD joined. Five qualification criteria were developed to distinguish PDBs and DFIs from similar institutional arrangements such as government credit programs, aid agencies, and state-owned commercial banks with policy functions (Xu et al., 2021, p. 273-276). To qualify an entity as ‘PDB’ or ‘DFI’, it has to meet following five qualification criteria simultaneously:

i. ‘Being a stand-alone entity’;
ii. ‘Deploying fund-reflow-seeking financial instruments as the main products and services’;
iii. ‘Funding sources go beyond periodic budgetary transfers’;
iv. ‘Having a proactive public policy-oriented official mandate’;
v. ‘Government steering of corporate strategies’.

Moreover, the INSE-AFD dataset divides PDBs/DFIs into different levels of ownership: multinational, national, and subnational. This thesis will focus on the national level, i.e. national development banks (NDBs).

2.2 Development (Banking) Diplomacy

Economic/Development Diplomacy

Development diplomacy, itself a subcomponent of or interlinked with economic diplomacy[6], makes part of or complements public diplomacy, essentially diplomacy conducted through development aid (Black, 1960, Lancaster, 2007 ; Zielińska, 2016). According to Zielińska (2016), development diplomacy makes part of public diplomacy, where the former refers to a process of shaping a positive image abroad, strengthening bilateral relations, and enhancing influence internationally through aid transfers designed to promote development and the well-being of developing countries, although sub-kinds of public diplomacy are often blurred (pp. 10-12). Lancaster (2007) makes the case that scholars have divided the purposes of development aid into a means for diplomatic (national security or economic interests) and/or developmental (human betterment) ends (preface ix). Lancaster (2007) argues that France is among the major donor countries, along with the US, that has used development aid the most for diplomatic means, notably in order to create and maintain its *sphere of influence* in Francophone Africa (pp. 13, 43, 143, 159).

This *sphere of influence* was maintained by France controlling currency (CFA franc), presence of French military and bases, French bilateral aid[7], respectively family-like ties between French and African leaders (Dimier & Stockwell, 2021, p. 219; Taylor, 2019, p. 24; Chafer, 2005, pp. 7-9; Lancaster, 2007, p. 148). Taylor (2019) made the case that despite French military interventions being the most dramatic, the more mundane economic constraints are the more damaging, amounting to ‘a voluntary surrender of sovereignty’ (p. 26). Whereas Taylor (2019) referred to monetary issues related to the setup of the CFA franc zone, for Dimier and Stockwell (2021) development would become one if not the key feature of post-colonial relations between European powers–notably France and the UK–and African countries, having received their independence in 1960 from France (p. 2). Most of the emergent African states had entered into aid agreements with these European powers and/or approached them for capital aid and technical assistance (idem). Practices such as tied-aid loans were distinctive and applied, i.a. by France, imposing obligations on African states benefiting from French loans to buy their material or services in France (Dimier & Stockwell, 2021, p. 13). Even as African countries strived to Africanize their economies and banking systems, they relied on European development agencies, banks, and companies (Dimier &

[6] “...how a country manages its foreign economic relations including trade and investment.” (Yueh, 2020)

[7] In 1966, almost all of France’s bilateral aid went to former colonies. French aid in its former colonies in sub-Saharan Africa generally represented 80-90% of those countries’ total aid inflows, which ensured that France remained their predominant external partner; the importance of aid as an instrument of postcolonial diplomacy led France to become the second largest aid donor in the mid-1960s, after the US (Lancaster, 2007, p. 147).

Stockwell, 2021, p. 15); whereby both European companies and institutions wielded significant influence.

The OECD-DAC, in a peer review of French aid published in 2004 even pointed to the potential conflict still between diplomatic and development objectives of France: “the two essential requirements that are development and the continuation or the strengthening of France’s influence in the world do maintain a degree of ambiguity. The twinning of ‘solidarity and influence’ expresses the difficulty in combining these two imperatives… Because there is no single institutional agency for development assistance, it may be that the trade-offs do not always work in its favour, the priority attaching to it sometimes coming up against the ‘arguments with more influence.’” (Lancaster, 2007, pp. 159-160). Notable is that the Ministry of Economy and Finance (Bercy) plays a more prominent role in foreign aid and management than ministries of finance in any other aid-giving government; in 2002, managing one-third of France’s bilateral aid and two-thirds of France’s multilateral aid (idem). The Ministry had its own institutional orientation toward lending rather than grants, expanding France’s exports, promoting French investments abroad, managing international monetary relations, respectively debts of France. Notably, Bercy’s orientation and instruments were not for the most part focused directly on reducing poverty in poor countries, nor did its staff have extensive experience in that area. (idem) With the Ministry of Foreign Affairs (Quai d’Orsay), these are the two strong ministries that have had their own aid programs, along many other ministries also running their own aid programs; all having their own missions in which development did not have a central role (Lancaster, 2007, pp. 167-168). Historically, French development aid policy has been fragmented, lacking an influential agency dedicated to development uses of French aid; with the role of AFD and its predecessors being limited due to their small size and resource limitations (Lancaster, 2007, p. 168). This excerpt from Lancaster (2007) explains France’s particular position in weighing and/or combining diplomatic and development objectives.

On a more general level, the third President of the World Bank Group, Eugene R. Black (1960) made a case for development diplomacy complementing conventional diplomacy–bringing about a more durable contact between the Western and developing nations, a contact remaining open when conventional diplomacy breaks down (p. 48). Black (1960) even provides examples of the World Bank acting as mediator in i. negotiations with UAE following the Suez crisis, ii. continuing negotiations between India and Pakistan concerning the Indus basin (pp. 48-49). However, Black further made the point that although a development institution cannot resolve fundamental disagreements, it can turn the attention and efforts of the negotiating parties into absorption in their own development (p. 48). Furthermore, that development diplomacy requires the backing of substantial capital and its own contacts on the ground (p. 38) respectively must have a separate and distinct status in national policies (p. 39). Essentially, following Black’s logic, development diplomacy can turn heated political divides into questions of development, and should be increasingly pronounced as its own field, a means to an end of a win-win scenario for all parties concerned; whether donor or recipient, political or economic interests, etc. The latter was also pronounced in an ODI report where “Development diplomacy [...] provides an expression of the potential for dual rewards and mutual prosperity that manifests itself through greater interdependency between donors' development and foreign policy, transforming the 'charitable' model of Western aid into a diplomatic relationship between sovereign states" (Guljarani et al., 2020, p. 7). Development diplomacy intrinsically has a political dimension and an economic dimension to it, where the Marshall Plan appears as one of the early examples of development diplomacy in action. Notably, President Eugene R. Black (1960) repeatedly refers to the Marshall Plan in his book *"The Diplomacy of Economic Development"* (Black, 1960, pp. 21-23, 43, 62). The USA had clear political interests in launching the Plan, where economic recovery on the continent was a means to an end of containing the spread of Communism in Europe (U.S. Department of State, n.d.). Even today, geopolitical and commercial interests appear to have been maintained as important influences on aid allocation (Alesina & Dollar, 2000; Nowak-Lehman et al., 2009; Pettersson and Johansson, 2013; Dreher et al., 2021). According to an ODI report, donors are increasingly using 'debt finance, equity investment, guarantees and other risk management instruments' to engage directly with the private sector in middle-income countries (Gulrajani et al., 2020, p. 12) This investment is usually channeled through countries' DFIs, this funding stream representing among the fastest growing components of bilateral ODA budgets (idem).

Development Banking Diplomacy (DBD) is a term here coined by the author of this thesis, partly intended as a subcomponent of the broader concept of *development diplomacy*. The concept of *Development Banking Diplomacy* is supposed to reflect the influence and agency of development banking institutions internationally; with their own interests and agendas, and approach to development (arguably financially oriented), being distinct institutions among other public bodies; i.e. financial institutions with a public mandate. In turn, *Development Banking Diplomacy* should be defined as "a narrower form of development diplomacy that focuses on interactions between and/or through development banks". It is a diplomacy with France in the lead, notably through platforms such as the *Long-Term Investors Club*–with a motor role of CDC–the *International Development Finance Club*–with a motor role of AFD–and the *Forum des Caisses de Dépôt*.

According to i.a. Marois (2021), there is a political and economic dimension to public banks, which *Development Banking Diplomacy* reflects but on an international level. The political dimension consists in: i. fostering relations and collaboration by other means, notably technocratic, between countries and/or financial institutions–through platforms such as LTIC, IDFC, or Forum des Caisses de Dépôts, through knowledge-sharing, synergies, co-financing, etc.; ii. promoting shared identities among development banks–a collective shielding them from fluctuations in political and academic discourse, dialoguing with one voice which enables successful lobbying; iii. promoting certain development bank models, such as the CDC model, notably through the *Forum des Caisses de Dépôt*. The economic dimension consists in: i. advancing commercial interests–such as investment in the recipient country and/or accompanying domestic companies abroad[8], optimally of mutual interest for investor and beneficiary; and/or ii. advancing the development agenda–influencing the development

[8] "It was to promote American exports that the Export-Import Bank was established in 1935" (Black, 1960, p. 43).

trajectory of a country/region, e.g. built around investment rather than aid. These dimensions can either represent interests aligned between the State and development bank, or leaning more toward the interests of the latter.

For our purposes in this thesis, *Development Banking Diplomacy* relates to NDBs. However, noteworthy is that *Development Banking Diplomacy* is not limited to NDBs, but is also applicable and practiced by and/or between multilateral development banks (MDBs). Notable to mention is that the agreement of the World Bank in 2023 on a *Historic Collaboration Among Multilateral Development Banks* presented a key element to the World Bank's new strategic model, essential to achieving its ambitious new vision of a world without poverty on a liveable planet (WB, 2023). EIB opened a new development branch in 2022, EIB Global, as an attempt at reinforcing both the position of EIB and Europe in the 'global development finance architecture'; born from both the internal reflection of EU priorities in supporting development abroad respectively an EU response to new contender global development finance institutions emerging from the Global South, notably from China (Marois, 2022, pp. 3, 6). Other pertinent examples include the New Development Bank (former BRICS Bank) institutionalizing the BRICS cooperation (Védrine et al, 2013, p. 50), or the Asian Infrastructure Investment Bank (AIIB) citing as core to its purpose in Article 1 of the bank's Articles of Agreement to be "working in close collaboration with other multilateral and bilateral development institutions." To conclude on this here coined concept, for our purposes in this thesis, *Development Banking Diplomacy* frames CDC's and AFD's activities and collaboration within both the agency of each institution and/or as part of a broader strategy and/or evolution to strengthen bilateral relationships, promote norms and business/commercial interests, respectively achieve sustainable development. The concept of *Development Banking Diplomacy* is supposed to emphasize an eventual broader trend of internationalization among national development banks (NDBs).

2.3 French Development Banking Field

Field Theory, Principal-Agent Model, Historical Institutionalism

The *French Development Banking Field*, also in interaction with external actors such as African states, comprises the theoretical framework underlying this thesis. Here, the field theoretical framework refers to the entire ecosystem of the field of development banking, not being limited to national development banks (NDBs), but including actors directly shaping development banking such as political institutions and policy-makers, financial instruments and financing programs, regulatory bodies, and commercial actors (Mertens et al., 2021, p. 3).

Key concepts of field theory, using Bourdieu's framework, include *hysteresis*, highlighting the discrepancy between the stability of an agent's *habitus* and the evolving logic of the field (Piroska & Schlett, 2023, pp. 5-6); where *hysteresis* marks a disruption between habitus and field, occurring when habitus remains unchanged whereas "[the] field undergoes a major crisis and its regularities (and even its rules) are profoundly changed" (Bourdieu, 2000, p.

160). In their paper, "Mandate managing: a field theory approach to the EBRD's adaptive practice in Egypt", Piroska and Schlett (2023) show that the multilateral development bank EBRD adapted its mandate in response to the European field's logic, moving away from promoting democracy, human rights, and poverty reduction to instead promoting sustainable investment, migration mitigation, and geo-economics. According to Piroska & Schlett (2023) "Mandate management occurs when an international organization discovers that its operational field has changed, and its mandate no longer fits the field logic at all or well. Its mandate for existence comes into question and it must, without simply abandoning its previous position in the field or disavowing its prior habitus, which would explicitly call its mandate into question, transform its operations in its operating field. This can involve taking on new activities, proactive public relations management, concept stretching and changes in personnel and expertise, as well as, new cooperative and/or competitive relations with other organizations in the field." (Piroska & Schlett, 2023, p, 6).

Another example of such a field is the *European Development Banking Field* as presented in the book "The Reinvention of Development Banking in the European Union" (2021) authored by Drs. Mertens, Thiemann, and Volberding. Here, the analysis centers on "the formation and evolution of a field of development banking within the EU" (Mertens et al., 2021), with the multilateral development bank European Investment Bank (EIB) seemingly taking center-stage in interacting, competing and collaborating with national development banks (NDBs) (p. 18). Nonetheless, the authors contend that to fully understand the "evolution, development, and dynamics of NDBs", all actors collectively constituting the field of European development banking have to be considered (Mertens et al., 2021, p. 3). These actors and entities comprise political institutions and policymakers in Brussels and Member States, the Juncker Plan, DG Competition respectively DG ECFIN, as well as commercial actors (idem). The European development banking field emerged when each actor increasingly took other relevant actors into consideration when acting and coordinating their actions around common goals, notably the expansion of development banking activities within the EU (Mertens et al., 2021, p. 306).

Through this development banking field approach, the authors "are also able to understand when, where, and how development banking occurs in the EU, the differences between EU NDBs, as well as identify how these trends have contributed to a broadly perceived revival of national and—critically—EU-wide industrial policy" (Mertens et al., 2021, p. 3). The book concludes by highlighting how the EU has supported the expansion of NDBs as a strategy to foster a European-wide industrial policy without incurring new financial obligations (Mertens et al., 2021, pp. 309-318). It also shows that European dynamics have had varying effects on the NDBs of Member States, resulting in power asymmetries and a fragmentation within the field of European Development Banking (idem). As such, evolutions of the development banking field appear to stem from interests of different actors across the field, with these interests meeting and playing out, shaping different trajectories and dynamics. Similarly, through understanding the evolving dynamics, relations, and interests underlying the French development banking field–involving multiple actors such as the Ministry of Finance and French enterprises–we can better understand the evolution and interactions between development banks both within France, between French NDBs, respectively outside of France, between French NDBs and other nations' NDBs.

According to the provided definition of PDBs, based on the five criteria outlined by INSE-AFD, five distinct French PDBs/DFIs can be identified: namely,

i. French Deposits and Consignment Fund Group (*Groupe Caisse des Dépôts*, i.e. CDC);
ii. Public Investment Bank (Bpifrance);
iii. Local Investment Finance Company (*Sfil*);
iv. French Development Agency (*Agence Française de Développement*, i.e. AFD); respectively,
v. Agence France Locale.

Two things are worth noting here: i. that both Bpifrance and Sfil are subsidiaries of CDC; respectively ii. that AFD and CDC could have merged in 2016, with suggestions ranging from AFD becoming a subsidiary or a new section of CDC (see Chapter III, section 2.3). As such, in France, most development banking appears to revolve around CDC, which is not surprising given its significant amount of assets, the CDC Group's consolidated balance sheet amounting to over USD 1.1 trillion in 2023 (INSE-AFD dataset; CDC financial report 2023). Based on 2023 numbers, AFD's total assets merely represent 6.7% of CDC's total assets, respectively the total number of employees of AFD merely represents 0.76% of CDC's employees (calculations based on INSE-AFD dataset). CDC is thus a giant in terms of financial resources and employees in comparison to AFD.

Further, to a certain extent, the development banking field incorporates a **principal-agent model**[9]**,** notably development banks in relation to political institutions; the former being an agent of the latter, the principal.[10] This configuration is illustrated in a graph below.

[9] Theory explaining how one party, the principal, delegates tasks to another party, the agent, who may have different interests, in turn making it difficult to ensure that the agent acts in the best interest of the principal, avoiding "slippage" (Weaver, 2007).
[10] In the case of *Caisse des Dépôts et Consignations* (CDC), the principal is the French Parliament (which has a say on the overall vision as the majority of board members are linked to parliament), the CDC is the agent (le Comité Exécutif and le Directeur Général act on the vision, in its implemented strategy), and then CDC in turn puts demands on the client (who is in direct contact with the concerned direction régionale) such as conditional funding and veto right despite being a minority shareholder.

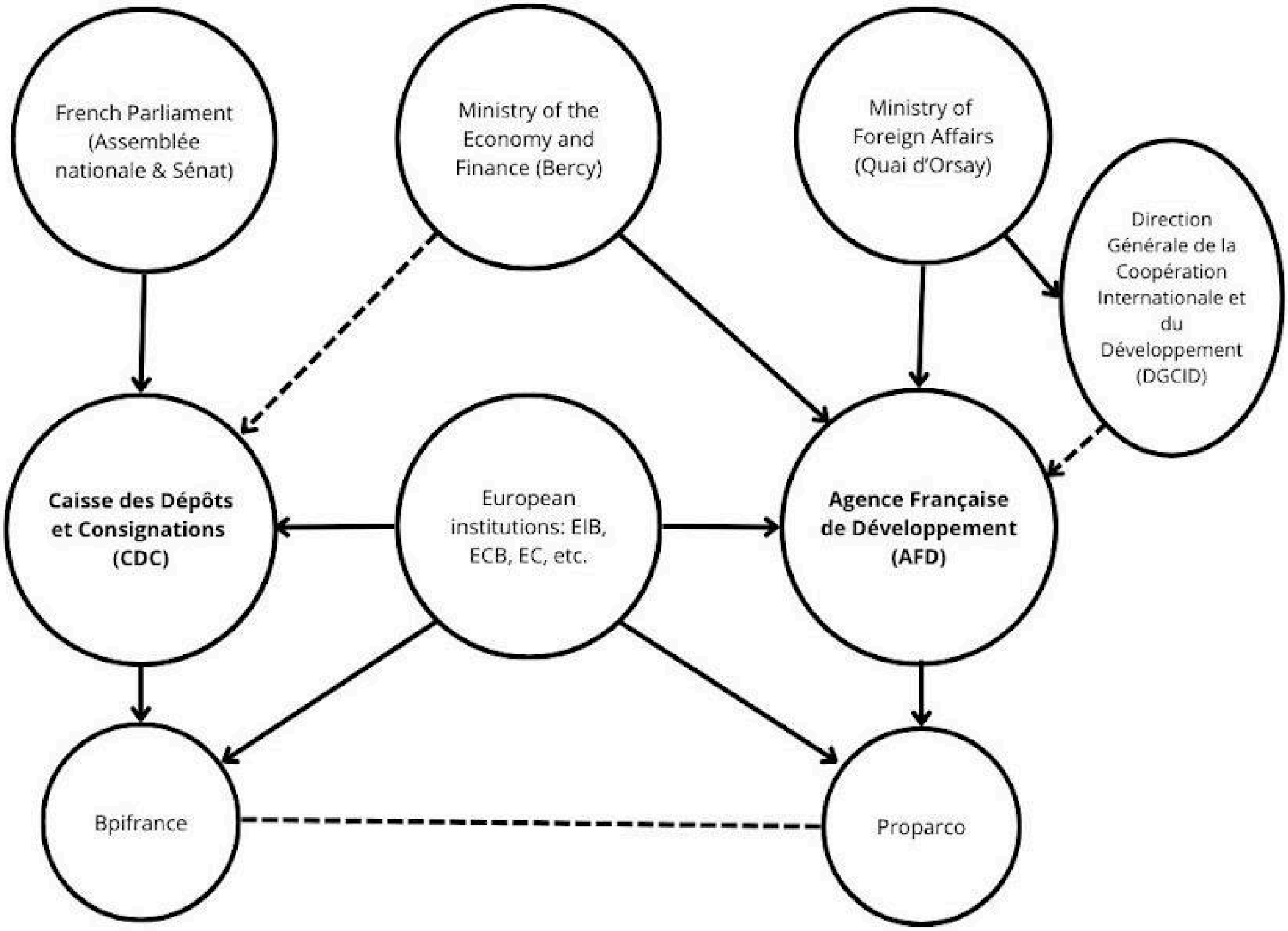

Figure 1. The French Development Banking Field as of 2025. Own Elaboration. Note that the field has changed over time; e.g. Bpifrance emerged in 2013 as a merger of dispersed developmental institutions, Oséo, FSI, CDC Enterprises (Mertens et al., 2021, p. 172; Além et al. 2017, p. 32). Coface was privatized in 1994, its public export guarantees went to Bpifrance in 2017 (Além et al. p. 32; Bpifrance, 2017). DGCID was previously its own Ministry of Cooperation, but since the reforms in 1998 is under the Quai d'Orsay (Lancaster, p. 159). Proparco did not exist until 1977.

To represent the French Development Banking Field, we have constructed the figure above (see figure 1), illustrating the relationships between the key institutions involved within the ecosystem. These institutions are key to this thesis, which also explains why other actors, such as Sfil, are not included in the figure. CDC and AFD form the core of this figure, around which the other actors revolve. Below see an overview of the relationships between these institutions.

Institutional relationships and oversight:
Whereas public institutions, like AFD, are traditionally placed under the supervision of a ministerial department, CDC is placed "in the most special manner under the supervision and guarantee of the legislative authority" (Boudet, 2006, p. 52). CDC operates under parliamentary supervision through the commission de surveillance (Supervisory Commission) in which a majority of board members are linked to parliament (10 out of 16) being MPs or appointed by Parliament (Article L518-4, Monetary and Financial Code; caissedesdepots.fr/gouvernance, 2025). This commission sets the strategy of CDC. The

Director General of CDC, who executes this strategy, is appointed by decree in the Council of Ministers, its directors by decree of the President of the Republic, and its deputy directors and department heads by decree of the Prime Minister (Boudet, 2006, p. 52). CDC is subject to oversight by the Court of Auditors, and its budget is subject to the approval of the Minister of Finance (idem). The Ministry of Economy and Finance (Bercy) oversees CDC to ensure its activities align with governmental policies and priorities, including inspection (Boudet, 2006, pp. 146, 191-192, 229-230). There is close interaction, and according to an interviewee, structural competition between these two institutions (Interview 3, March 7th 2025). There is also collaboration including a renewal of a convention between CDC and *Direction Générale des Finances Publiques* (DGFIP), revolving around CDC's mission of deposits and regulated deposits, where sums held by notaries and other regulated professions, on behalf of third parties, are deposited in accounts opened at CDC, through Treasury accountants acting as agents (CDC Rapport au Parlement, 2015, p. 25). Nonetheless, there have been signs of Bercy overreaching, such as in 2017-2018 when a letter from then Minister of Finance Bruno Le Maire was addressed to the then new Director General of CDC Éric Lombard, with demands risking 200 years of institutional independence of CDC (Forgeront, 2018)[11] Following the adoption of the *Pacte* law, MPs feared a strengthening of Bercy's control at their expense (Kranen, 2018)[12]. Moreover, despite its formal independence, the government can demand financial contributions from CDC, such as an example from 2023 where CDC transferred over 50% of its net result to the state budget (CDC résultats, 2023).

AFD is placed under the tutelage of ministries, notably the Ministry of Foreign Affairs (Quai d'Orsay) and the Ministry of the Economy and Finance (Bercy). AFD's board of directors includes 6 members appointed by ministries out of a total of 17 board members: 2 by Bercy, 2 by Quai d'Orsay, 1 by the Ministry of Overseas Territories (outre-mer), 1 by the Ministry of Immigration (Article R513-34, Monetary and Financial Code). Notably Bercy and Quai d'Orsay have influence over the country allocation and use of aid, in particular through providing funding and designing the legal and strategic framework in which AFD operates (Lancaster, 2007, pp. 159-160; Dufief, 2022, pp. 1-2). Notable is that officers of AFD reported to French ambassadors (idem). The *Direction Générale de la Coopération Internationale du Développement* (DGCID) is since 1998 placed under Quai d'Orsay for which it managed the ministry's aid; this DG both oversaw and competed with AFD for aid and leadership in development (Lancaster, 2007, pp. 159-160). In 1998, AFD officially became the *pivotal agent* in managing France's development aid (Lancaster, 2007, pp. 158-160).

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[11] Issue in 2017-2018 relating to attempts of Bercy at interference, where in December 2017 the then Minister of the Economy and Finance Bruno Le Maire addressed a letter to the then new Director General of CDC, Éric Lombard. This letter was unprecedented, where the Minister of the Economy and Finance was said by the CDC's FO union to dare ignoring on this occasion two centuries of CDC autonomy, its governance, and the fact that the CDC is placed under the surveillance and guarantee of the Parliament. In the letter, Le Maire asked of Lombard to implement various reforms (in a way, prescriptions decided by the government for the CDC for the next five years): directives including modernizing the management of CDC, reducing operating costs, controlling the payroll, and refocusing intervention on sectors deemed priorities by the government. Moreover was suggested a review of CDC's subsidiaries, including a possible merger between La Poste and CNP Assurances, as well as a reassessment of holdings that do not meet the defined criteria. Furthermore, the Ministry informed CDC that the rules for levies for the benefit of the State–in force before 2016–were being reinstated. "This would allow CDC to fully contribute to the government's desired effort to restore public finances", Bercy indicated. Specifically, Bernard Cassagne (general secretary of the FO union of CDC staff) emphasized for FO that "the minister is in a way warning that the party is over. The State's levies on CDC's portion of profits will increase. They will even be higher than what the CDC would pay if it paid a corporation tax." The FO union was outraged, proclaiming "the government is showing its willingness, on the one hand, to suffocate CDC, and on the other hand, to transform CDC into a simple department of the Ministry of Finance". Moreover, deputies feared a strengthening of Bercy's control at their expense.

[12] In light of this, the above governance framework was adopted in 2020; i.e. "the deputies adopted an amendment increasing the number of members of the supervisory committee of the Caisse des Dépôts et Consignations (CDC) to 16 (compared to 13 previously), including 10 members from the Parliament or appointed by it (5 parliamentarians and 5 qualified persons)".

Bpifrance is a subsidiary of CDC which holds 50% along the French state which also holds 50% through EPIC Bpifrance (Mertens et al., 2021, p. 180). Proparco is a subsidiary of AFD, in which i.a. CDC has held an equity stake since 1992, in 2016 holding 6.15% (Pacquement, 2017a, pp. 174-175). Both could be described as the private-sector arm of each institution. Since 2017, Bpifrance has also provided France's public export guarantees (Pacquement, 2017a, pp. 173-174). A credit institution like AFD, Bpifrance is also subject to banking regulations and supervised by the European Central Bank (ECB), but can in addition use the instruments of the ECB to refinance itself (bpifrance.fr, 2025b). Proparco has been accredited by the European Commission (EC) since 2015 to manage European development funds, constituting additional resources to its own financing (proparco.fr, 2025).

<u>Collaboration between institutions</u>:
Revolves around a continuous rapprochement between AFD and CDC where in 2016 they officially signed a strategic alliance charter, renewed in 2024, which outlines their partnership (CDC Communiqué de presse, June 7th 2024). Their subsidiaries Proparco and Bpifrance collaborate on the fund in funds Averroès Finance since 2003 (NB, Proparco and CDC Entreprises prior to the establishment of Bpifrance in 2012, see Chapter III section 1.1) respectively Choose Africa 2 (see Chapter III section 3.2.3). Moreover, Éric Lombard (CDC's Director General, 2017-2024) now serves as the Minister of the Economy and Finance, 2024-onwards; Rémy Rioux (AFD's Director General, 2016-onwards) was the former Deputy Secretary-General at the Ministry of Foreign Affairs and International Development (2014-2016). These examples showcase institutional crossovers and close ties.

<u>European institutions and cooperation</u>:
CDC acts as an intermediary for European funds, such as InvestEU, Interconnection Mechanism for Europe, funding from the European Investment Bank (EIB) and Council of Europe Development Bank. CDC works with the European Long-Term Investors (ELTI) and the European Parliament, is part of National Banks and Institutions for Economic Promotion (NPBIs) and thus is in partnership with the European Commission (EC) for the implementation of European programs in favor of investment in the territory (caissedesdepots.fr/international, 2025).

AFD is a financial institution, a status granted to it by the European Central Bank (ECB) on June 30th, 2017 (afd.fr/governance, 2025). AFD acted as intermediary of the European Development Fund (EDF), which in 2021 was integrated into the EU Budget, MFF 2021-2027 (SAEF CCCE; Eur-Lex, 2022). Further, the European Commission (EC) and AFD signed the FISEA+ guarantee in 2022 "removing access to finance barriers for underserved entrepreneurs" also striving to support the Global Gateway Africa-Europe Investment Package, aimed at mobilizing increased investments in infrastructure development in Africa (proparco.fr, 2022; ec.europa.eu, 2025).

The evolution of the development banking field of France, in relation to the African continent, will additionally be analyzed through the lens and input of *Historical Institutionalism*; an "*approach* [in the social sciences] to study politics and social change"

(Della Porta & Keating, 2008, pp. 118-136); here with a view toward formal institutions notably referred to in the book *Beyond Continuity: Institutional Change in Advanced Political Economies* (2005). Essentially, Historical Institutionalism constitutes a framework emphasizing how institutions shape both political and economic outcomes over time, focused on how historical developments create constraints and opportunities for future change. Key concepts relating to this approach include *path dependence*, *critical junctures*, respectively *institutional change* (Streeck & Thelen, 2005).

3. Data and Methodology

This section provides an overview of the data utilized and the methodology employed, along with a discussion of the associated limitations.

3.1 Data

Data are in both qualitative and quantitative form. Qualitative data were mainly extracted from semi-structured interviews and archives (CDC)[13], respectively from other primary and secondary sources; notably either in the form of reports written by practitioners (e.g. Védrine-Zinsou) or theses written by academics (e.g. Dr. Cissé). Quantitative data were extracted from datasets (INSE-AFD, G-Pub, OECD-DAC) and annual or financial reports; quantitative data could also be compiled from the same primary and secondary sources used for extracting qualitative data. More precisely, primary sources include interviews, archives, open-access documents, books, respectively reports; secondary sources include datasets (aggregated data), books, academic papers/articles, theses (notably doctoral), newspaper articles, and reports.

Quantitative data including financial indicators, establishment years, ODA flows, etc. were compiled from the datasets described below:

- **INSE-AFD dataset**: refers to “The First Global Database on PDBs and DFIs Worldwide”, systematically identifying Public Development Banks (PDBs) or Development Finance Institutions (DFIs) worldwide based on five criteria outlined in the previous section, including the collection of relevant data on their basic profile (mandate, ownership, etc.) and financial indicators (total assets, net interest income, etc.). As of Q1 2025, the dataset contains 536 PDBs/DFIs spanning 2018-2023.
- **G-Pub dataset**: refers to a dataset comprising 1,355 public banks, spanning 195 countries for the period 1401-2020. Notable is that the dataset includes both the year of establishment (“yearinc”) and the year of closure (“yearend”) for these public banks; yearinc is marked by e.g. “nationalized” or “merger” whereas “yearend” is marked as e.g. “privatized” or “insolvent+liquidation”. However, the dataset does not contain financial indicators. Dataset launched by Dr. Devin Case-Ruchala in 2021.

[13] Different Cotes, brochures, and Parliamentary Reports consulted at CDC, 15 Quai Anatole France; consulted from December 2024 to March 2025.

- **OECD-DAC development finance statistics datasets**: provided by the *Development Assistance Committee* (DAC) of the *Organisation for Economic Co-operation and Development* (OECD) on financial flows to developing countries including volume, origin, and types of foreign aid, from provider to partner countries. The dataset provides data on ODA reported by DAC members and others outside DAC, i.a. country governments and multilateral organisations. The longest data series span over six decades.

These datasets are meticulously organized and carefully designed. However, attempts should be made to develop them even further. Such an attempt would be to complement the INSE-AFD dataset, adding defunct banks, as the dataset is biased in only including existing banks, i.e. survivorship bias. Further, for the G-Pub dataset, an effort should be made to add financial indicators/balance sheet items, including for defunct banks. It is a difficult task, however worthwhile given the possible implications it can have on future research. Notably, balance sheet items are very limited on PDBs/DFIs in Africa, more broadly, and African CDCs more concretely. This limits any serious quantitative analysis.

Qualitative data were primarily collected through interviews and archival sources. Regarding the interviews, several potential biases could impact the results. These include affiliation bias, depending on which institution one belongs to, as well as sampling bias, given the small sample size that may not be fully representative due to the role and availability of participants as well as their connections. Additionally, recall bias could affect the accuracy of responses, especially since some events occurred nearly a decade ago, with the most notable being the rapprochement in 2016. Institutional constraints, such as restrictions on interviewees signing consent forms, also limited the use of some interview data, as seen with the case of an African CDC. Furthermore, some archival data were inaccessible due to issues of disclosure, related to financial institutions for a span of 25 years.

3.2 Methodology

Data were collected through semi-structured interviews with key stakeholders from institutions including CDC, AFD, and the French government; the objective was that the different narratives of interviewees would complement each other. The interviews notably served to provide new information not widely available, notably on current forms of collaboration in Africa and internal discussions and perspectives of different institutions relating to the rapprochement between AFD and CDC in 2016. These semi-structured interviews were prepared through and/or accompanied by observation and analysis of written sources (both primary and secondary).

Semi-structured interviews is a qualitative research method characterized by a guided yet flexible dialogue between interviewer and interviewee. Using a predefined set of questions as a framework, the interviewer can adapt the flow and depth of inquiry in response to the interviewee's input. This approach not only facilitates the collection of detailed information but also captures the interviewee's lived experiences and perspectives. It is particularly effective in public policy research, where it can be used to clarify policy goals, investigate implementation dynamics, and understand public reception and impact.

The method of 'snowball sampling' was applied in identifying new interviewees (i.e. subjects); a recruitment technique where research participants are asked to assist the researcher in identifying potential subjects. To ensure representativeness in the interviewing sample, and a fair presentation of each perspective, interviews were conducted with individuals from or with links to the three parties of concern: CDC, AFD, and the French government with notable overlaps among the interviewees (see appendix A). Interviews were recorded and later transcribed using 'Descript', and the data anonymized aligned with former consent expressed through a consent form, signed by the interviewees, which was provided by the data protection officer at Sciences Po.

Archival data obtained from the *Caisse des Dépôts Archives* at *15 Quai Anatole France* in Paris provided a rich historical background, notably of the collaboration between CDC and AFD. These included archives that were either present at *15 Quai Anatole France* or at regional departments which had to be requested. In discussion with archivists at CDC, we were able to identify several key documents, notably *CDC Parliamentary Reports, minutes*, etc. These documents were identified through the CINDOC archive database. The author consulted these documents at *15 Quai Anatole France* from December 2024 to March 2025. It has to be noted though, that the author did not consult the AFD archives housed at *5 Rue Roland-Barthes*. Following discussions with AFD's Chief Historian, Mr. Pacquement, it was determined that the available inventory was not sufficiently relevant. Instead, Mr. Pacquement provided a number of critical publications and books he had authored and generously shared insights through a series of in-depth exchanges.

Two doctoral theses were consulted at different university libraries: the doctoral thesis written by Dr. Moussa Cissé (1986) was consulted at *Bibliothèque Universitaire Colliard*; the doctoral thesis written by Dr. Minaingar Djim Ngangbaye (1989) was requested from *Université de Nice* and consulted at the library of Sciences Po Paris. Likewise, most of the books consulted were accessed through the library of Sciences Po Paris.

Quantitative data, notably compiled from the datasets discussed above, provided a complement to the qualitative data, in providing an overview and background of the field, based on already defined institutions and relevant data ready-made to exploit to calculate financial ratios, etc. Nonetheless, again data was scarce for Africa. Graphs and figures were mainly constructed by the author with the programming language R in RStudio, alternatively in Canva or Sheets/Excel.

This thesis adopts a mixed-methods approach to identify precedents and critical junctures that shape collaboration between development banking institutions. Combining qualitative and quantitative data, it enables a deeper understanding of institutional dynamics across time and contexts. The thesis also aims to triangulate findings from multiple sources to cross-verify results and ensure a coherent narrative.

Chapter I: Development Banking in France and Africa

This chapter aims to provide an overview of the key development banks operating in France, complemented by a brief discussion of the African development banking landscape, with a particular focus on the growing role of African CDCs. In France, five such institutions can be identified, where CDC and AFD stand out as the most prominent and will be examined in detail. In contrast, the African development banking sector is characterized by a wide array of PDBs and DFIs, where national CDCs appear to be gaining increasing prominence. In particular the model of CDC will be discussed throughout this chapter.

1.1 Caisse des Dépôts et Consignations (CDC)

The World's Oldest Public National Development Bank

In 1816, *Caisse des Dépôts et Consignations (CDC)* was founded by the passing of the *Law of 28 April 1816 on Finance*, and placed under the supervision and guarantee of the legislative branch, i.e. the French Parliament. Founded in 1816, this makes CDC, according to INSE-AFD, the world's oldest still active public development bank (FiCS Progress Report, 2021, p. 11); or rather, for our purposes, national development bank (NDB). CDC was established against the background of the Napoleonic wars; France found itself in a serious financial crisis following Napoleon's defeat, where state bankruptcy had followed, with a strong distrust of institutions among savers (CDC Reference Book, 2016, p. 12; Mertens et al. 2021, pp. 173-174; caissedesdepots.fr/notre-histoire, 2025; Boudet, 2006, pp. 51-52). Faced with these difficulties, the government of Louis XVIII decided to establish the CDC in April 1816, and entrusted the institution with the management of private funds (idem). To prevent the influence of the executive, taking control of these resources, the new institution was placed under the protection and supervision of the Parliament, and assigned as the primary objective of restoring the *Foi public*, i.e. *public faith* (idem). From this initial mission, CDC has continuously evolved and reinvented itself, already in 1822 extending its first loan for an infrastructure project regarding the renovation of the port of Dunkirk (Thiveaud et al., 1988, pp. 124-142; caissedesdepots.fr/notre-histoire, 2025; CDC Reference Book, 2025, p. 12). Today, the missions of CDC are defined by Article L. 518-2 of the Monetary and Financial Code, stipulating:

> *"The Caisse des Dépôts et Consignations and its subsidiaries form a public group dedicated to serving the general interest and the country's economic development. This group carries out public-interest missions in support of policies implemented by the State and local authorities and may also engage in competitive activities. The Caisse des Dépôts et Consignations is a special institution responsible for managing deposits and consignments, providing services related to funds or accounts entrusted to it, and carrying out other legally delegated functions of a similar nature. It is tasked with protecting popular savings, financing social housing, and managing pension organizations. It also contributes to local and national economic development, particularly in the fields of employment, urban policy, financial*

inclusion, business creation, and sustainable development. As a long-term investor, the Caisse des Dépôts et Consignations supports business development while ensuring the protection of its patrimonial interests. The institution is placed under the direct and exceptional supervision and guarantee of the legislative authority. It is organized by decree in the Council of State, issued upon the proposal of the supervisory commission."

Keywords in CDC's mandate include the management of deposits and consignments respectively the contribution to national and local economic development, which form the two core features of its model.

1.1.1 The Model in Brief and in Perspective

CDC has a *dual mission* to: i. 'collect, secure, and manage domestic financial resources'; ii. 'transform some of these resources for long-term strategic projects' (CDC reference book, 2025, p. 5). Hence, the economic model of CDC, or here referred to as the *livret model* (see figure 2) serves a dual purpose with an original mission as guarantor of regulated savings[14] entrusted to it by the French state which the CDC mobilizes, safeguards, and grows; respectively a second mission as a long-term investor for the French economy, transforming the regulated savings into investments in sectors of public interest *(intérêt général)* such as infrastructure, businesses, or real estate/social housing (Floris, 2019; AfDB, 2021a; CDC reference book, 2025, p. 9; CDC bilan, 2019)[15]. These two functions combined, we could broadly define the *livret model* as *maturity transformation with a public mandate*, or narrower, the model could be defined as *transforming regulated savings funds into long-term investments of public interest* (see figure 2).

Figure 2. Livret model (CDC). Own Elaboration. Livret A is used as a resource here as it constitutes, with other livrets (LDDS, LEP) and deposits (notaries, legal professions obliged by law to have accounts directly at CDC), the largest resource/liability of CDC. Note another flow of a commission which is paid from CDC to the commercial bank. NB, numbers are arbitrary.

The amounts deposited in regulated savings products (livrets A, LDDS, LEP) are managed jointly by (commercial) banks, in which French residents deposit their funds, respectively CDC (gouv.fr, 2024). These savings products are regulated by the French government,

[14] Notably *livrets d'épargne réglementés,* in particular Livret A savings accounts at commercial banks, respectively regulated deposits of the legal professions, including notaries, with accounts directly at CDC.
[15] CDC transforms its balance sheet resources—regulated savings, legal deposits, equity, etc.—to finance projects of public interest. However, a portion of these resources is invested in financial investments to generate interest on savings and deposits while contributing to the economy. These investments, along with investments in subsidiaries, help finance projects of public interest by contributing significantly to net income (CDC bilan, 2019).

determining their operation, interest rate, ceiling, status of holders, etc. whose interest is exempt from income tax and social security contributions (gouv.fr, 2025). Initially, these regulated savings products were reserved for customers of *Caisse d'Épargne*, *Banque Postale* and *Crédit Mutuel*, however, since 2009 have been offered by all banks, including online banks (idem). While a portion of the collected amount is retained by the banks, another portion is transferred to CDC; which in return for the latter, the banks receive a commission paid by CDC (gouv.fr, 2024). The portion transferred from banks to CDC is centralized in a savings fund (*Fonds d'Épargne*) which is managed by CDC, as stipulated by Article L. 221-7 of the French Monetary and Financial Code (idem). CDC manages 60% of the funds from the Livret A, and also a portion of the funds from the LDDS respectively LEP, which CDC invests in projects of public interest (caissedesdepots.fr/livret, 2025). This financing notably takes the form of long-term or very long-term loans, up to 80 years, at preferential rates, particularly suited for the type of projects supported by CDC (idem). In 2018, 70% of the funds collected by CDC on livrets went to such loans, whereas the remaining 30% was invested in financial assets, mainly bonds and shares in French companies, remunerating savings and guaranteeing their liquidity in the event of withdrawals by savers (idem). The resources of CDC do not exclude debt issuances and other forms of funds, however, are dominated by regulated savings funds (livret A, LDDS, LEP) and regulated deposits of legal professions (such as notaries, who by law are obliged to have an account at CDC), which in 2019 presented over 70% of CDC's total resources/liabilities (CDC bilan, 2019; see appendix B).[16]

Similar to pension funds, insurance companies, and sovereign wealth funds, CDC plays the role of allocating savings to growth-bearing projects; however, CDC differs in its approach, as it primarily supports the social and economic development of France (Floris, 2019). Thus, CDC plays a role similar or complementary to that of a national development bank (NDB), in mobilizing internal resources for development of the national economy (Interview 4, March 14th 2025). However, in contrast to both sovereign wealth funds and NDBs who manage public funds, CDCs manage regulated private funds (CDC Reference Book, 2025, p. 11). It should also be emphasized that CDC, despite being based on a specific model, itself is a type of development bank (INSE-AFD dataset). Notably in February 2025, a reference book was published by CDC where it is described that a financial institution known as "Caisse de Dépôt" in French-speaking countries can be referred to in English as a "National Deposit and Development Bank"–effectively as per its English denomination summarising the dual mission of a CDC (CDC reference book, 2025, p. 3). As such, CDC is a type of development bank, acting as a long-term investor, addressing market failures, having a counter-cyclical role, etc. (PDB reference book, 2025, pp. 138-139).

However, what fundamentally sets a CDC apart from 'traditional' NDBs and other financial institutions notably regards the mandate of CDCs in: i. collecting and managing financial

[16] 'A model backed by stable resources: i. funds managed by the state (pension funds, savings funds, and other mutual funds), ii. deposits and guarantees, iii. state endowments, iv. resources raised on the financial markets, v. accumulated reserves for the oldest institutions. These resources contribute to economic financing: i. in key sectors such as infrastructure, businesses and real estate, generating positive externalities for citizens; ii. guaranteeing a return on equity' (CDC Reference Book, 2025, p. 9).

resources that are regulated (either on a mandatory or elective basis), ii. transforming these regulated savings into long-term investments for projects of public interest (CDC Reference Book, 2025, p. 11). This key difference also flows into different forms of liabilities/resources; as CDCs manage savings kept by customers on regulated savings accounts, which are managed by commercial banks, CDCs do not rely on capital markets to the extent as 'traditional' NDBs do to obtain the majority of their funds (PDB Reference Book, 2025, p. 138). Essentially, their key difference lies in CDCs mobilizing internal resources in the form of regulated savings they manage, in contrast to 'traditional' NDBs that are based on a model where resources are mainly made up of public endowments from the State budget or long-term loans issued on national and international capital markets–these NDBs carry strong financial ratings or are covered by a State guarantee, meaning they can refinance cheaply and then issue loans that carry low interest rates, in return for their missions of public interest (CDC Reference Book, 2025, p. 11). (NB, CDCs are not excluded from borrowing on capital markets, but do less so, and can in addition help the development and/or emergence of capital markets through facilitating financing for businesses.)

Moreover, CDCs dispose of a high level of equity capital (i.e. own funds) and low proportion of liabilities due in the short term (i.e. short-term debt) (Floris, 2019). This gives them a stable financial foundation, allowing for partially overcoming constraints related to short-term asset price volatility and developing a long-term investment strategy (idem). Their financial strength renders CDCs significant long-term institutional investors, enabling them to invest in key strategic sectors while seeking a positive knock-on effect on private capital (CDC Reference Book, 2025, p. 11). Notable is that CDCs, at least operating in Europe, can have a significant leveraging effect on private capital, mobilizing between 5 and 15 times the private investment for every euro committed (Floris, 2019). What also makes CDC stand out compared to other development banks such as KfW or EIB is in its expertise in equity investments–as equity investor (Interview 3, March 7th 2025; Interview 4, March 14th 2025). Here, CDCs could also find synergies in joint projects with other NDBs who provide financing through debt, together acting as an incubator for financial innovation (CDC Reference Book, 2025, p. 11).

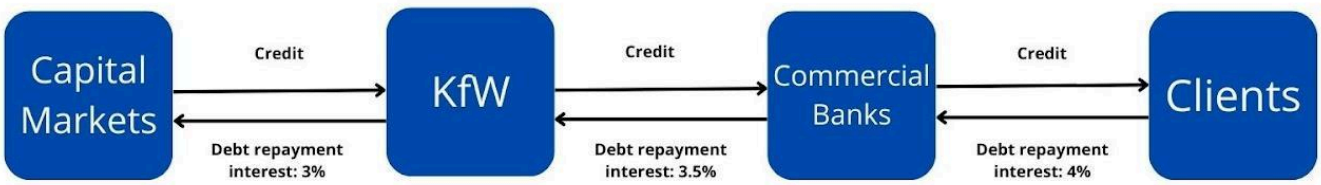

Figure 3. On-lending model (KfW). Own Elaboration. Note that there is a margin received by the commercial bank for the credit risk and handling. Hence, if KfW provides a loan to a commercial bank with 2% interest, the commercial bank can provide the client with a loan with 2.5% interest, and pocket the 0.5% as margin. NB, numbers are arbitrary.

In contrast to the CDC model, there are other development banking models worth mentioning, in particular that of the German *Kreditanstalt für Wiederaufbau* (KfW) founded in 1948. Whereas CDC is based on the so-called *livret* model, leveraging regulated savings funds for long-term investment, KfW is based on an *on-lending* model. The on-lending model is based on KfW leveraging the AAA credit rating of the German government (to which KfW is linked), going out and borrowing on (international) capital markets at preferential rates; funds which KfW then on-lends to commercial banks (who receive a margin for conducting the risk assessment) who in turn lend to the client (Mertens et al. 2021, pp. 122, 135; see figure 3). Already here, it appears like CDC is closer to *dirigisme*, a state-led model, like its subsidiary Bpifrance, which is in direct contact with the client (Mertens et al., 2021, pp. 172-174; Além et al., 2017, p. 33). KfW is, in contrast, in indirect contact with the client, where commercial banks act as intermediaries. As such, KfW could be said to be closer to a market-based model. However, this also means that KfW does not have local agencies, in contrast to CDC which has so called *directions régionales* with agents who are in direct contact with industry (businesses) and local politicians, and can take investment-decisions themselves based on certain criteria (Interview 4, March 14th 2025). CDC thus composes a decentralized system, whereas KfW composes a centralized system, relying on commercial banks to know the market and industry actors/clients. An interesting side note is that a country with a highly centralized political system (i.e. France) has a decentralized development banking system, and inversely, a country with a decentralized political system (i.e. Germany) has a centralized development banking system.

Differences also exist in the governance framework of these development banks, where CDC operates under the supervision of the French Parliament (the legislative), KfW operates directly under the supervision of the federal government, the executive ("Article 12 of the KfW Law, KfW is subject to legal supervision by the Federal Ministry of Finance in consultation with the Federal Ministry for Economic Affairs and Climate Action"). Notable is that the board model also differs; whereas the CDC board includes 16 seats with a majority filled by individuals with strong ties to parliament (either MPs or appointed by Parliament), the KfW board model is seemingly more inclusive "where ministers of both federal and state governments, bureaucrats, parliamentarians, trade unionists, and bank and industry managers sit side-by-side in the governing organs of the bank, while the ownership composition of Bund (80 percent) and Länder (20 percent) reflects German federalism" (Mertens et al., 2021, p. 122). The governance setup of KfW is reminiscent of the Nordic board model where employee representatives sit on the board, rendering an information advantage, and which according to Boston Consulting Group (BCG) is at the core of many Nordic companies' success (Fæste et al. 2021).

Another difference between KfW and CDC is found in their mandate; whereas KfW can act internationally providing funding to developing countries through *KfW Entwicklungsbank*, CDC lacks such an explicit mandate. In 1961, 13 years following its establishment, KfW obtained a legal mandate to perform development cooperation and commercial project financing as a way of "helping people help themselves" (kfw.de, 2025a). The Law Concerning KfW was amended, including "financing of projects abroad deserving of promotion, particularly within the framework of German development cooperation" (kfw.de, 2025b). At the time, KfW largely focused on financing major infrastructure projects; today, KfW has offices in 80 countries and notably grants loans to development banks supporting the respective country's economic development (kfw.de, 2025a; kfw.de, 2025b). This mandate conferred to KfW does, however, not exclude the agency of Germany's bilateral development agency *Gesellschaft für Internationale Zusammenarbeit* (GIZ); these institutions appear to be complementary with GIZ leading technical cooperation respectively KfW leading financial cooperation (Troilo, 2011). (Additionally, there have been discussions concerning integrating these two institutions.) In this role, KfW has championed risk-sharing financial instruments, marking a significant shift from the mainstream development policy (Volberding, 2018). This dynamic could be likened to the agency of France in the international development field with the evolving interactions of CDC, AFD, and Expertise France.

Lastly, both CDC and KfW have served as models for development banks worldwide, where mainly countries in Western/Southern Europe (Belgium, Italy, Spain, Portugal, Greece, etc.) have adopted the CDC model (see figure 4), respectively countries mainly in Eastern/Central Europe (Croatia, Macedonia, Slovakia, Hungary, etc.) have adopted the KfW model (Mertens et al., 2021, pp. 124-127). Both the models of CDC and KfW respectively have spread to the African continent, with a notable example of Nigeria setting up a development bank modelled on KfW and its on-lending principle (Pöthig, 2015).

1.1.2 Exporting/Importing the CDC Model

Originally established in France in 1816, the CDC model has since been developed and adapted, exported/imported across the European continent (Italy, Portugal, etc.), the American continent (Brazil and Canada), respectively the African continent (starting with Morocco in 1959). Since the first African wave in 2010, many West and Central African countries have been creating their own financial institutions modelled on the CDC, adapted to local circumstances and needs, with a second African wave following in 2018 (see figure 4). As of 2024, there are currently 10 operational CDCs in Africa, with 7 additional African countries looking into setting up their own financial institutions modelled on the CDC (PDB Reference book, 2025, p. 138).

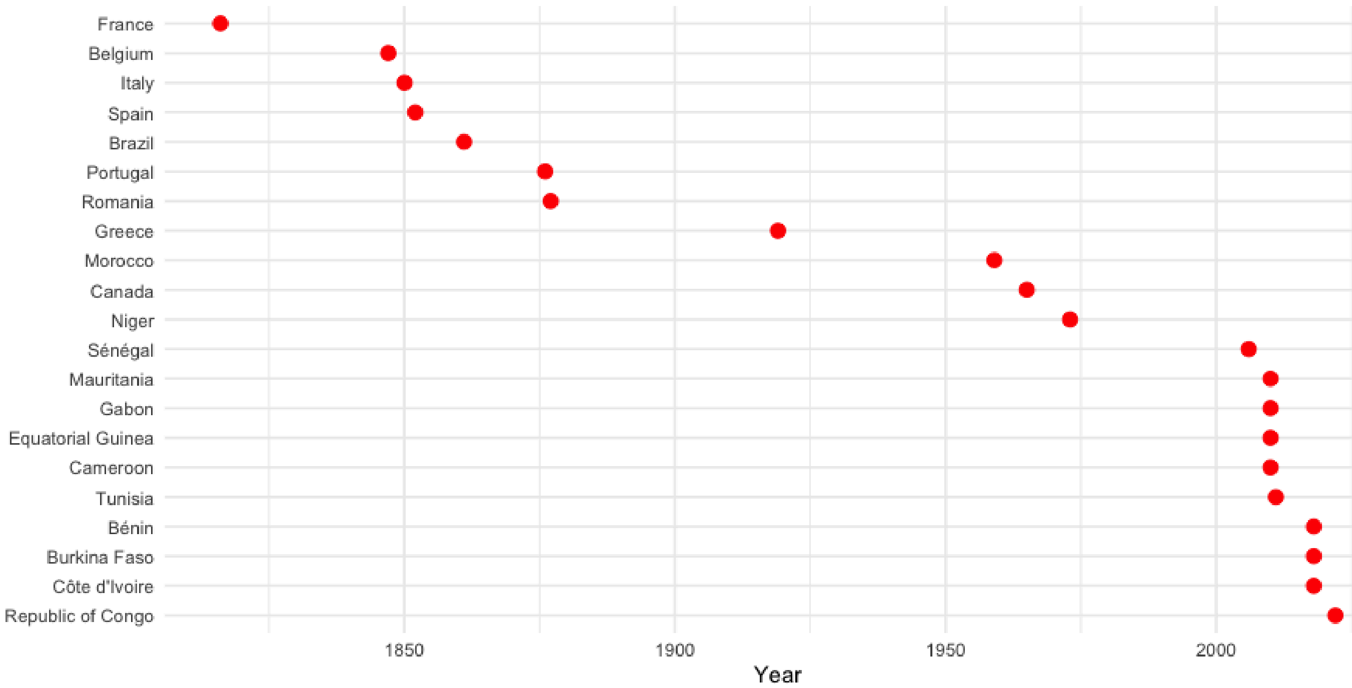

Figure 4. CDC per country by founding year. Own Elaboration, Data from "INSE-AFD dataset" respectively "Caisse des Dépôts Archives, Cote 140-1". Countries listed (with exception for Greece, Romania, and Spain) have financial institutions participating/that have participated in the "Forum des Caisses de Dépôt". https://www.cdc.tn/fr/partenaires/forum-des-caisses-de-depot. NB, both Equatorial Guinea and the Republic of Congo participate in the Forum with institutions called Caisse d'Amortissement, and not Caisse des Dépôts. Congo is still working on operationalizing its CDC. Note, in INSE-AFD dataset, the establishment year of CDC Niger is indicated as 1973, however, CDC France refers to CDC Niger having been established in 2016.

Figure 4, illustrating the adoption of the CDC model by countries over time, takes the shape of a waterfall, hence we refer to it as "La Cascade". Interesting is that the graph derives its shape from the CDC model being adopted in waves: a first wave spanning around 1850-1875; a second wave spanning around 1950-1975; a third wave spanning from 2006 to today. The third wave, exclusively African, can in turn be divided into two sub-waves: one around 2010, and the other around 2018.

According to Jean-Marie Thiveaud, it is Napoleon III who appears as the common denominator for the export/import of the CDC model into Italy, Portugal, and Romania (Cote 140-1, Caisse des Dépôts Archives). Notable is the French influence in the very first banking system of Romania, where Romania's CDC preceded its Central Bank (idem). However, rather than France having an active role in the setup of the CDC model in these countries, the countries adopting the CDC model seem to rather have been inspired by the French institution, based on French teaching and influence in Europe, adapting the model to their own needs and circumstances (idem).

In 1959, Morocco became the first country in Africa to adopt the CDC model. Here however, officials from the French CDC were actively engaged in helping the Moroccans setting up their proper CDG, which basically was the French CDC but *marocanisé* (Zeroual, 2014, p. 3). Following a gap of almost five decades, Senegal became the first sub-Saharan country to adopt the CDC model. Senegal likewise received assistance from the French CDC in setting up its proper Senegalese CDC (CDC communiqué de presse, December 6 2018). Around 2010, in conjunction with the Arab Spring, and in the aftermath of the global financial crisis, a first wave of African countries adopting the CDC model appeared. A second wave followed in 2018, where also AFD and Expertise France were involved alongside CDC, through a Facility to Support the Operationalisation of Caisses des Dépôts et Consignations (expertisefrance.fr, 2020). The collaboration between the French CDC and the African CDC takes the shape of i. bilateral agreements, comprising technical assistance (no financial relations between French CDC and African CDCs); respectively, ii. multilateral exchanges of best practices through the *Forum des Caisses des Dépôts* gathering all CDCs in the world (Interview 3, March 7th 2025; Interview 4, March 14th 2025). Moreover, Dr. Zylberberg clearly underlined that African governments come to France, not the other way around; France does not actively promote the CDC model (Interview 3, March 7th 2025) Dr. Zylberberg refused to be proactive as he thought that it would be counterproductive (idem).

Noteworthy is that these African CDCs are diverse, not adhering strictly to a one French or for that matter African model (although Tunisia served as a model for many sub-Saharan CDCs), but rather adapted to the local conditions, what regards their resources, governance, activities etc. (Interview 4, 2025; Interview 3, March 7th 2025; see appendix E). As such, African CDCs are not mere copies of the French CDC, although based on the same economic model (regulated savings funds). African CDCs are neither duplicates of one another, both their type of resources and governance form differ across countries; e.g. CDC-BF of Burkina Faso was placed under the control of Parliament whereas CDEC of Cameroon is placed under the tutelage of the Ministry of Finance, respectively CDC Tunisia has as resource post booklets (livrets postaux) whereas CDC Gabon has as resource oil revenues (see appendix E). Likewise goes for main activities where CDC Mauritania has underlined "harnessing and managing financial resources, supporting the private sector, supporting social policies" whereas CDC Côte d'Ivoire has underlined "support for businesses (VSEs/ SMEs), infrastructure, social housing, real estate and local government projects" (CDC Reference Book, 2025, p. 15).

According to a communiqué by the *Forum des Caisses de Dépôt* (April 18, 2013), what attracts countries to adopt the CDC economic model (i.e. the fundamental elements, regulated savings funds, etc., despite variations) is due to its proven robustness both within France and internationally. Thus, and also due to several reasons linked to a new vision for sustainable and local economic development, several African countries have established or are about to establish such a structure to fulfill the mission of an informed, counter-cyclical long-term investor, serving the public interest (Forum des Caisses des Dépôts communiqué de presse, April 18 2013; PDB Reference Book, 2025, p. 138). A key argument for establishing CDCs in African countries is to mobilize local savings rather than relying on aid or debt flows or Foreign Direct Investment (FDI) (Interview 3, March 7th 2025; Interview 4, March 14th 2025). Many developing nations have unutilized savings because of inefficient banking systems, out of scale; although not a big amount of savings, there are a lot of people, whereby accumulating savings grows into a significant number (Interview 3, March 7th 2025).

Institution, country, establishment year	Total Assets in 2022 (million USD)	Assets/GDP in 2022	Return on Assets and Equity, 2022
Groupe Caisse des Dépôts, France (1816)	1 124 000	40%	ROA: 0,42% ROE: 7,35%
Cassa Depositi e Prestiti, Italy (1850)	513 000	25%	ROA: 1,42% ROE: 17,12%
Caixa Econômica Federal, Brazil (1861)	310 000	16%	ROA: 0,56% ROE: 7,5%
Caixa Geral de Depósitos, Portugal (1876)	108 000	42%	ROA: 0,83% ROE: 9,0%
Caisse de Dépôt et de Gestion, Morocco (1959)	32 550	25%	ROA: -0,54% ROE:-10,15%
Caisse de Dépôt et Placement du Québec, Canada (1965)	368 000	17%	ROA: 1,43% ROE: N/A

Table 1. The CDC Giants, significant institutional investors. The largest CDCs in the world, including subsidiaries, ordered by establishment year. Data from INSE-AFD dataset, complemented by data gathered from balance sheet statements for the Caixa in Brazil and Portugal, respectively CDPQ for FY 2022. IRS yearly average currency exchange rates. World Bank GDP data. Ratios calculated by author.

Several of the CDCs around the world have developed into financial giants (see table 1), both in absolute (total assets) and relative (in relation to the economy in which they operate) terms. The French CDC is among the top 5 biggest PDBs/DFIs by total assets in the world (INSE-AFD dataset); CDPQ Canada is ranked as the "world's largest institutional investor in infrastructure" (GI 50 – Infrastructure Investor, 2023); CDG Morocco is the largest national development bank (NDB) seen to total assets on the African continent, in addition holding 19% of the accumulated assets of all PDBs in Africa (INSE-AFD dataset); CGD is the largest bank in Portugal (Statista, 2025); Caixa Econômica Federal is among the largest banks in Latin America (Statista, 2024). These CDC institutions also demonstrate relatively good operational performance, in terms of ROA and ROE, as compared to other public development banking institutions (see appendix B).

Today, most of the CDCs in sub-Saharan Africa are still very young (their average age is around 12 years old) and small in terms of their balance sheet (e.g. total assets of CDC Mauritania in 2021 amounted to USD 233 million, and total assets of Côte d'Ivoire in 2022 amounted to USD 452 million) respectively the number of employees (on average 20-30 employees, with a maximum of 50 employees per CDC, as according to Interview 3, March 7th 2025) (see appendix E). Nonetheless, the stated objective for sub-Saharan African CDCs has been as proclaimed by the Facility for the operationalisation of the CDC in Bénin respectively Côte d'Ivoire to become "leading players in financing public policies and strategies for the development of their respective countries" (expertisefrance.fr, 2020). Similarly, CDC Sénégal has a stated ambition to become the leading public institutional investor in Sénégal alongside the State (cdc.sn, 2025). Likewise, CDC Gabon states as objective to become the benchmark investor and lender in Gabon's public financial sector, the keyword in its strategy since its creation in 2010 (G-Pub dataset).

1.2 Agence Française de Développement (AFD)

The World's Oldest Bilateral Development Bank

In 1941, *Agence Française de Développement (AFD)*[17], or rather its predecessor CCFL, was founded during the tumult of WWII, by signature of General de Gaulle, representing Free France in London, on december 2nd (Pacquement, 2015, p. 13). Founded in 1941, that makes AFD the world's oldest development institution, or rather bilateral development bank, created three years prior to the World Bank (Pacquement, 2018, p. 4; Interview 6, March 17th 2025). At its founding, AFD was initially called *Caisse centrale de la France libre* (CCFL) and served three functions: Treasury, Central Bank, and Development Bank (Pacquement, 2017b, p. 14). The institution was initially founded to serve as the treasury and bank of issue of Free France 1941 onwards, and following 1946 served as the key financial institution in charge of investment and development in Francophone Africa (Dimier & Stockwell, 2021, p. 13). AFD's monetary role diminished–losing its monetary competences in *outre-mer* in 1967–to move toward project financing, embracing its role as a development bank (AFD website, 2025; Cour des comptes, 2019, p. 74). CCFL changed its name to *Caisse centrale d'outre mer (1944-1958)* following the end of WWII, then *Caisse centrale de Coopération économique (1958-1991)* in conjunction with the independence of French colonies, notably African, and then *Caisse (CFL)* at its fiftieth-anniversary in 1991 (Pacquement, 2015, p. 14; Pacquement, 2017b, p. 5; Cour des Comptes, 2019, p. 74).

In 1998, AFD obtained its current name and officially became the pivotal agent for French development aid (Lancaster, 2007, p. 159). AFD is 'the primary institution for implementing French development policy', implementing the majority of the operational resources of French bilateral ODA, representing 54% of French bilateral ODA in 2019, respectively 33% of total French ODA; through loans, grants, expertise, or technical assistance (afd.fr, 2023; Jones et al., 2019, p. 1). AFD, with the Ministry of Foreign Affairs (Quai d'Orsay), the Ministry of the Economy and Finance (Bercy), and the Ministry of National Education, together accounted for 88.5% of French ODA in 2022 (afd.fr, 2023). Still today, Africa is at the heart of AFD's strategic priorities, representing the main destination of its financing, in support of an African policy that has established itself as a constant in France's international actions since the 1940s (Pacquement, 2015, p. 14). Priority countries are exclusively African as reaffirmed by CICID (see chapter III, section 4.2). AFD's mission, defined in Article R. 513-23 of the Monetary and Financial Code, consists of:

[17] AFD is the current name of France's bilateral development bank. This institution has changed name over the decades. However, for purposes of simplicity and coherence throughout this thesis, all predecessors of AFD will also be referred to as AFD.

"...carry out financial operations of all kinds with a view to contributing to the implementation of the State's development aid policy abroad and to the development of overseas departments and communities [collectivités d'outre-mer] as well as New Caledonia".

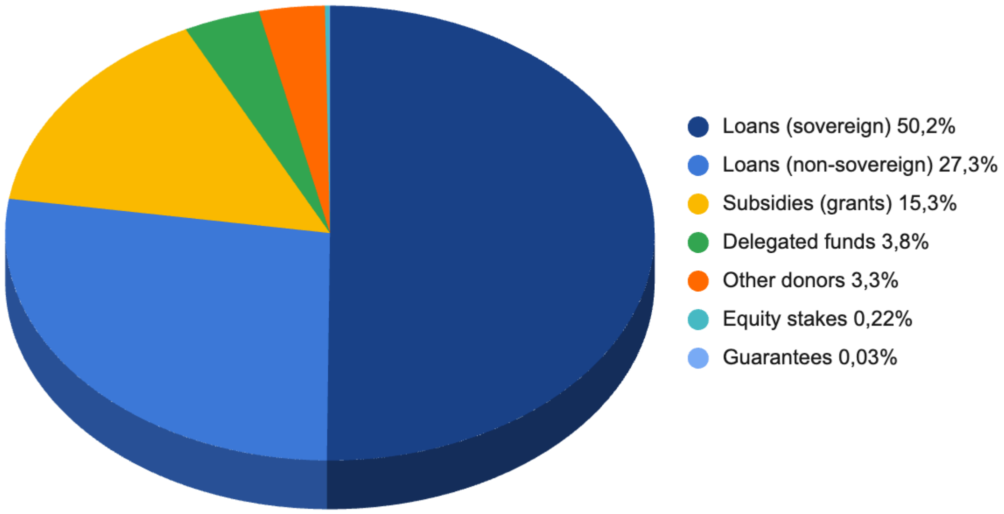

Figure 5. Distribution of projects signed by AFD in 2023 by financing tool. Total commitments amounted to €9 172 million. Own Elaboration. Data from *Groupe AFD – résultats 2023*.

AFD is first and foremost a bank, being denoted a *public establishment of an industrial and commercial nature*, designated *EPIC*[18] under French law, respectively a specialized credit institution (Pacquement, 2015, p. 14; afd.fr/governance, 2025). AFD disburses financing of whichever nature–subsidies to loans, guarantees and equity investments[19]–to a diverse set of actors–international organizations, states, local authorities, public or private enterprises, and NGOs (Pacquement, 2015, p. 14; see figure 5). Notably, loans represent the lion's share of AFD's activities, with almost 80% in 2023 respectively 85% in 2024 of AFD's activity in the form of loans (afd.fr, 2025). Operating costs, like employees' salaries, are covered by interest generated from loans respectively fees collected for implementing grants, where grants are strictly reserved for the most fragile countries (idem). AFD primarily finances itself through borrowing on capital markets under favorable conditions due to the financial strength of the French government, its sole shareholder (idem). Thus, on the one hand, AFD does distribute grants/subsidies on behalf of the French government (i.e. a channel for ODA), however, to a much greater extent extends loans to partner countries, refinancing itself on private markets (afd.fr, 2023, 2025; Keller & Collin, 2016, p. 66). This setup notably stands in contrast to development agencies such as the development arm of the US government, i.e. USAID, which is primarily funded through budgetary resources, i.e. taxpayers' money, distributed in the form of grants (USAID OIG, 2023). AFD is moreover subject to traditional banking regulations, notably Basel III and placed under the supervision of the European Central Bank

[18] EPICs are primarily public institutions, i.e., legal entities governed by public law with a special purpose created by another public entity, in principle, the State (national public institution) or a local authority (local public institution.

[19] Equity investments notably through AFD's subsidiary Proparco, founded in 1977.

(ECB), which is generally not the case for other development agencies (CDC Rapport au Parlement, 2015, p. 273; afd.fr, 2025). AFD is a public bank, under the tutelage of the Ministry of the Economy and Finance respectively the Ministry of Foreign Affairs (afd.fr, 2025; Lancaster, 2007, p. 160). These two ministries provide funding as well as design the legal and strategic framework under which AFD, and its subsidiary Proparco, operate (Dufief, 2022, pp. 1-2). Described as an efficient and economic public bank, AFD has a considerable leverage effect, in which for every EUR 1 from the French state, EUR 12 are invested (afd.fr/5questions, 2025). Moreover, over 50% of contracts financed by AFD have been awarded to French companies (idem)[20]; with loans provided by AFD largely going to French companies, winning 70-80% of the calls for tender (Dimier & Stockwell, 2021, p. 14). Noteworthy is that AFD is not explicitly mandated to support French companies (CDC Rapport au Parlement, 2015, p. 207). Nonetheless, the funding of AFD creates value and jobs in France. In addition to its economic role, AFD has a political role, as expressed by former Director General of AFD, Jean-Michel Severino in a video celebrating AFD's anniversary in 2016, proclaiming that "The major challenge for AFD is to fully establish itself as France's leading influence bank on the international stage" (AFD, 2016). Thus, AFD both has an economic and a political role; both beneficial for France's account.

1.3 African Development Banking Field

As of end 2024, Africa hosts 100 PDBs/DFIs; 10% of these represent fully operational financial institutions modelled on the CDC, i.e. African CDCs. Together, these 100 PDBs/DFIs represent almost 20% of all the world's total PDBs/DFIs, yet hold merely 1.9% of total PDB/DFI assets worldwide, the lowest share among all continents. Nonetheless, in comparison to other continents, African PDBs/DFIs demonstrate the strongest overall performance, with an average return on assets (ROA) of 1.37% in 2023, significantly higher than the European average of just 0.46% (INSE-AFD dataset; PDB Reference Book, 2025, p. 52). Given the data from both INSE-AFD and G-Pub, there was a significant shift following the end of colonialism in Africa, where in the 1960s onwards there was a marked acceleration in the number of development banks established (see figure 6). However, from the 1980s into the 2000s, there were many events of development bank closures. Severe banking crises[21] hit many African countries from 1985 to 1995: a first in the early to mid-1980s, a second hit the CFA franc zone countries in late 1980s, respectively a third one in the 1990s' first half (Daumont et al., 2004, p. 6). Closures meant that many public developing banks were privatized during the period 1987-2003, while a significant number were restructured or liquidated (Abor & Ofori-Sasu, 2024, p. 4-5). Yet, public development banks still have an important role to play in Africa; in the past they have been instrumental in financing the development process–notably in promoting private investment opportunities, respectively

[20] According to Pacquement, what constitutes a French company is difficult to really define; does it relate to French ownership, location, employment? And what is the value-added in a project? It is more a political question rather than intellectual, how it is presented (Interview 5, April 2nd 2025).

[21] 'Banking crises occurred throughout sub-Saharan Africa in the 1980s and 1990s. The banking system in many countries hobbled along or simply collapsed altogether, and financial development suffered a major setback. Furthermore, the resolution of the crises in some cases imposed very large costs on the government.'

development within industry, agriculture, and infrastructure–their importance increasingly underlined in the form of providing counter-cyclical responses to major crises (idem). This can be seen with many development banks being established in conjunction with crises (UNECA, 2024, p. 6).

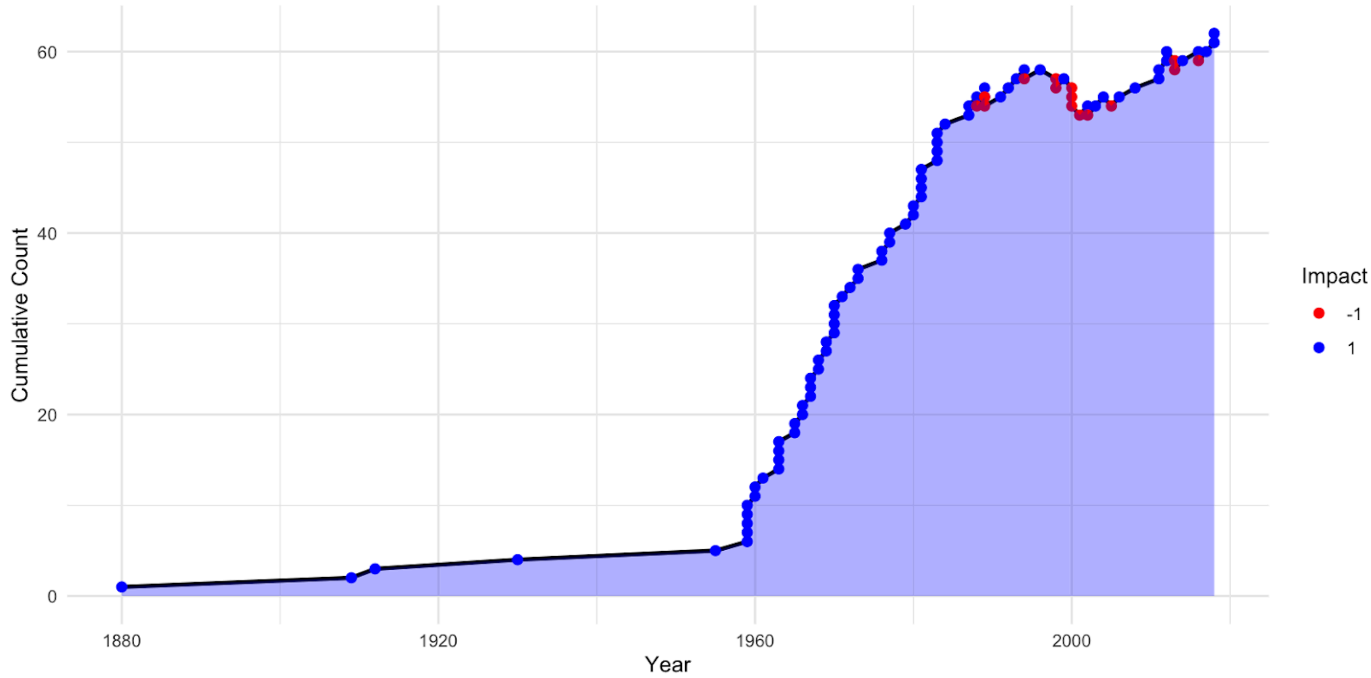

Figure 6. Cumulative Development Bank Establishments Over Time in Africa. Own Elaboration. Data obtained from the G-Pub dataset: https://doi.org/10.7910/DVN/GNVTC9.

Despite their many prospects, African NDBs are limited in efficiently contributing to the continent's development due to issues relating to a weak asset base, technical expertise, political interference, respectively inappropriately targeted mandates (Amoussou, 2024, pp. 6-7). Nonetheless, these banks appear to have a role to play, i.a. with external finance flows to Africa frequently declining in the aftermath of crises and economic downturns in Western markets (UNECA, 2024, p. 6). In conjunction with the Covid-19 pandemic, FDI in Africa was hit with inflows dropping by 16% from USD 47 billion in 2019 to USD 40 billion in 2020 (idem). In addition, ODA fell by 7% from 2023 to 2024 in real terms from donor countries to developing countries, a 2% drop for sub-Saharan Africa (OECD-DAC datasets).

Among the 100 operational African development banks, there is a significant concentration of NDBs in Morocco, South Africa, Nigeria, and Zimbabwe (INSE-AFD dataset). The largest PDB to be found in Africa, by total assets, is the African Development Bank (AfDB), however, the largest national development bank (NDB) is the Moroccan Caisse de Dépôt et de Gestion (CDG) (idem). This performance arguably attests to the solidity and effectiveness of the Moroccan model in financing large-scale projects in essential areas such as infrastructure development, support for productive sectors, and the modernization of the economy (Laurent, 2025). Today, three out of the twenty largest NDBs in Africa are CDCs, namely: CDG Morocco, CDC Tunisia, and CDC Gabon (INSE-AFD dataset). As of end 2024, 10 CDCs are operational in Africa, with 7 additional countries exploring the possibility of establishing such financial institutions modelled on CDC; among those seven countries, we can find Togo, Equatorial Guinea, Congo-Brazzaville, and Congo-Kinshasa (PDB Reference Book, 2025, p. 138). Once viewed as peripheral to the African financial system, CDCs are now regarded as valuable partners by institutions such as the African Development Bank (AfDB) and the West African development Bank (BOAD). (PDB Reference Book, 2025, p. 139).[22] And whereas most development banks in Africa do not directly manage domestic savings, primarily financing themselves through bond issuance on the markets, a key argument for CDCs is to mobilize internal resources, not relying on external capital (Interview 3, March 7th 2025; Rousseau, 2021; Kakpo, 2025). Thus, according to i.a. Dr. Melonio (Chief Economist at AFD), there lies an opportunity in further exploring the CDC model, which could render a growth avenue for certain African development banks (Kakpo, 2025).

Chapter II: Evolution of French Influence within African Development Banking

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This chapter aims to delve into the influence which France exerted through development banking in African countries, throughout the post-colonial period until the modern-day era. This notably includes data points and critical junctures of intensifying collaboration between AFD and CDC, setting the stage for the rapprochement in 2016.

1. Banking in the last Decade of Colonialism (1950-1960)

The shift toward independence for African countries, signified a break from colonial rule, however, also entailed the persistence of certain colonial-era structures. Institutions established during the colonial period were maintained, notably the CFA franc respectively social-credit companies which evolved into development banks. Simultaneously, some developments reflected a more constructive evolution, including the creation of AFD-CDC subsidiaries that provided technical assistance to support economic and social development. Another notable example is the role of CDC France in supporting Morocco in establishing its own CDG.

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[22] In 2022, AfDB signed a USD 400,000 grant agreement with CDC Côte d'Ivoire in support of micro-enterprises, respectively, in 2023, CDC Bénin became one among the first public financial institutions involved in rolling out the African Green Bank initiative (AfDB, 2022; AfDB, 2023). AfDB has also provided capacity building sessions on e.g. 'the tools to better manage public savings and investments' with five African CDCs in West African Franc Zone, respectively with the CDCs in Gabon and Tunisia (AfDB, 2021b). Also in CEMAC, the Central Bank BEAC has created a working group to harmonize the practices among the CDCs working within the union (with the presence of the managers of the CDCs of Gabon, Cameroon, Congo-Brazzaville), notably the operationalization and supervision of their activities respectively the management of dormant assets (Ombala, 2024).

1.1 AFD and the CFA franc

The creation of the *Fonds d'investissement économique et social* (FIDES) in April 1946, laid the groundwork for AFD to participate in development plans, assuming the role as the key French financial institution for investment and development in Francophone Africa (Dimier & Stockwell, 2021, p. 13). FIDES was meant to facilitate investment and development throughout the French empire, providing the basis for establishing semi-public companies, social-credit companies (local banks), and corporations providing electricity and local housing (idem). These social-credit companies, or local banks, were set up as subsidiaries of AFD (Pacquement, 2016, p. 19). The idea was to lend money for major public and private sector operations, to support the creation and operation of banks; no longer catering exclusively to the colonial public, but opening up to African 'citizens' in contributing to development through loans to consumers, investors, first-time buyers, artisans, and in particular small businesses (Pacquement, 2021). These social-credit companies would then, following independence, evolve into development banks (Pacquement, 2016, p. 9).

AFD initially served as Treasury and Central Bank in simplified form, issuing money in the African countries allied to Free France replacing that provided by the Vichy regime (Pacquement, 2021; Djim, 1989, pp. 228-229). AFD continued its monetary mission until the creation of new central banks, i.e. BCEAO and BEAC serving Western Africa respectively Central Africa (idem). This transition was against the background of AFD gradually losing its issuing privilege in favor of an issuing institute specially created for this purpose, by decree of January 20, 1955, thus providing the territories of Central Africa with a new issuing institute; another decree issued the same day took a similar measure for Western Africa, ousting the *Banque de l'Afrique Occidentale* (BAO) previously having enjoyed issuing privileges, now becoming a simple commercial bank (Djim, 1989, p. 229). However, despite serving as regional African central banks, both BCEAO and BEAC have been referred to as being mere monetary intermediaries between the French franc (now EUR) and the CFA franc (Djim, 1989, p. 247). The monetary policy of the Bank of France[23] sets the level of activity throughout the CFA franc zone (idem). Until today, France has maintained monetary cooperation agreements with these African monetary zones, now called WAEMU[24] and CEMAC[25]; two new economic unions, in 1994, complementing the existing monetary unions (gouv.fr, 2021). These zones have their own currency; the West African CFA franc (XOF) respectively the Central African CFA franc (XAF). The monetary cooperation is based on four fundamental principles: the guarantee of convertibility (from CFA franc to EUR), the fixity of parities (fixed exchange rate regime), free transferability (for transactions or capital movements within each of the monetary unions and the CFA franc zone), and the centralization of foreign exchange reserves (centralizing 50% or more of foreign exchange

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[23] The Bank of France was an issuing institution with which AFD could have considered a closer relationship, perhaps even nurturing the ambition of a merger (Interview 5, April 2nd 2025)

[24] West African Economic and Monetary Union (WAEMU), which brings together eight member states: Benin, Burkina Faso, Ivory Coast, Guinea Bissau, Mali, Niger, Senegal and Togo

[25] Central African Economic and Monetary Community (CEMAC), which brings together six countries: Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea and Chad

FX reserves, with the French Treasury, although this requirement has today changed.) (idem). These principles are said to promote macroeconomic stability (idem), however, also limit African independence in monetary policy (Taylor, 2019). Thus agreements have been revised in the modern-day era (gouv.fr, 2021).

1.2 AFD-CDC Subsidiaries (SEDES) and first African CDC

Mr. Bloch-Lainé, with one foot in CDC and the other in AFD, seemed to bring with him an idea of a rapprochement between AFD and CDC already in the 1950s (Interview 5, April 2 2025); Bloch-Lainé was the Director General of CDC (1952-1967) and also chairman of the *conseil de surveillance* of AFD (idem; Rioux, 2022)[26]. One manner in which collaboration took shape was through subsidiaries[27] in which both AFD and CDC had equity stakes. Post-WWII, France had to resolve difficult problems in order to ensure, in the best possible conditions, its reconstruction, then the modernization and growth of its economy. The needs of the countries and territories belonging to the CFA franc zone also led France to considerably increase the technical and financial aid provided to them. As a consequence of the above, the *Société d'Études pour le Développement Économique et Social* (SEDES) was established in 1958 with CDC and AFD as two of the shareholders (Caisse des Dépôts Archives, Cote 205). SEDES' objective, as its name indicates, was to foster cooperation for economic and social development, to enlighten those responsible for public or private decisions by providing them with information and assessment on the economic and social aspects of the problems they faced (idem). SCET-International was another subsidiary, founded in 1959, with CDC and AFD as shareholders along with four national banks, a multidisciplinary service company with the same vocation in the 'third world' as SCET (*Société Centrale pour l'Équipement du Territoire*) in France; specialized in regional planning and implementing techniques for rural planning, urban planning and equipment, tourist planning, industrial development and transport (Caisse des Dépôts Archives, Cote 202-19, 202-20). SCET-International was ultimately liquidated in 1986 (Thiveaud et al, 1988, p. 283). The *Société de crédit pour le développement des départements d'outre mer* (SOCREDOM) was yet another subsidiary opened between CDC and AFD, as well as other shareholders, founded in 1976 for operations in the *outre-mer* (Pacquement, 2018, p. 11).

[26] Mr. Postel-Vinay, Director General of AFD/CCCE from 1944 to 1972, was disturbed by this and requested that the Treasury remove the Director of the CDC from the position of Chairman of the AFD/CCCE Supervisory Board. Thus, Mr. Bloch-Lainé was replaced as Chairman of the CCCE Supervisory Board by Mr. Guillaume Guindey, Director of External Finance (Rioux, 2022).

[27] In addition to having subsidiaries internationally, CDC had also been involved internationally through other means. Notably, CDC did manage (some) financial transactions with (former) colonies. One example is from 1825 when CDC was charged with the indemnification concerning 150 million francs of former colonists in Saint-Domingue (now Haiti, in the Caribbean) following its independence; requiring Haiti to pay millions of francs to compensate French colonists, payments managed by the CDC (Caisse des Dépôts Archives, Cote 820). CDC's international activities started to really appear in 1930 (Thiveaud, 1988, p. 130). In the financial market, however, CDC's interventions were of limited importance (idem). From 1935 onwards, the international interventions of CDC were less frequent and rarely provided assistance, an attitude also reflected in CDC's traditional areas of intervention (Thiveaud, 1988, p. 131).

In 1959, the first country to adopt the CDC model in Africa became Morocco. Morocco gained independence from France in 1956, and the Caisse de Dépôt et de Gestion (CDG) was established in Rabat in 1959 (cdg.ma, 2025). The establishment of CDG was described to make part of a set of measures aimed at both recovering Morocco's economic independence and providing the country with the instruments necessary for its development–along with institutions such as the central bank of Morocco *Bank Al-Maghrib*, CDG constituted one of the first cornerstones of the country's new financial autonomy; CDG constituted a "*Moroccanized*" French concept (Zeroual, 2014, pp. 3-5). The French CDC supported the project from the very beginning by "lending" three executives to help operationalize the CDG. The presence of the French CDC in Morocco in the 1960s was described as an opportunity to strengthen ties between the Moroccan and French technocracy; where its subsidiaries played both the role of technical assistance and project manager for major projects carried out in association with Moroccan public institutions (Zeroual, 2014, p. 26). Close collaboration was thus established between the Moroccan and French technocratic sectors (idem). One example of collaboration included the constitution of the research and development company *Maroc Équipement* (MAREQ) established jointly with the Moroccan *Banque Nationale de Développement Économique* (BNDE) and the French study bureau SCET, a branch of the French CDC, created for the construction needs of the city of Agadir (cdg.ma, 2025). Today CDG has grown to become the largest national development bank (NDB) in Africa seen to total assets (INSE-AFD dataset). CDG has played and still plays a significant role in the Moroccan economy, acting as an important investor; significant economic projects in Morocco involving CDG have included redeveloping the Bay of Casablanca, the Tangiers-Mediterranean project (constructing a deep-water port), respectively developing the Bouregreg Valley near Rabat (Aboudrar, 2006).

2. Development Banking – Central to Economic Independence (1960-1975)

Following African countries gaining political independence from France in 1960, economic independence had to follow as the former would not make sense without the latter (Cissé, 1986, p. 1). As such, the establishment of institutions susceptible to ensure a properly functioning economy ensued, notably national development banks (NDBs) (idem). Pacquement (2016) describes an Africanization of *clientele*, *personnel*, and *ownership* which was spearheaded by AFD: lending to an African clientele, notably credit for housing; educating and training African personnel, i.a. in finance-related topics; dilution of ownership, notably equity stakes in national development banks (NDBs). Dilution of equity stakes in NDBs and an Africanized top management would constitute the main pillars of such a process of *Africanization* (Pacquement, 2016, p. 12). CCCE/AFD notably supported African NDBs through equity, lending, and technical assistance (education/training, etc.). However, on the other hand, Cissé (1986) stated that these NDBs did not live up to their promises, respectively Djim (1989) proclaimed that these NDBs were not adapted to local conditions and circumstances in Africa, but rather based on a French modus operandi.

2.1 Equity distributions

At the turn of 1960, newly independent African countries transformed their social credit companies into full-fledged national development banks (NDBs) (Cissé, 1986, p. 37).[28] AFD was among their main supporters, from the outset, holding equity shares alongside the Government in respective countries and the Central Bank (BCEAO or BEAC) (see appendix C). In some NDBs, private shareholders such as *Chase* or *Lazard* held stakes including the *Banque Ivoirienne de Développement Industriel* (BIDI) (see appendix C). The general scenario is exemplified in Table 2, showing equity distributions for *Banque Nationale de Développement de Sénégal* (BNDS): founding partners being AFD and the Senegalese government, where AFD holds around 30% whereas the Government holds around 50%; then there are smaller shareholders including the Central Bank, French public institutions such as BCFE or national ones such as the CSSS. (For an overview of all 14 African NDBs, see Appendix C.) The change in capital share between 1966 and 1974 exemplifies the practice of dilution where the capital of French institutions remained constant, whereas the capital of African institutions increased; hence increasing the share in favor of African institutions.

SHAREHOLDER OF BNDS[29]	1966		1974	
	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
Senegalese government	760 000 000	55,88	1 750 000 000	72,91
Caisse centrale de coopération économique (CCCE/AFD)	375 000 000	27,58	375 000 000	15,63
Banque centrale des États de l'Afrique de l'Ouest (BCEAO)	100 000 000	7,35	150 000 000	6,25
Caisse de dépôts et consignations (CDC)	65 000 000	4,78	65 000 000	2,71
Caisse de sécurité sociale du Sénégal (CSSS)	50 000 000	3,68	50 000 000	2,09
Banque française du commerce extérieur (BCFE)	10 000 000	0,73	10 000 000	0,41
SHARE CAPITAL	1 360 000 000	100,0	2 400 000 000	100,0

Table 2. Evolution of the distribution of the share capital of the National Development Bank of Senegal / la **Banque Nationale de Développement de Sénégal (BNDS)**. Source: Cissé, 1986, p. 232. Currency: CFA franc.

[28] Some African countries also kept their social credit companies and did not create a NDB, or created a NDB alongside their social credit company (see appendix C).

[29] BNDS was created from the merger of *Banque Sénégalaise de Développement* and *Crédit du Sénégal* (Badouin, 1965, p. 265).

Table 2 is interesting in two respects: i. It showcases the practice of dilution in favor of African institutions discussed above, ii. It showcases that CDC was a shareholder in African NDBs. More precisely, out of the 13 African NDBs in which AFD held equity stakes, CDC held equity stakes in three of them: *Banque Nationale de Développement du Congo*, *Banque Gabonaise de Développement*, respectively *BNDS* (Badouin, 1964, pp. 96, 152, 232). In dialogue between Pacquement and the author, CDC could have been called upon to participate in a NDB by the Government of the respective country due to CDC's expertise in real estate financing (Interview 5, April 2nd 2025). This reasoning goes well with a significant share of CDC resources (notably Livret A) going to social housing (Thiveaud et al, 1988, p. 131); CDC being implicated with urban planning and development through SEDES, SCET-International (Caisse des Dépôts Archives, Cote 202-19, 202-20); respectively lending for housing and agriculture comprising the two recurring credit allocations of African NDBs (see table 3).

AFD also supported these NDBs through technical assistance[30], notably education/training. (NB, over half of French bilateral aid went to technical assistance in 1965 as per Lancaster, 2007, p. 148.) An example is BIDI whose staff was 100% Ivorian; 116 persons employed of which 34 were professionals (World Bank report n° 5507, 1985, p. 17). Management and staff were considered well-trained, qualified, and experienced per the standards in Côte d'Ivoire (idem). Professional training of BIDI staff was conducted in conjunction with AFD and other French financial institutions (idem). However, promoting African staff and managers in general was challenging due to the lack of skilled personnel (Pacquement, 2016, p. 12). Lastly, these NDBs also took equity shares in domestic companies, such as BNDS taking a 50% stake in a refining company and a 43% stake in an industrial company for the construction of agricultural machinery (Badouin, 1964, pp. 234-235).

2.2 Lending by sector

AFD acted as the main lessor to these African NDBs, notably for long-term loans (Spiro, 1966, p. 125; Cissé, 1986, p. 275). AFD relied on these NDBs as intermediaries in channeling funds to the African market (Pacquement, 2016, p. 10). These NDBs notably channelled funds into the sectors of agriculture and housing, as shown by table 3. Other banks such as BIDI fostered industrial development; BIDI had loaned out over CFA franc 30 billion to over half of the industrial enterprises established in Côte d'Ivoire by the early 1980s, all of which were required to have at least some Ivorian shareholders (Rapley, 1997, pp. 68-69).

[30] In 1965, over half of French aid was used to fund technical assistance (Lancaster, 2007, p. 148). In 1971, just over half of French bilateral aid went to education (Lancaster, 2007, p. 147). Even in 1990, French assistance continued to be concentrated in education, with almost 25% of French bilateral aid funding activities in the sector of education (Lancaster, 2007, p. 151).

Institution/sector	Agriculture	Craftsmanship	Trade	Housing	Industry	Small equipment, automobile	Rural developments	Forestry
Banque Camerounaise de Développement (b)	1099	412	102	881	N/A	87	N/A	N/A
Banque de Développement du Tchad (c)	857	66	24	249	N/A	1	32	N/A
Banque Nationale de Développement du Congo (b)	144	54	N/A	240	N/A	67	N/A	N/A
Banque Sénégalaise de Développement (a)	9957	29	3	N/A	N/A	N/A	4	N/A
Banque Nationale de Développement Centrafricaine (b)	542	N/A	10	151	11 (1)	59	4	N/A
Banque Gabonaise de Développement (b)	57	N/A	N/A	372	115 (1)	12	2	25
Banque Dahoméenne de Développement (b)	103	N/A	N/A	274	64 (1)	9	N/A	N/A
Total	12759	561	139	2167	190	235	42	25

Table 3. Distribution of credits and loans granted by Development Banks in Francophone Africa by category, one country-year between 1960-1963 (values in millions of CFA franc). Source: Jean-Marc Spiro, 1966, p. 46. (1): craftmanship, industry, and transport; (a) 1960-1961; (b) 1961-1962; (c) 1962-1963.

Agriculture and housing appear as two sectors with high demand for African economies. There was a predominant share of credit allocated to the agricultural sector. However, the question is what this credit specifically went to. According to Djim (1989) there had been an introduction of cash crops, notably cotton and peanuts, intended to generate sufficient revenue to levy taxes and quickly develop a market economy (Djim, 1989, pp. 30-31). Observing the credit allocations by NDBs noted by Badouin (1964), BNDS appears to have allocated credit to peanut campaigns respectively the Banque Nationale de Développement de la République Centrafricaine allocated credit for cotton and coffee (Badouin, 1964, pp. 86, 234-235). These are export-products, where cotton has been the main rival and enemy of subsistence farming, to the extent where the progress of one has led to the decline of the other, and vice versa (Djim, 1989, p. 25).

Moreover, to Djim (1989), equity dilution is not really what matters in terms of influence, what matters is who can decide and/or influence the allocation of credit. Credit allocation was not generally decided by the “Africanized” Director General, but rather by the implied French *coopérant*, technician, or expert responsible for the instruction of the credit files–which is the essential element of the bank (Djim, 1989, p. 192). Lastly, AFD provided a relatively high share of its aid as tied or partially tied to the purchase of French goods and/or services, tied-aid representing over 50% of France's total bilateral aid at the beginning of the 1990s (Lancaster, 2007, p. 151)[31].

3. Government Interference, Banking Crises, and Change

In this section, we will look at how three issues impacted French influence within African developing banking, forcing France to reconsider its approach.

3.1 Private Sector Shift (1975-)

The substantial dependence of the vast majority of African financial institutions, including NDBs, on political power posed a problem of their management autonomy (Cissé, 1986, p. 101).[32] The testimony of a banker is revealing in this regard: "What do you expect," the banker confided, "such and such an African minister calls you to finance a dam, such and such for a road, a hospital, a factory, etc. Even all the money in the world would not be enough." (idem). As exemplified, there was a grave issue of political capture at play.

According to Pacquement, the new bank executives, despite being assisted by experts, were unable to resist state pressures to politically instrumentalize the distribution of credit (Pacquement, 2016, p. 10). Owing to this background, in part, AFD grew increasingly reluctant in relying on these NDBs as intermediaries, which marked a shift in a direct exposure to the private sector (idem). This exposure took two forms: i. providing loans at market conditions from 1975 onwards (NB, still conditioned upon tied-aid loans)[33]; ii. founding AFD's subsidiary Proparco in 1977 with the mission of taking shares in the capital of African companies (idem).[34]

According to Mr. Roland Billecart, then Director General of AFD, the difficulties of development banks in sub-Saharan Africa stemmed on the one hand from "their rather weak capacity for resistance towards governments... These banks are often budgetary submarines that serve to finance government projects, sometimes without the necessary preliminary studies…", and on the other hand from "their lack of professionalism."" (Cissé, 1986, p. 108). The latter is also what an accounting firm's report on the management of the *Banque Nationale pour le Développement Agricole* (BNDA) of Côte d'Ivoire highlighted: "The bank was very poorly managed, the accounts were not kept well, there were double entries, many

[31] The share of tied-aid had increased over the previous ten years with the French government seeking "to associate as many partners as possible (especially from the private sector) with the implementation of the aid programme." (Lancaster, 2007, p. 151).
[32] Relations between development banks and public authorities were not only ambiguous with regard to the granting of credit or the acquisition of equity interests. They were also ambiguous with regard to the recovery of company debts. What is known in Côte d'Ivoire as the "Emmanuel Dioulo Affair" is an illustration of this (Cissé, 1986, pp. 101-102).
[33] Until 1975, the loans accorded by AFD to African NDBs had followed two procedures: i. 'avances globales', respectively ii. 'avances spéciales' (Cissé, 1986, p. 270).
[34] "The distinction between commercial banks and development banks disappeared from BCEAO texts after 1975, but in reality, it continued to exist given the specific missions that development banks were regularly asked to fulfil" (BCEAO, 2002, p. 49). Objective i.a. to make DBs more competitive.

things that should not normally be done in a bank." (idem). Thus, notable issues of African NDBs related to i. political capture, respectively ii. poor governance.

3.2 Development Bank Closures (1985-1994)

Poor governance and management of NDBs were notably exposed during systemic crises[35] that hit banks in sub-Saharan Africa during the 1970s, 1980s, and 1990s (PDB Reference Book, 2025, p 89; Powo Fosso, 2000). Some banks reported a large share of non-performing assets, a significant portion of which had been extended to so-called 'politically exposed persons' (idem). However, the reasons for poor results were not uniform. In Côte d'Ivoire, BIDI made numerous loans to support the emergence of an Ivorian business class–often being the only major bank willing to extend substantial credit to Ivorian investors, without which many of these firms might not have survived (Rapley, 1997, pp. 135-136). Yet, many of these loans were never recovered, ultimately leading to the bank's liquidation in 1989 (idem). Due to the depth of the crisis many countries faced, governments were often unable to carry out the necessary recapitalizations, leaving NDBs at risk of bankruptcy, which i.a. resulted in a third of the NDBs in the West African banking systems closing (PDB Reference Book, 2025, p 89).

If we observe the "distribution of authorized capital of financial institutions" in the West African Monetary Union (WAMU), the share of development banks significantly decreased on average, from 31.41% between 1960-1974 to 10.20% between 1990-1993 (see Appendix C). Countries including Benin, Senegal, and Côte d'Ivoire saw the share of development banks approaching 0% (see Appendix C). If also observing the "composition of WAMU banks authorized capital", the share of French ownership significantly decreased on average from 89% between 1960-1975 to 16% between 1990-1993 (see Appendix C). This trend occurred alongside an increase in national governments' share, but also private nationals', which rose from 8% respectively 0% in 1960-1975 to 29% respectively 14% in 1990-1993 (see Appendix C). Lastly, at the inception of the debt crisis period, France had attempted to reject structural adjustment processes implicating multilateral intrusion into the CFA franc zone, notably by the Bretton Woods institutions the World Bank and the IMF (Pacquement, 2016, p. 12). However, due to the growing pressures of deficits from the CFA franc zone, France was compelled to accept and support them (idem). As such, influence over the banking system appeared to rest not with France or African actors, but with the Bretton Woods institutions. During the adjustment process, NDBs were placed under increased scrutiny: bank restructurings were undertaken, where in Côte d'Ivoire all NDBs were closed between 1988 and 1989, and likewise Senegal and other countries experienced NDB closures at the end of the 1980s and the beginning of the 1990s (idem). Although the Banking Commission established in West Africa (1990), and later in Central Africa (1993), reduced

[35] "One thing new to French aid in 1990 was a rising proportion devoted to debt relief–5 percent in 1990–making France the second most generous donor of debt relief after the United States" (Lancaster, 2007, p. 151). "While French aid grew rapidly in 2002 and 2003 and seemed set to rise further in the future, much of that aid was in the form of debt relief–one-third of ODA in 2003 (Debt relief was financed by the debtor countries paying their debts and the French government offsetting those repayments with grants.)" (Lancaster, 2007, p. 161).

bank failures according to Dr. Bruno Powo Fosso (2000, p. 26), NDB closures continue to this very day (see figure 6).

3.3 From Africa to Europe – French ODA Plummeting (1994-2004)

The period from the mid-1990s[36] to early 2000s[37] was marked by a significant contraction in French development aid (see figure 7). The volume of French ODA plummeted, passing from 0.63% of GNI in the mid-1990s to 0.43% of GNI in 2004 (Pacquement, 2018, p. 216). Reasons for this dramatic decline related to the need of the French government to cut its overall budget to accommodate its deficit to the 3% of GNP ceiling associated with the Maastricht Treaty; and simultaneously at the end of the Cold War, the value of a *sphere of influence* in Africa was eroding, and the willingness of French politicians to exert themselves to protect aid levels in the face of pressure to cut the overall government budget was low (Lancaster, 2007, p. 157). During this period, there was essentially a shift from Africa to Europe, where France looked toward the European project. In 1992, the aid program of the European Union (EU) received the majority share of French multilateral aid, respectively the Association of *European Development Finance Institutions* (EDFI)[38] was established, in which i.a. Proparco[39] was and is still a member (Pacquement, 2018, p. 216; Lancaster, 2007, p. 151). Essentially, there was a shift of France turning away from Africa in favor of the European project.[40] However, noteworthy, is that in the late 1990s France rose as the largest contributor to the European Development Fund (EDF)[41] partly in order to maintain significant influence over EU policy on Africa (Chafer, 2005, p. 17).

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[36] Historic 50% devaluation of the CFA franc in 1994 aimed to restore competitiveness of African countries and reduce the financial burden on France caused by covering African balance of payments deficits, which stemmed from an overvalued currency. Although the move was initially met with opposition from both French and African elites, it marked a significant shift in policy (Lancaster, 2007, pp. 155-156).

[37] "One thing new to French aid in 1990 was a rising proportion devoted to debt relief–5 percent in 1990–making France the second most generous donor of debt relief after the United States" (Lancaster, 2007, p. 151)... "While French aid grew rapidly in 2002 and 2003 and seemed set to rise further in the future, much of that aid was in the form of debt relief–one-third of ODA in 2003 (Debt relief was financed by the debtor countries paying their debts and the French government offsetting those repayments with grants.)" (Lancaster, 2007, p. 161).

[38] EDFI initially regrouped seven European Development Finance Institutions (DFIs), now constituting 15 members, primarily concentrating on private sector investments in developing countries; strengthening cooperation, facilitating knowledge-sharing and learning (edfi.eu, 2025)

[39] CDC became a shareholder in Proparco in 1992, with an initial stake of 0.2%. Since then, CDC has increased its share, gradually increasing its stake to 3% in 2001, 5% in 2003, and 7% in 2008. In 2016, CDC held 6.15% (Pacquement, 2017a, pp. 174-175).

[40] Under the influence in particular of the work carried out under the aegis of the OECD-DAC, French aid was officially untied in 2002 (Pacquement, 2018, p. 218).

[41] EDF became a 'piggy bank' for French businesses during the post-colonial period, winning the large majority of calls for tenders and contracts through EDF (Dimier & Stockwell, 2021, pp. 248-261). France had used development aid, notably tied aid, as a means to promote the position of its businesses on the African market, a strategy which however was shared by countries including the Soviet Union, the US, China, Japan, Germany, the UK, etc. Thus, the French strategy failed to keep competitors out of the African market (Dimier & Stockwell, 2021, pp. 244). African elites used this competition to their advantage, in playing different actors against each other (Dimier & Stockwell, 2021, pp. 244-245). EDF was based on a framework addressing underlying issues of competition in which funding was limited to clear rules to be respected by the interested European firms and African states receiving funding and issuing the calls for tenders, supervised by the EC as a neutral party; rules which however France used to its advantage in working with African states to devise projects and calls for tenders, including contract laws and technical specifications, favouring French businesses (Dimier & Stockwell, 2021, pp. 245, 253, 264-265).

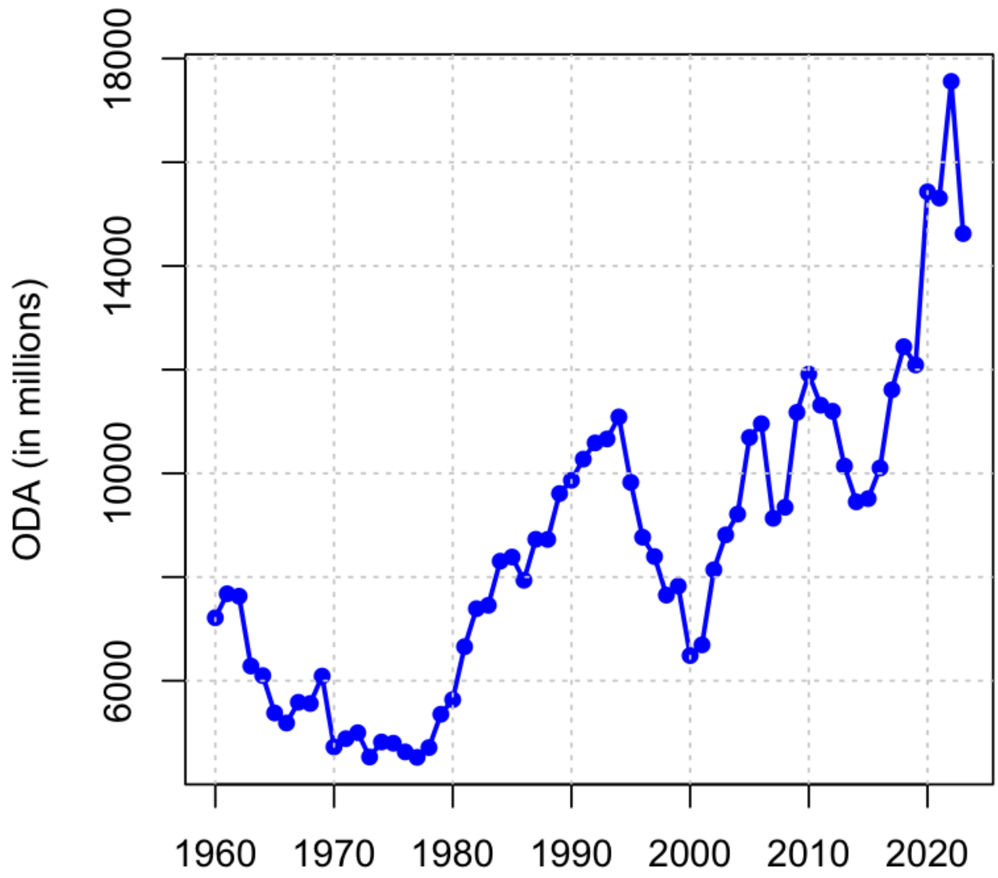

Figure 7. French ODA[42] Net Disbursements for France 1960-2023 (constant prices). Own Elaboration. Data from OECD-DAC Data Explorer. Time period: 1960-2023; Donor: France; Flow type: Disbursements, net; Unit of measure: US dollar; Price base: Constant prices. Disbursements may be recorded gross (the actual amounts disbursed) or net (i.e., less repayments of principal in respect of earlier loans).

In conjunction with this shift toward Europe, in 1988, CDC adopted a program on international development, defining its priority interventions (Caisse des Dépôts Archives, CDC Rapport au Parlement, 1988, preface XIV; CDC brochure sur l'ouverture internationale du Groupe, p. 6). Europe was at the heart of this opening up to the international, including participating in the construction of the *Eurotunnel* (CDC brochure sur l'ouverture internationale du Groupe, pp. 7, 11). However, Jacques Sallois underlined that CDC did not discover the world in 1988; CDC and its subsidiaries had been engaged internationally for 30 years in developing countries, notably through SEDES (idem). As regards financial activities, CDC had also intervened on numerous occasions in major operations to conduct loan issues for major global or European institutions (idem). CDC had operated internationally until late 1960s and the creation of the Caisse Centrale de Cooperation, a predecessor of AFD (CDC Rapport au Parlement, 2015, p. 273).

[42]Official Development Assistance (ODA) is defined as those flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies. Certain concessionality.

Later, an area identified for possible joint intervention between AFD and CDC was climate change, in which the two institutions had set broad sectoral guidelines and were partners in the same international platforms, notably the Montréal Pledge (idem). Already in 2002, in anticipation of the implementation of the Kyoto protocol[43], AFD and CDC were combining their financial engineering to study projects and evaluate potential emission credits (Pacquement, 2018, p. 14). In 2015, CDC and AFD founded the '*Institute For Climate Economics'* (I4CE), a non-profit research institute that contributes through its analyses to the debate on public policies for mitigating and adapting to climate change (i4ce.org, 2025). Lastly, CDC opened a representative office in Brussels in 2008 (CDC brochure sur l'ouverture internationale du Groupe, pp. 7, 11), six years following AFD having opened a representative office in Brussels in 2002, the same premises as KfW (Pacquement, 2018, p. 14).

[43] Adopted in 1997, entered into force in 2005.

Chapter III: Rapprochement: Build-up, Process, Outcome

This chapter—at the heart of the thesis—centers on the 2016 rapprochement between AFD and CDC, structured in three parts. First, it examines the events that led to the rapprochement. Second, it unpacks the negotiation process itself, which focused on a potential merger between AFD and CDC. Third, it analyzes the outcomes of this process, structured around two key pillars: the creation of STOA, an infrastructure investment fund, and the strengthening of African counterpart institutions modeled on CDC. Each section weaves together political, economic, and technical dimensions that shape contemporary French development policy.

1. Three Movements Foreshadowing a Rapprochement (2003-2012)

From 2003 to 2012, there were three movements that could be said to foreshadow a rapprochement in 2016 between AFD and CDC: i. Subsidiaries of both institutions launched a collaboration in Africa (a critical element was also the creation of Bpifrance in 2012); ii. the first wave of African CDCs where the French CDC provided technical assistance, iii. the establishment of development banking clubs, in which both CDC and AFD played a motor role, with an international scope.

1.1 Joint launch of Averroès by subsidiaries of AFD and CDC

In 2003, *Proparco* (subsidiary of AFD) and *CDC Entreprises* (subsidiary of CDC, later Bpifrance, see last paragraph discussion on its emergence)[44] launched the fund of funds[45] *Averroès Finance*[46] (Pacquement, 2017a, p. 170; bpifrance.fr, 2025a). The objective of this fund of funds was to support the development of private equity in the Maghreb and the Mashreq, through investment vehicles chosen in particular for their capacity to mobilize private capital (idem). CDC Entreprises had until then mainly invested in French regional private equity funds, acting as an anchor investor, aiming to strengthen the SME ecosystem (Interview 7, April 2nd 2025). (idem). For some reason, CDC grew interested in supporting a similar approach for SMEs around the Mediterranean Basin–to foster a kind of extended regional presence for French businesses in this area (idem).

CDC Entreprises began investing in private equity across the Mediterranean, especially in Tunisia and Morocco (Interview 7, April 2nd 2025). Naturally, CDC and Proparco ended up working together–Proparco was also financing SMEs in Africa and saw a dynamic ecosystem of private equity fund managers in Tunisia and Morocco (idem). Thus Proparco and CDC Entreprises decided to pool their investment capacities in North Africa. They had a shared

[44] Supported SMEs. Predecessor to Bpifrance, which was established from the merger between CDC Entreprises, OSEO, and FSI in end 2012.
[45] Investment vehicle which invests in other investment funds rather than directly in stocks, bonds, or other securities.
[46] The name of the fund of funds *'Averroès'* is inspired by the 12th-century Andalusian polymath Averroes (Ibn Rushd), symbolizing a bridge between Europe and the southern Mediterranean.

mandate to attract private capital to SMEs: CDC did this via regional funds in France; Proparco did it in Africa (idem). But the idea and mission were the same: to encourage private investment in SMEs (idem). Thus, there was a strong alignment of mission: Proparco focused on Africa, CDC on France and French SMEs, which were already highly involved in North Africa due to linguistic ties and nearshoring. As such the fund of funds called Avveroès was born, which invested in private equity funds with the shared goal of attracting private capital and fostering cooperation between France and North Africa (idem). This worked fairly well in terms of joint investment power — CDC and AFD speaking with one voice in North Africa made them each stronger (idem). What was more difficult was mobilizing private capital (idem). Private investors still saw the risk-reward profile of African private equity, including North Africa, as not high enough to justify the perceived risk. So capital mobilization fell short of expectations. But creating a joint investment vehicle worked relatively well (idem). In addition to the joint fund with some private partners, Proparco and CDC continued their own parallel investments in the same funds. So there were three channels: Proparco, Averroès, and CDC. Together, they had more clout. Averroès also attracted third-party capital — from the Caisse d'Épargne Group, and initially the EIB (idem).

Following this initial venture between Proparco and CDC Entreprises, other funds/vintages would follow, notably expanding the scope of *Averroès Finance I* (2003, Maghreb, general funds to construct a previously almost non-existent private equity market) both in terms of geography and finance: *Avveroès Finance II* (2009, East of the Mediterranean, notably funds in Türkiye and Lebanon), *Avveroès Finance III* (2015, Maghreb and sub-Saharan Africa, development capital and venture capital funds, managed by experienced local teams), *Averroès Africa* (2015, pan-African, open to third-party investors and targeting venture capital, growth capital, and buyout capital funds managed by experienced local teams) (bpifrance.fr, 2025a).

This first collaboration in modern times between subsidiaries of AFD and CDC is interesting in how it evolved and came into fruition. Averroès notably seems to set a precedent in many different respects for what came to unfold: notably steps toward approaching the international for CDC, a positive interaction between AFD and CDC or rather their subsidiaries, promoting local and French enterprise (economic diplomacy), with a development-focus through investments, and a gradual expansion of its scope. Notably, as Averroès contributes to the structuring of the private equity market in Africa, French public institutions aim to combine returns and the creation of a network of successful companies on the African continent, benefitting French businesses that seek to expand into growing markets (bpifrance.fr, 2025a)[47].

[47] Regular exchanges with funds supported by Averroès vehicles on the African continent thus enable the forging of links between African companies and French companies supported by Bpifrance (strategic partnerships, investment opportunities, etc.)

Bpifrance[48] was launched in 2012, following a series of institutional mergers that culminated in the consolidation of Oséo (focused on innovation), CDC Entreprises (supporting SMEs), respectively FSI (a sovereign investment fund created by President Sarkozy in 2008) (Interview 1, January 23rd 2025). The creation of Bpifrance was a cornerstone of President Hollande's electoral platform in 2012 (Interview 10, April 7th 2025). Amid institutional issues coupled with the success of FSI, both Sarkozy and Hollande campaigned on the idea of establishing a state-backed institution dedicated to SMEs (Mertens et al., 2012,p. 179). Such a project reflected a renewed willingness with bipartisan support to adopt a strategic approach of direct state involvement in financing sectors of strategic importance (idem). Ultimately, it was Hollande's proposal that prevailed–proposing a structure that was more encompassing and ambitious than that of Sarkozy (idem). Although Bpifrance mainly intervenes on the French territory, if it intervenes internationally, then it is usually in the form of export support, through public export guarantees which Bpifrance obtained from Coface in 2017, rather than providing capital for projects (Pacquement, 2017a, pp. 173-174). As such, Averroès could perhaps be regarded as an exception. In 2014, Bpifrance and AFD signed a cooperation agreement for a rapprochement i.a. including the projection of French companies abroad, notably in Africa (idem).[49]

1.2 First wave of supporting African CDCs (bilateral collaboration)

CDC then ventured into Africa, like its subsidiary CDC Entreprises, however not through financial investments, but by providing technical assistance to countries in establishing financial institutions modelled on CDC. This began with Senegal seeking CDC's support in the lead-up to 2006, which initiated the first wave of African CDCs (2006-2011). In 2006, the Senegalese institution, the first CDC established in sub-Saharan Africa, was established with the support of the French CDC (CDC communiqué de presse, December 6 2018). This bilateral relationship, as well as between the French CDC and other African CDCs–e.g. Mauritanian CDD and French CDC maintaining regular technical exchanges in Nouakchott and Paris –has since through cooperation agreements been renewed at different occasions (idem). The cooperation agreement of 2019-2021 between CDC Senegal and the French CDC underlined technical exchanges (NB, as already stated CDC exclusively provides technical assistance, i.e. no financial assistance) and the sharing of expertise in the areas of territorial development (economic and social infrastructure, services for local authorities, decentralized Franco-Senegalese cooperation), energy and ecological transition, and management skills shared by the two institutions (idem).

Following CDC Senegal's establishment in 2006, expansion efforts intensified post-2010 Arab Spring, with CDCs established in Gabon (2010), Mauritania (2010), and Tunisia (2011)

[48] Background to mergers leading up to the creation of Bpifrance in 2012: merger between Crédit d'équipement des PME (CEMPE) and Sofaris (guarantee) to create Banque des PME (BDPME). The integration follows in stages: in 2000, then in 2005-2008 when Anvar is absorbed by BDMPE to create Oséo, and finally by the merger between Oséo, CDC Entreprises and Fonds stratégique d'investissement (FSI) in 2012.
[49] In 2014, CDC International Capital (CDC CI) was established by CDC, dedicated to developing long-term partnerships with foreign sovereign wealth funds, with the aim of carrying out co-investments across France and internationally. Bpifrance overtook these activities by a transfer of CDC IC to Bpifrance in 2019 (Bpifrance January 17 2019).

(Interview 3, March 7th 2025; PDB Reference Book, 2025, pp. 138).[50] These countries establishing their own financial institutions modelled on CDC constituted the first wave of its kind in Africa (idem). This raises the question of what these countries shared–were they linked by poverty status, geography, or other common factors? In the first wave, as well as the second, countries originated from widespread areas including Western, Central, and Northern Africa. Thus, not geography. Likewise, these countries were widely spread along the poverty scale; where Niger and Burkina Faso are among the top 20 poorest; Benin, Senegal, Republic of Congo, and Cameroon are among the top 40 poorest; Côte d'Ivoire and Mauritania are among the 60 poorest; Morocco and Tunisia are among the top 80 poorest; Gabon is among the top 100 poorest (Ventura, 2024). Thus, not poverty status either. What does link these countries is their shared history, as Francophone countries. (A certain degree of path dependence here, as countries turned to France for assistance.) In turn, what these financial institutions, that these countries have adopted, all have in common is that they are based on the French CDC model. The model is rooted in an argument of mobilizing internal resources, relying less on external resources and flows such as FDI (Interview 3, March 7th 2025). It is a model based on mobilizing domestic savings, notably a portion of regulated savings entrusted to it by the State, and thus enabling national economic independence in strategic areas, respectively a strong trust in long-term investments (CDC Reference Book, 2025, p. 5). However, prior to being established and able to play a significant role in its country's economic development, for young CDCs, it is important to seek expertise and draw inspiration from different practices within the French CDC, as well as from other CDCs (Interview 4, March 14th 2025). There is an underlying idea of cooperation, where despite each CDC being unique in its own country, there are fundamentals which are found in each CDC (idem). As already stated, there is not per se one single model; it is rather adapted and developed, based on specific country needs and local contexts, and thus differs in terms of resources, governance, main activities, etc. (see appendix E).

One sub-model stands out, however, that of the Tunisian CDC; it is lighter in comparison to both the original French model and the Moroccan model (Interview 8, April 4th 2025). Indeed, by 2022 figures, CDC Tunisia had total assets of USD 3 billion in comparison to USD 1 trillion of the French CDC, respectively USD 32 billion of the Moroccan CDG; and comparing employment figures, for CDC Tunisia this number has never exceeded 40-45 employees, whereas CDC France had over 330 000 employees respectively CDG Morocco had over 300 employees (INSE-AFD dataset; Interview 8, April 4th 2025). It was actually on the advice of both the French CDC and the Moroccan CDG to opt for a lighter system, i.e. not to turn it into a heavy institution that over time becomes difficult to manage (Interview 8, April 4th 2025). The idea was to externalize most of CDC Tunisia's activity, to subcontract, e.g. the collection of savings. In Tunisia, there is the *Caisse d'Épargne*, which was established in 1956 and managed by the Tunisian Post Office (idem). That system was maintained, where no new savings bank specific to CDC Tunisia were created; that would have generated extra costs, required massive recruitment, and required expertise and know-how that the Post Office had already developed (idem). As such, this system was

[50] Law to establish CDC Cameroon was passed in 2008, however, its existence only remained on paper (see Appendix E).

maintained with the Post Office continuing to collect the national savings, and CDC Tunisia benefiting from the positive, stable balance–that is, after deducting expenses, withdrawals, and deposits–in exchange for a commission for a the services it provides, a commission of 1.5% (idem). As for the collection of judicial and administrative deposits and consignments, those are still handled in Tunisia by the financial services–the Treasury offices–which continue to collect that money, with an annual commission of 1 per thousand on the total amount collected (idem). As the Tunisian model was more adapted to the sub-Saharan countries, this would have made these countries arguably turn to CDC Tunisia rather than CDC France. It appears the French CDC even encouraged African CDCs to turn to the Tunisian CDC, to serve as a model to follow.

African governments approached the French CDC, not the other way around (Interview 3, March 7th 2025)[51]. It is thus intriguing to reflect on the circumstances that led these African countries to engage the French CDC. There were numerous reasons, as aforementioned, to establish local CDCs, linked to a 'new vision for sustainable and local economic development'(PDB Reference Book, 2025, p. 138). One key finding from analyzing the INSE-AFD and G-Pub datasets is that, in most African countries with a CDC today, there were no PDBs or DFIs at the time their CDC was established. This is true for Morocco, Niger, Mauritania, Gabon, Benin, Burkina Faso (established a CDC in 2017, and established an agricultural development bank the year later in 2018), and Cameroon (had a development non-bank financial institution in existence since 1964). At the time of the creation of its CDC in 2006, Senegal had two existing specialized NDBs (one in housing since 1979 respectively, one in agriculture since 1984). At the time of the creation of its CDC in 2018, Côte d'Ivoire had four NDBs, including *Banque de l'Habitat de Côte d'Ivoire* (BHCI), *Banque Nationale d'Investissement* (BNI), *Banque Populaire de Côte d'Ivoire* (BPCI), and *Versus Bank*, all of which have undergone several restructurings due to serious mismanagement (Abor & Ofori-Sasu, 2024, p. 78). Lastly, at the creation of its CDC in 2011, Tunisia had an agricultural development bank in existence since 1959, and an universal development bank, Bh bank, in existence since 1989. With the exception of the last three countries, the majority of countries adopting the CDC model appear to have done so in a PDB/DFI vacuum.

1.3 Development Banking Clubs (multilateral collaboration)

A third movement appeared in the aftermath of the financial crisis, where several Development Banking Clubs (DB Clubs) sprang up, notably the *Long-Term Investors Club* (LTIC) in 2009, the *International Development Finance Club* (IDFC) and the *Forum des Caisses de Dépôt* in 2011. Notable is that France has had a motor role in all of these Clubs (Rioux, 2016, pp. 6-7): LTIC started as a Paris-based club (now headquarters in Luxembourg) (PDB Reference Book, 2025, p. 133) seemingly with headquarters at CDC's historic address *Hôtel de Pomereu*; the Secretariat of IDFC is also Paris-based, located at AFD's headquarters

[51] One example is from Côte d'Ivoire, where a delegation from the Ministry of Finance, led by the Chief of Staff, came to France. They asked if CDC France could explain the role of CDC. CDC agreed, and that meeting marked the starting point of the French CDC's engagement in Côte d'Ivoire. Another example is from Cameroon. During the Spring Meetings in Washington D.C., the Minister of Finance asked to meet with CDC (interviewee). Cameroon had had a legal framework in place for a CDC for 15 years, but it had not been implemented (Interview 3, March 7th 2025).

in Paris, 5 Roland-Barthes (Interview 13, April 10th 2025); respectively, the Forum is based on diffusing a French development banking model–that of the CDC. Moreover, from the LTIC sprang the *European Long-Term Investors Association* (ELTIA), respectively IDFC pushed for the *Finance in Common Summit* (FiCS), gathering all the world's PDBs/DFIs for the first time in Paris 2020. However, the notion of development banking clubs is not new; the *World Federation of Development Financing Institutions* was established in 1979, respectively EDFI in 1992 (PDB Reference Book, 2025, p. 133). Nevertheless, two elements which these Clubs–LTIC, IDFC, Forum, etc.–share include: i. a common voice in dialogue with regulatory authorities, respectively ii. cooperation on common projects, such as investment funds.

The **Long-Term Investors Club** (LTIC) was founded in 2009 by four European development banks consisting of CDC, KfW, EIB, and CDP (Wagner, 2013). Today the Club consists of 20 members from all around the world, representing a consolidated balance sheet of USD 7.4 billion, according to LTIC's website. The Club found its origins with an idea of then CDC Director General Augustin de Romanet (2007-2012) to engage in dialogue with the spheres focused on long-term investment (Interview 1, January 23rd 2025; Pacquement, 2017a, p. 172). At the same time, in France and in other countries, there was a lot of debate around this question: *what do sovereign wealth funds really want*? *Are they true investors or political actors in disguise*? For instance taking strategic stakes in French companies like Total (idem). CDC was striving to be an 'ethical' sovereign wealth fund (Pacquement, 2017a, p. 172), and at CDC there was a need for such money; France and Europe needed it to finance the ecological transition, support social transformations, and develop digital infrastructure (idem). These transitions require massive investments–investments that no institution, not even the largest, can carry out alone (idem). Thus, there were two conclusions: i. CDC must cooperate with long-term investors, ii. when in doubt, not about the quality of the investment, but its origin, it needs to talk to those investors suspected of acting for political motives (idem). The key question was: *are they, yes or no, investors*? If they are, it does not matter if they are Chinese, Norwegian, or from the Gulf; it is neither better nor worse than if they were French, Belgian or German (idem). On the other hand, if they would not be investors, CDC would not engage with them (idem).

With this approach, CDC sought to calm the debate and form partnerships with these major investors, and with this mindset coming up with the idea of creating a *Club of Long-Term Investors*; bringing together the major global investors to get to know each other, understand each other's priorities, and share perspectives (idem). For example, the Gulf countries had a strong need for diversification; they were interested in investments in Europe (idem). There was also a discovery in which members shared a common characteristic, that of being *countercyclical*; holding onto assets during crises, keeping them in the portfolio, and once the crisis is over, the assets not having lost their value (idem). Overall, the club seemingly was working well, with meetings and exchanges. However, soon i.a. CDC realized that there was a specific European dimension to isolate (idem). Because when the Club went to the European Commission–to discuss banking regulations, digital policy, or the multiannual financial framework–if CDC and other European institutions would be accompanied by the

Russians or the Chinese, the credibility of the Club would suffer; wondering what non-European actors were doing in the room (idem). Hence, CDC together with the founding fathers of LTIC, created a sister association to the Club: the European Association of Long-Term Investors (ELTIA) as a space for discussion exclusively among European long-term investors (idem). Both of these Clubs, LTIC and ELTIA, essentially function as lobbying organizations (Interview 3, March 7th 2025). These Clubs leverage collective action, i.a. speaking with a common voice on regulatory issues (Wagner, 2013).

Members of LTIC have also set up funds to promote long-term investment notably in infrastructure, such as the Marguerite fund I in 2010, consisting of EUR 710 million, launched right after the financial crisis to promote greenfield infrastructure financing (Rees, 2020). InfraMed, another infrastructure fund launched in 2010 with a commitment of EUR 385 million, had the intention to finance development projects and the construction of facilities in the field of urban, energy, and transport infrastructure in the southern and eastern regions of the Mediterranean; today the largest vehicle of its sort in the Mediterranean (Pacquement, 2017a, p. 172; inframed.com, 2025)[52]. However, due to the evolving geopolitical situation in a number of countries where InfraMed was active, a report that came to be called the Védrine-Zinsou report, worried that the future development of InfraMed could be compromised (Védrine et al., 2013, p. 91). This report proposed that CDC and AFD should join forces in promoting a new equity and mezzanine debt financing fund for African infrastructure (idem).

The **International Development Finance Club** (IDFC) was founded two years after LTIC, in 2011, by 19 leading national and regional development banks (PDB Reference Book, 2025, pp. 133-134). The year prior to its founding, in 2010, CEOs of development banks had met where several institutions proposed formalizing their cooperation; confirming the need for regular exchanges and a decision-forum on CEO-level where development banks at the national and sub-national level would be enabled to strengthen their voices against an environment in which multilateral development banks dominated (IDFC, 2018). The initial aims of the Club were to address pressing global challenges including climate change, infrastructure deficits, and social inequality (idem). As the Club evolved, its number increased to 26, and its activities were coordinated by a dedicated secretariat, based in Paris (AFD's headquarters), around three pillars: i. 'the Green Finance Mapping', ii. five 'Working Groups', respectively iii. the "IDFC Facility" (PDB Reference Book, 2025, pp. 133-134). In October 2017, in addition to hosting its Secretariat, AFD also assumed the presidency[53] of IDFC, of a Club that was structuring itself as a major actor of development finance

[52] CDC also engaged in financing as part of the 'Union for the Mediterranean', an initiative by President Sarkozy to create a space between the European Union and other countries around the Mediterranean. CDC's investment in InfraMed was described as marginal as compared to its total activity. InfraMed would be the exception to an otherwise heavy national anchoring of CDC. On the other hand, the objective of enhancing the attractiveness of the national territory is reflected in the development of partnerships with sovereign wealth funds in the Gulf and in China, in order to promote investments in both directions. In this spirit, a Franco-Chinese Fund was created for SMEs, subscribed equally by CDC Entreprises (now Bpifrance Investissement) and China Development Bank Capital. Its purpose was to invest in France and China. With a bicultural anchoring in both countries, it aims to support SMEs in conquering new markets, as an "active and involved shareholder", as indicated on its website. (Pacquement, 2017a, pp. 172-173).

[53] Today, there is a co-presidency held between Bancoldex and BOAD.

(Pacquement, 2018, p. 275). Then with a balance sheet of USD 4 trillion, and over USD 850 billion of financing committed each year, IDFC claimed itself as by far the largest development financier, far ahead of multilateral banks and their USD 200 billion of annual commitments (idem).

IDFC then pushed for FiCS, an annual gathering of all the world's PDBs/DFIs, with a key diplomatic and motor role played by today's Director General of AFD Rémy Rioux (Interview 13, April 10th). In 2020, FiCS was a factum, held in Paris, and resulted in the first 'Joint Declaration of all Public Development Banks in the World' (PDB Reference Book, 2025, pp. 133-134). As of 2024, FiCS gathers over 530 institutions–multilateral, regional, national, and subnational–across 155 countries with the aim to strengthen partnerships among these institutions to support their efforts in reorienting their strategies toward sustainability, while amplifying the voice and visibility of NDBs in global forums on international policy (idem).

The ***Forum des Caisses de Dépôt***, same as IDFC, was launched in 2011; the initiator behind this Forum was the Director General of CDG Morocco Anass Houir Alami (CDC Communiqué de presse, April 18th 2013). The Forum is essentially a Club open to any public financial institution with a mandate to collect, manage, and use savings for economic and social development, i.e. CDCs (idem). The Forum brings together all the world's CDCs, their presidents and director generals, for a bi-annual meeting, aiming to be a platform to exchange experiences and develop common avenues for reflection on major economic challenges (idem). Thus, the Forum is essentially a 'unique partnership-based discussion and consultation platform' in that it promotes a specific business model, i.e. the CDC model (CDC Reference Book, 2025, p. 13). In-between their bi-annual meetings, the Forum revolves around thematic workshops throughout the year, to promote interactions between CDCs on sharing best management practices and/or launching cooperation projects (idem). As one interviewee pointed out, accessing the sub-Saharan African market is not easy, but if working through local CDCs, which start to gain recognition in their regions, it facilitates the intervention significantly (Interview 8, April 4th 2025). Permanent working groups ensure addressing issues of common interest, as well as promoting dialogue and synergies between the Forum's members, regulatory authorities, bilateral and multilateral financial institutions (CDC Reference Book, 2025, p. 13).

To conclude on the multilateral collaboration between CDCs, the initial purpose of the Forum was and still is to act as 'a platform for dialogue and interaction, with a mission to highlight and disseminate the [CDC] model by promoting their role in harnessing savings, their ability to support public policies and their role as catalysts for long-term investment to drive sustainable and inclusive growth' (idem). As such, the Forum complemented bilateral partnerships between CDC institutions, allowing for more formality and continuity in their collaboration. Lastly, and somewhat reminiscent of projects launched by members of the LTIC, there has been a proposal put forward on creating a common fund for CDCs, an *intercaisse* fund (Interview 8, April 4th 2025). The fund would be based on each participating institution contributing an equal amount to the fund; whenever one institution would support a project, its counterpart (i.e. a corresponding CDC) would match that contribution, and vice versa (idem). If Tunisians would want to install in Côte d'Ivoire or Senegal they could get support not only form CDC Tunisia both also the CDCs in Côte d'Ivoire and Senegal (idem). The same principle applies in reverse, in order to support this kind of ethic with the African CDCs (idem).

2. Rapprochement between AFD and CDC (2015-2016)

This section deep-dives into the actual rapprochement process, the different actors and their stances, pro or contra, technical and political aspects and issues.

2.1 The Merger that Did Not Happen

On 25th August 2015[54] President Hollande officially announced a major reform in French development policy, that of a rapprochement between AFD and CDC, during his speech in Paris at the annual ambassadors' week (*semaine des ambassadeurs*). Aligned with his speech (see Appendix D), the initial objective of the reform was twofold:

> i. Financial modalities, to increase the resources, notably equity, of AFD in light of mounting commitments of EUR 4 billion (of which EUR 2 billion would be allocated to promote climate financing, in conjunction with COP21 held in Paris, as announced by President Hollande during the UNGA session in New York 2015);
> ii. Synergies between AFD (international scope) and CDC (national scope), to render CDC into one of the most significant European public financial institutions in the world, similar to national development banks like Germany's KfW or Italy's CDP. Here, the concept of *Economic Diplomacy* was strongly defended by the Minister of Foreign Affairs Laurent Fabius and President Hollande.

(CDC Rapport au Parlement, 2015, p. 272; Keller & Collin, 2016, p. 11, 59; Rioux, 2016, p. 5; Bau, 2022, p. 97; Interview 10, April 7th 2025). President Hollande presented this reform as having been discussed and decided in conjunction with the Minister of Foreign Affairs and the Minister of Finance (see Appendix D). The then Deputy Secretary-General of the Ministry of Foreign Affairs, in charge of economic affairs, Rémy Rioux was instructed by President Hollande to carry out a prefiguration mission to evaluate such a reform (Keller & Collin, 2016, p. 9). Rémy Rioux appears as the architect of the rapprochement.[55] Rioux was seemingly the one who initially had put forward the idea of a rapprochement between AFD and CDC to President Hollande following his election in 2012 (Bau, 20, p. 96).

[54] Year of *'les trois coups'*; i. Addis Ababa in July ii. New York in September, iii. Paris in December.
[55] Rioux was seemingly seeking to become the Director General of AFD (Interview 3, March 7th 2025).

Five conditions had to be met for the rapprochement (Rioux, 2016, p. 24):

i. achieve the presidential ambition of implementing EUR 4 billion in additional commitments to foreign countries by 2020, including EUR 2 billion for climate action, with an impact in priority geographic areas for France;

ii. create strong operational synergies and a financial link between AFD and CDC, within a group approach;

iii. maintain AFD's identity, balance sheet, social framework, and expertise, by establishing its precise position within CDC, said to likely best meet the dual challenges of rapprochement and integration, on the one hand, and preserving AFD's identity and specific and recognized expertise, on the other;

iv. establish effective and inclusive governance, which will make the rapprochement between the two entities effective, while preserving the state's ability to define and guide development policy;

v. optimize the use of public resources, broadly speaking.

Based on these five conditions, different scenarios have been tabled for a CDC-AFD rapprochement, notably that of creating a new section within CDC; transforming AFD into a subsidiary of CDC and the French state; closer alignment between AFD and CDC; the simple creation of a fund endowed by CDC and AFD, managed by AFD and dedicated to certain priority activities, notably climate change (idem). Given these different scenarios, it was unclear on the offset whether this AFD-CDC rapprochement would result in a merger and acquisition, a back-to-back partnership, or a spin-off (CDC Rapport au Parlement, 2015, p. 207).

2.1.1 'Les Trois Coups de 2015' - The Big Three

What was thoroughly been highlighted and argued was that the reform on the AFD-CDC rapprochement was flowing directly from '*les trois coups de 2015*', three breakthrough declarations stemming from key international conferences[56]: i. Addis Ababa in July (on development finance; declaration insisting on both public and private financing), ii. New York in September (adoption of the 17 Sustainable Development Goals), iii. Paris in December (Paris Agreement to contain global warming by +1,5/2°C); these three 'coups' were said to lift the curtain on a resolutely new framework for action for development policies, presenting a profound paradigm shift (Pacquement, 2018, pp. 254-263). It was underlined that, through these international commitments, AFD and CDC also saw their business lines grow increasingly closer, notably following the adoption of the SDGs in New York; not presenting a catch-up agenda, but rather a convergence agenda: i.e. the objectives are the same in Northern and Southern countries, where also national (CDC) and international/bilateral (AFD) development banks see their activities grow increasingly closer (Keller & Collin, 2016, p. 28).

The SDGs and international commitments more broadly, it could be argued, was what drove the rapprochement between AFD and CDC. Aligned with this, the rapprochement appeared to

[56] Rémy Rioux participated in all three; at COP21, leading climate negotiations on the "Finance" component.

make part of a broader relaunch of French development policy, as underlined by President Hollande's speech in 2015 (see Appendix D). However, it was underlined in the Senate Finance Committee's report on the AFD-CDC Rapprochement that this reform would not by itself serve as a relaunch of French development policy, suffering from significant reduction in the resources allocated to it and in particular from the insufficiency of grants; risking to put France in the second division of major donors (Keller & Collin, 2016, pp. 7, 57, 64). Nonetheless, the CDC-AFD rapprochement could serve as an important tool for a relaunch of French development policy.

2.1.2 An Africa-dimension to the Rapprochement

In addition to or aligned with 'les trois coups', Africa appeared to be an important dimension to the AFD-CDC rapprochement. In 2013, the Védrine-Zinsou report[57], revolving around 15 proposals for a new economic dynamic between Africa and France, recommended as part of its 3rd proposal a rapprochement between AFD and CDC. The objective of the AFD-CDC rapprochement would be to create a significant vehicle for financing African infrastructure, quickly mobilizable with the power to influence other economic operators (Védrine et al., 2013, p. 7). The Védrine-Zinsou report had another linked recommendation, included in its 13th proposal, of a rapprochement between Bpifrance (subsidiary of CDC) and AFD to structure a commercial offering that boosts financing for French small and medium-sized enterprises and mid-cap companies in Africa, including in this offer other existing public systems–RPE, FASEP, etc. (Védrine et al., 2013, p. 11). Lastly, in line with proposal 13, was to strengthen dialogue between French public financial stakeholders–CDC, Bpifrance, Ubifrance, Coface, DG Trésor, Proparco–and the French business community to make the most of their knowledge of the African economic fabric to benefit French companies (idem). In 2014, another report[58] produced by Faber and Naidoo on innovation and development, revolving around 10 proposals for a new approach, also mentions AFD and CDC. Faber and Naidoo wrote that AFD's focus on its development mission to better innovate, raises the question of the division of roles between CDC and AFD, notably as AFD continues to provide significant support to French overseas territories (*d'outre-mer*) where their programs compete; nonetheless, the authors state that synergies could be found between CDC and AFD in Sub-Saharan Africa by combining their financial resources (Faber & Naidoo, 2014, p. 166). As such, as shown with these two reports, there is a clear Africa-dimension to the AFD-CDC rapprochement.

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[57] *Un partenariat pour l'avenir : 15 propositions pour une nouvelle dynamique économique entre l'Afrique et la France*; report written by French diplomat Hubert Védrine, Franco-Beninese financier Lionel Zinsou, economist Hakim el-Karoui, former head of the AFD Jean-Michel Severino, and Ivorian insurer Tidjane Thiam. The report was written at the request by then Minister of Economy and Finance Pierre Moscovici.

[58] *Innover par la mobilisation des acteurs : 10 propositions pour une nouvelle approche de l'aide au développement*; report written by Emmanuel Faber (Co-COO and vice-chairman on the board of directors of Danone) and Jay Naidoo (chair of the board of directors respectively chair of the partnership council of Geneva-based GAIN). Faber and Naidoo were asked by the Minister Delegate for Development to reflect on innovation in development aid and its connection to the positive sustainable development agenda.

Former CDC Director General Pierre-René Lemas also expressed that the forms that development cooperation can take are evolving, as the countries concerned express new development priorities (CDC Rapport au Parlement, 2015, p. 272). Beyond traditional policies in the form of grants or highly subsidized loans, the states of these countries have increasing access to capital markets, and a form of competition is emerging between development banks, particularly in Africa (idem). The challenge today is to help these countries not only to use the grants or loans granted to them in the most intelligent way, but also to conduct their own development and infrastructure policies, and to implement market mechanisms, particularly in the least developed countries (idem). Mr. Lemas further stated that AFD has, for several years, been adapting to these changes, however, it appears that its current model prevents it from fully embracing this new approach and competing with other players in the sector, whether from developing or developed countries (CDC Rapport au Parlement, 2015, pp. 272-273). This Africa-dimension was further underlined by an interviewee who had served as a prominent counsellor at the Élysée, stating that Africa had a particular place in the preparation of COP21, as well as in the monitoring of economic and international issues; in addition to rendering the French export system and development financing more efficient (Interview 10, April 7th 2025). An AFD-CDC merger could help remove some of the constraints also against a background of French private banks withdrawing from Africa and a reduction in credit extended to businesses on the African continent, notably French companies (idem). A fear was that if such a rapprochement was not developed, what would there be then? (idem).

Lastly, regarding the dynamics of the negotiations on the tabled development policy reform, in his prefiguration report, Rémy Rioux mentioned that the rapprochement reform could not be undertaken without the support from the AFD and CDC staff (Rioux, 2016, synthesis). For an optimal outcome, all parties would have to be onboard; the project would not work well if there was a lack of enthusiasm in each of the institutions (Interview 10, April 7th 2025). Although the direction of reform had been set by President Hollande, it would be up to CDC, while respecting its autonomy, to decide on the conditions under which this objective would be implemented (CDC Rapport au Parlement, 2015, p. 207). However, as also noted by then CDC Director General Pierre René-Lemas, the reform could be implemented by passage of law, which would mean that the final decision would rest with the political sphere (CDC Rapport au Parlement, 2015, p. 233). As a result, what would follow was a tripartite negotiation between CDC, AFD, and the French Government. (In addition, there also appeared to be divisions within institutions themselves.)

2.2 Underlying Rationale for a Rapprochement

The “triggering” event for the rapprochement between AFD and CDC was ascribed to COP21 held in Paris 2015 (CDC Rapport au Parlement, 2015, p. 207). With COP21, France was said to have to lead by example, contribute financially, and drive the conversation forward (Interview 3, March 2025). However, with the outcome of COP21 still uncertain, there was a political decision to invest in making the negotiations a success, and invest in the solutions agenda, i.e. in the event of the Paris Agreement not working, there would at least be a concrete financial solution, financing projects for public institutions, local authorities, and businesses (Interview 10, April 7th 2025). There was a push for greater investment in climate transition projects, requiring €100 billion annually for developing countries, to accompany those countries in their energy transition. AFD was asked to come up with money (Interview 3, March 7th 2025). Thus, the starting point for a rapprochement was essentially financial (Keller & Collin, 2016, p. 65). The other dimension, as indicated above, revolved around synergies between CDC and AFD. Underlined here a second time, both the Védrine-Zinsou (2013, p. 7) and the Faber-Naidoo (2014, p. 166) reports, discuss an AFD-CDC rapprochement in terms of synergies between these two financial institutions exclusively in relation to Africa. However, synergies touched upon several different dimensions and co-projects, such as staff mobility and activities in d'outre-mer–e.g. Volet FICOL (Interview 4, March 14th 2025).

2.2.1 Capital Constraints under Basel III

The first primary and initial objective of the AFD-CDC rapprochement was financial, as AFD had to increase EUR 2.5 billion in its equity (Keller & Collin, 2016, p. 65). Although COP21 could be regarded as the triggering event, the issue of AFD's capital had already been a recurring problem over a longer period, already limiting its action in certain countries and whose acuteness was said to only increase with growing commitments of AFD (Keller & Collin, 2016, p. 11). AFD is, as mentioned above, a credit institution under prudential common regulatory frameworks such as Basel III, placed under the supervision of the ECB. Notably due to Basel III rules, which were stricter than its predecessors aiming to protect capital and avoid a new financial crisis following that of 2008, AFD faced capital constraints (Interview 3, March 7th 2025). The fundamental idea of Basel III was to prevent lending unless institutions maintained adequate equity levels, with those equity levels needing to fulfill specific liquidity requirements that increased significantly (idem). Essentially, the framework acted as a deterrent, making it increasingly expensive to lend (idem). With Basel III, what had notably changed compared to Basel II was the tightening of capital requirements in both quantity and quality; where for the same risk, capital requirements had increased (see figure 8).

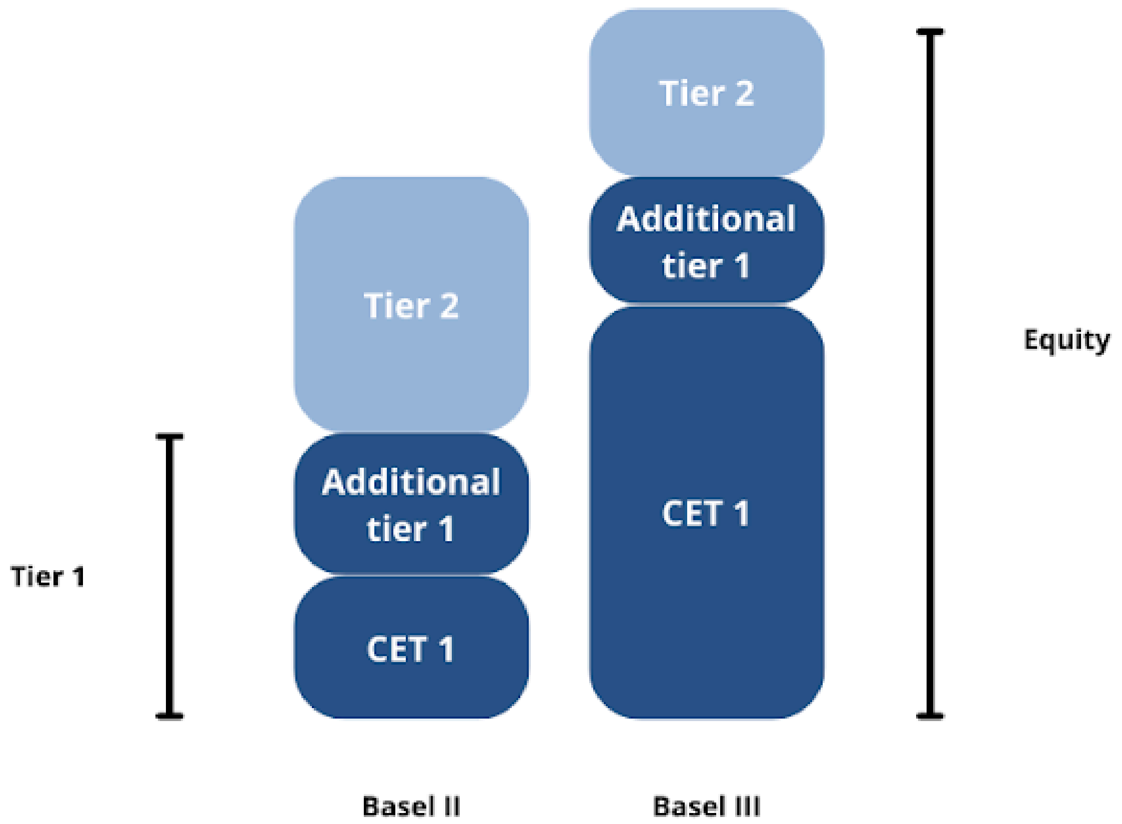

Figure 8. Tightening of capital requirements under Basel III for the same risk.
Source: Keller & Collin, 2016, p. 14. Based on Graph in Senate Finance Report.

Capital plays a significant role for banking institutions[59] in absorbing losses, helping to lower both the risk of bank failure and the potential consequences if one were to occur (BIS, 2010; Keller & Collin, 2016, pp. 11-14). Capital is designated into different levels conditioned upon their quality, where regulatory capital is recorded as a liability on a bank's balance sheet and considered as "quasi-equity"[60], consisting of the following capital, here ordered based on quality (see figure 8):

i. *Common Equity Tier 1* (CET 1): 'common shares, retained earnings, other reserves';
ii. *Additional Tier 1*: 'capital instruments with no fixed maturity';
iii *Tier 2*: 'subordinated debt and general loan-loss reserves'.

Following Basel III (see figure 8), notable restrictions included:

i. an increase of over 25% in capital requirement; the minimum capital ratio increasing from 8% to 10.5%, with additional requirements for systematic or idiosyncratic risks of an institution;
ii. a significant increase in the quality of equity with CET 1 representing ⅔ of equity compared to previously ¼ (idem).

[59] Banks finance their investments using a combination of capital and debt, including customer deposits.
[60] Belonging to shareholders–book equity–or to third parties who accept a very high subordination of their claims.

The Basel III rules also included restrictions on what could be counted as equity capital, e.g. a parent company would no longer be allowed to include minority stakes in financing company subsidiaries (idem).[61]

Apart from ratios directly governing AFD's capacity for action, such as solvency risk (dividing regulatory capital by risk-weighted assets, such as loans), the *major risks ratio* (requiring that risks of a counterparty do not exceed 25% of own funds)[62] notably limited the action of AFD in certain countries (Keller & Collin, 2016, pp. 12, 19-22).[63] The major risks ratio imposed that AFD could not lend more than a quarter of its equity, i.e. that for EUR 8 billion in equity, AFD could not exceed EUR 2 billion in loans for a given country; however, if AFD would have EUR 10, 15, or 20 billion in equity or the capital of CDC, that would mean that France, or at least AFD, could lend much more (Interview 10, April 7th 2025; Interview 3, March 7th 2025). This constraint led to discussions on integrating AFD's activities with CDC, which then was not under Basel III, to bypass regulatory limits (Interview 3, March 7th 2025; BIS, 2010). Discussions revolved around integrating AFD into a new section of CDC (idem). In addition, other suggestions had already been tabled, such as circumventing the constraint by granting non-sovereign loans directly to local development agencies (Keller & Collin, 2016, p. 19) or that of creating an investment fund between AFD and CDC (Interview 3, March 7th 2025). However, neither of these suggestions seemed to resolve the issues of AFD medium- or long-term. Looking beyond the constraints imposed by Basel III, by relying on CDC, AFD could eventually be able to borrow at lower rates on the financial markets or to use the funds raised by CDC (Faujas, 2017c). A proposed new section within CDC would include a third balance sheet within this public institution, as there were already two (a general account respectively a savings fund)[64] and a governance setup where the state would decide upon the investments (Interview 3, March 7th 2025). However, following a preliminary work with technicians, the French Treasury opposed an option where AFD would be integrated into CDC, based on fears of CDC taking over from the Treasury as the surveyor of AFD (idem).

Eventually, the necessary capital was found; this was done through transforming long-term loans into quasi-equity[65] (Interview 3, March 7th 2025). The Treasury, having refused[66] this option for long, even proclaiming it to be technically unfeasible, eventually agreed to it; more precisely converting the government's claims on AFD into equity investments (Keller & Collin, 2016, pp, 42, 61, 67). The loans which the French government grants annually to AFD, on very favorable terms, i.e. 'special-term resources', are recorded as Tier 3 capital; the *flow* of 'special-term resources' would be turned into Tier 2 capital, and these tranches converted into Tier 1 capital; the *stock* of 'special-term resources' would be converted into

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[61] For AFD, this meant a loss of EUR 260 billion, corresponding to its share in Proparco.
[62] Where regulatory own funds are taken into account more restrictively.
[63] AFD would not respect the limit of large risks from 2015, in five countries (Morocco, Tunisia, Vietnam, Brazil, China and Kenya) for sovereign exposures and in three countries for non-sovereign exposures (South Africa, Türkiye and Morocco). Regulatory ceilings would also be exceeded as early as 2019 in Nigeria, Brazil, Morocco and Colombia.
[64] For the general section respectively the savings fund section.
[65] Financial resources functioning similar to equity, despite not being equity shares.
[66] Issues could relate to budgetary impact (commitment of public funds without regular repayment in the form of loans), concerns of oversight and control, setting a precedent, strategic prioritization (best use of public resources), etc.

Tier 1 capital; AFD would also be enabled to retain a significant share of its annual profit, around 80%, whereas the state takes 20% in dividends (idem; Interview 10, April 7th 2025). With these measures, it was said that AFD would be able to cover its growing activities for at least ten years onward (idem). Additionally, with capital secured, this opened up to envision different rapprochement or merger scenarios other than a new section (idem). Notably, the Director General of the Treasury Bruno Bézard approached Dr. Zylberberg at CDC who had tabled a suggestion about an infrastructure investment fund (Interview 3, March 7th 2025).

2.2.2 Synergies between AFD and CDC

The second main objective of the merger was to implement or leverage the alleged synergies existing between CDC and AFD (Keller & Collin, 2016, p. 60). Rémy Rioux, now Director General of AFD, summarized the synergies between these two public institutions[67]:

> *"We work in the same fields: project financing and support for public policies. Development is in our shared DNA. Indeed, the CDC is France's development bank, while AFD is the development bank for France's international partners. In the era of the Sustainable Development Goals (SDGs), strategic alignment between domestic and international development is a winning bet for the future." (afd.fr, 2020).*

Pierre-René Lemas, then Director General of CDC, saw the rapprochement as a way for CDC and AFD to have good use of public money and to create synergies (Interview 3, March 7th 2025). What each institution would obtain from a rapprochement, according to Mr. Lemas, was on the one hand, internationalization and contribution to the influence of France internationally for CDC; and on the other, to promote the economic development of France, that is to say, provide aid to French businesses, which to date (i.e. proclaimed in 2015) did not really constitute the mission of AFD (CDC Rapport au Parlement, p. 207). Given that AFD had secured funding, against the background of capital constraints under Basel III, the argument about leveraging synergies was however still on the table; notably that AFD would benefit from the national anchoring of CDC, and CDC would benefit from the international anchoring of AFD (afd.fr, 2020; Keller & Collin, 2016, pp. 21-26 ; Rioux, 2016, p. 27).

Synergies could be found in terms of competences, networks, and financing tools (Pacquement, 2017a, p. 174). The challenge laid in conjugating two families or houses of public action, that of CDC's network in the French regions, respectively that of AFD's agencies in the French *outre-mer* and internationally (Pacquement, 2017a, p. 174). At the time of the rapprochement, AFD had activities in 110 countries, with 72 agencies internationally, several in countries with which AFD has maintained relations longer than there had been French embassies present (Keller & Colllin, 2016, pp. 60; Interview 3, March 7th 2025). Their mandates and expertise complement each other: AFD is mandated to be at service of international development of France's bilateral partners and is notably active in the areas of infrastructure, urban development, and energy; CDC is mandated to serve the

[67] Here in a quote translated into English from French.

domestic development of France, having a regional network–consisting today of 16 directions régionales respectively 37 implantations territoriales– focusing on areas such as housing, infrastructure, and transport, notably with an expertise in equity investment (idem). Essentially, an alliance could be envisioned where CDC provides knowledge of French enterprises and financial engineering, respectively AFD provides knowledge of international investment and financing in addition to country-knowledge and an international presence (Rioux, 2016, p. 16).

Other areas of synergies exist, such as issues of climate change and energy, urban development and planning, transport infrastructure, or the *outre-mer* where both AFD and CDC are present (Keller & Collin, 2016, 29-30; Rioux, 2016, pp. 14-23). Nonetheless, relations between AFD and French enterprises appear as one of the more important synergies, where a rapprochement including Bpifrance was raised (Keller & Collin, 2016, p. 68; Rioux, 2016, pp. 16-17).[68] However, Director General of Bpifrance, Nicolas Dufourcq, had in contrast proclaimed that in the *outre-mer*, Bpifrance being represented by AFD poses a problem; presidents of regional councils, MPs, and regional chambers of commerce would prefer that Bpifrance is represented directly, Bpifrance being fully willing to open agencies in e.g. the *Antilles* and *Réunion*, however, the Treasury was not necessarily in favor (CDC Rapport au Parlement, 2013, p. 52). Moreover, the management of Bpifrance saw competition in the overseas territories, i.e. *outre-mer*, with AFD; however, Bpifrance's stance on a merger or rapprochement was somewhat ambiguous (Interview 3, March 7th 2025).

Lastly, while some proclaimed that a deeper integration would be a precondition for maximizing synergies, others proclaimed that there were no synergies between the national activity of CDC and international activity of AFD, as they comprise completely different professions (Keller & Collin, 2016, pp. 62, 64-65). The fundamental issue was by some portrayed as one primarily of financial resources, which the state would have to resolve, not CDC, forming own synergies between State services (idem).

[68] In 2014, AFD and Bpifrance signed a partnership agreement, arguably reflecting the desire of both institutions to work together, beyond overseas representation, and to promote the complementarity of Bpifrance and AFD operations through the exchange of information and support for the expansion of French companies abroad, particularly in Africa. (Pacquement, 2017a, pp. 174-175).

2.3 Three merger scenarios

The question then became one of how to maximize synergies while minimizing eventual negative outcomes. This can be represented by a figure referred to as the *Triangle of Incompatibility of Rapprochement Scenarios*[69], presented by the Senate Finance Committee. Three scenarios for a merger between AFD and CDC were notably tabled: i. the transformation of AFD into a *subsidiary* of CDC, jointly owned by the French state and CDC; ii. the integration of AFD into CDC in the form of a *new section*; iii. closer alignment of AFD with CDC through integration without capital ties (Keller & Collin, 2016, pp. 9-10; CDC Rapport au Parlement, 2015, pp. 232-233). The third option was suggested by Rémy Rioux, and evaluated in depth in his prefiguration report entitled "Rapprocher l'AFD et la CDC au service du développement et de la solidarité internationale" (January, 2016). A fourth option to 'do nothing', i.e. 'status quo', could have resulted in the establishment of a fund between AFD and CDC, such as tabled by Dr. Zylberberg (CDC Rapport au Parlement, 2016, p. 37). These three merger scenarios will now be explored in greater depth.

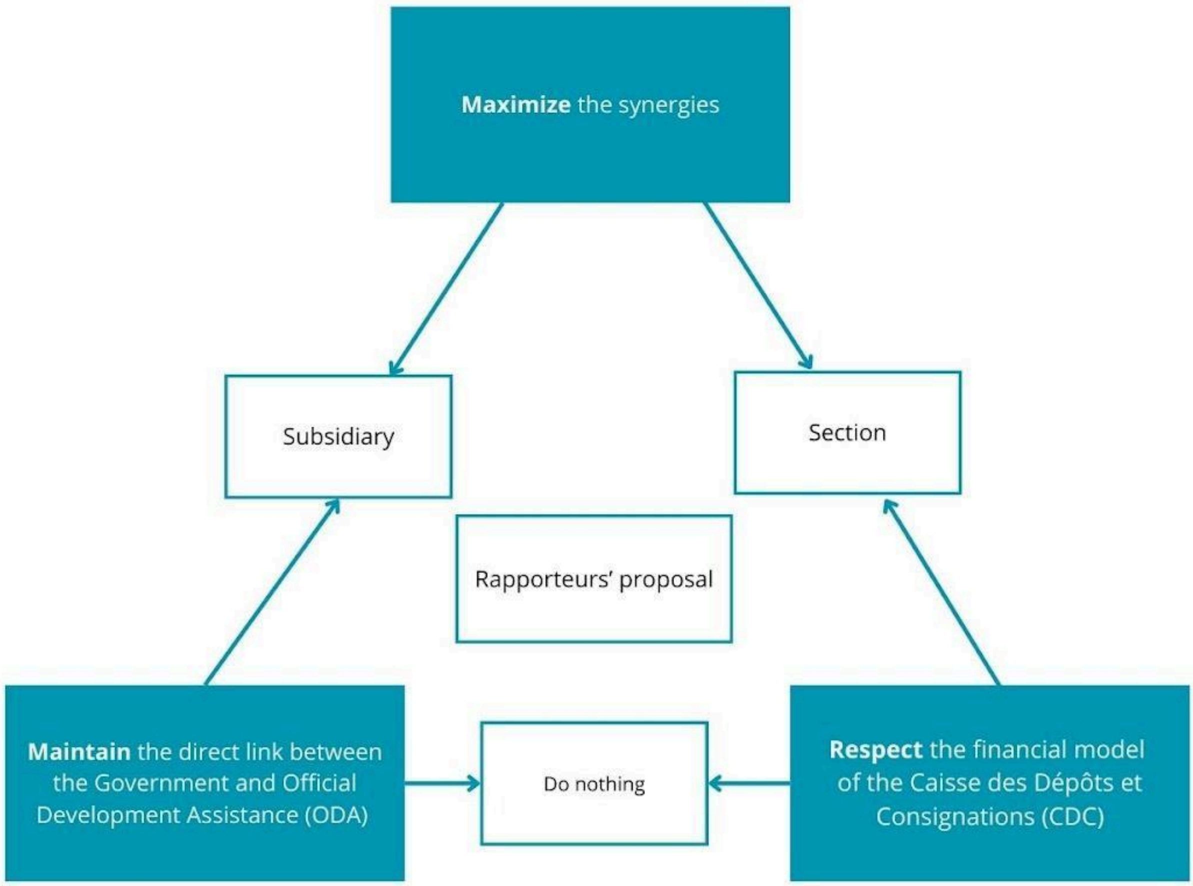

Figure 9. The Triangle of Incompatibility of Rapprochement Scenarios Source: Commission des finances du Sénat / Senate Finance Committee, Keller & Collin, 2016, p. 55. Based on the figure in the report.

[69] Each of the three scenarios—adding the status quo—only meets two of the objectives/vertices. This creates a 'triangle of incompatibility', which locks the debate into a corner and could lead to doing nothing.

2.3.1 Subsidiary – 'the Bpifrance option'

This scenario involves AFD becoming a subsidiary of CDC, being put forward as the option simplest in form (CDC Rapport au Parlement, 2015, pp. 232-233; CDC Rapport au Parlement, 2016, p. 274). AFD would integrate into CDC and find itself on the same level as CDC subsidiaries such as Bpifrance or Transdev (Keller & Collin, 2016, p. 59). This would be accomplished through CDC acquiring a stake in AFD, transformed into a public limited company, alongside the French state (CDC Rapport au Parlement, 2016, p. 274). (This has been done in the past with La Poste and FSI (idem).) It follows that both CDC and the French state would have to provide AFD with the sufficient equity to meet the guidelines set by the public authorities; i.e. to provide additional equity for AFD to manage the major risks constraint and implement the guidelines set by the President (idem). As such, this rapprochement scenario is the only one which would require a financial participation by CDC (Keller & Collin, 2016, p. 67). However, the transformation of AFD into a subsidiary of CDC would have no consequences in terms of capital, i.e. AFD would remain subject to Basel III and ordinary prudential supervision, as is the case for Bpifrance, SFIL, and La Banque Postale (Keller & Collin, 2016, p. 37). Essentially, by transforming AFD into a subsidiary of CDC, the prudential model of AFD and its current form would be retained, however, it would mean uncertainty for CDC where the amount it would have to provide in equity could vary significantly depending on the policies adopted by public authorities and on the geographical distribution of the activity; i.e. the more the choice is made to develop the activity in certain strategic countries, also those with the greatest needs, the higher the cost in terms of equity would be (CDC Rapport au Parlement, 2015, 274). Further, there were issues for CDC relating to the valuation of AFD as a public limited company; by its very definition, AFD is not intended to generate profits beyond covering its costs and risks (idem). To quote the Director General of the Treasury, as AFD is not a profit-making entity, its valuation is "an unusual and inherently risky exercise" (Keller & Collin, 2016, p. 44). Lastly, there was an uncertainty relating to the respective roles of CDC and the French state as shareholders of AFD: CDC being a majority stakeholder (i.e. >50%+1 capital share), having a special role in governance[70] as the case of Bpifrance, etc. (Keller & Collin, 2016, p. 45).

Based on the considerations above, the subsidiary option would result in attaining two vertices of the triangle; to maintain the direct link between the French Government and ODA; respectively maximize synergies (see figure 9). However, the third vertex of respecting the financial model of CDC would not be attained. The reason for the latter was that pursuant to Article L. 518-2 of the Monetary and Financial Code, CDC is a "long-term investor and contributes, while respecting its financial interests, to the development of businesses". This notably means that CDC must ensure the profitability of its investments. However, the profitability of AFD is naturally low, as its purpose is not profit-making, while expected that AFD would retain a predominant part of its results in order to increase its equity; i.e. beyond the initial cost that the establishment of the subsidiary would have represented for CDC, the

[70] It was considered inconceivable that CDC would provide funds from its own assets to a subsidiary, AFD, without having all the governance rights to ensure their proper management.

profitability of the investment was deemed insufficient by CDC and contrary to, even contaminating, its model as an *'investisseur avisé'–i.e.* wise investor (Keller & Collin, 2016, pp. 44-45). CDC was cautious, stating that it could only engage with the AFD under very strict conditions; since the AFD is a development agency, it is essential to keep operations clearly separated (Interview 1, January 23rd 2025). Otherwise, CDC would risk having to absorb potential losses with its own resources. If, for example, one of AFD's projects fails or faces significant issues, the CDC did not want to be left bearing the financial burden (idem). For the reasons evoked relating to i. paying up for AFD's account, ii. valuation of AFD, respectively iii. governance form, CDC opposed[71] the subsidiary option (CDC Rapport au Parlement, 2015, pp. 232-233). Moreover, Mr. Lemas feared that this option, where AFD would retain its current form while securing additional funding from CDC, would not be sufficient to strongly support President Hollande's desire to fundamentally renew development policies (CDC Rapport au Parlement, 2015, p. 274). It followed that the option was rejected also by the French government (Keller & Collin, 2016, p. 67).

2.3.2 New Section – 'the third balance sheet option'

This scenario, referred to as the 'third balance sheet' option, would involve the creation within CDC of a new section dedicated to AFD (CDC Rapport au Parlement, 2015, pp. 232-233). This would suggest a third balance sheet, completely separate from CDC, ensuring financial watertightness between AFD and CDC (CDC Rapport au Parlement, 2015, p. 274; Keller & Collin, 2016, p. 59). Currently, CDC disposes of two balance sheets: i. for its General Section, *Section Générale* (commercial own funds of CDC); ii. for its Savings Fund Section, *Section du Fonds d'Épargne* (entrusted funds to CDC by third party) (CDC Financial Report, 2023, p. 2). A section is essentially a department of CDC governed by specific rules and completely separate from the other sections; such is the case of the Savings Fund (*Fonds d'Épargne*), housing the savings of the French, in contrast to the General Section (Keller & Collin, 2016, p. 67; CDC Rapport au Parlement, 2016, p. 274). A similar structure was envisioned for official development assistance. With a new section dedicated to AFD, all funds dedicated to development aid would be centralized, without generating financial risk for CDC's balance sheet and sterilizing its equity in an illiquid investment (CDC Rapport au Parlement, 2015, p. 274). Although this 'third balance sheet' option would be the most difficult to implement, as it would imply a loss of legal personality for AFD respectively necessitate to devise a specific governance structure[72], this was the option which was defended by CDC (Keller & Collin, 2016, pp. 51, 63, 67). More precisely, the option was supported by the majority of CDC's managers, as they considered the other options not making any sense, according to the President of the Supervisory Commission Henri Emmanuelli (CDC Rapport au Parlement, 2015, p. 233). CDC's supervisory commission explained that this was "the only plan capable of reconciling the objectives assigned by the

[71] It was considered inconceivable that CDC would provide funds from its own assets to a subsidiary, AFD, without having all the governance rights to ensure their proper management.
[72] In which the State would continue to define the guidelines of public development assistance policy, as it does today with AFD.

public authorities with the necessary preservation of the financial interests of CDC" (Keller & Collin, 2016, p. 46).

With the "new section" option, two vertices of the triangle could be attained: maximizing synergies respectively respecting the financial model of CDC (see figure 9). A key argument for the 'new section' option, representing a deeper integration compared to the subsidiary option, was to better enable the implementation of synergies (Keller & Collin, 2016, p. 46). Synergies could be facilitated and team mobilization better enabled where CDC and AFD staff would work more easily together within the same institution than within two separate entities (CDC Rapport au Parlement, 2015, p. 274). This plan could also be accompanied by significant financial support from the General Section for Development, adding to the technical and operational synergies. This support could take many forms, such as participation in capital increases of existing subsidiaries of AFD, or even involvement in a fund managed by the AFD (idem). The second vertex of respecting CDC's financial model is attained through AFD not leaning on and being a burden for CDC financially; as discussed above, as CDC is not subject to Basel III, but to an ad hoc prudential model determined by the Supervisory Committee following consultation with the ACPR[73], integrating AFD into CDC could also allow AFD to benefit from this specific regulatory environment (CDC Rapport au Parlement, 2015, p. 274). However, the third vertex, relating to the direct link between the French government and ODA, would risk not being respected. Notably, as a section of CDC, AFD would be an entity without legal personality, with assets and liabilities in a balance sheet separate from CDC stemming from the dissolution of AFD (Keller & Collin, 2016, p. 50). Its operational management would be carried out by CDC staff, within the framework of a specific department placed under the exclusive authority of the Director General of CDC, subject to non-binding opinions of the Supervisory Committee (idem). Against this background, Bercy, including then Minister of the Economy and Finance, Michel Sapin, feared loss of control over AFD (Interview 3, March 7th 2025). Civil servants of Minister Sapin were telling him that a large part of the activity would flow from the Ministry to something else under CDC; an institution with which Bercy had a relationship structured in a competing way (idem). Also the AFD leadership–a large part, but not a majority–notably CEO AFD Anne Paugam was concerned about losing autonomy or dependence to Bercy; she was coming from Bercy herself, having been an Inspector of Finances (idem; Interview 10, April 7th 2025). There was also an overall issue for AFD of diluting within CDC (Interview 1, January 23rd 2025). Despite reassurances from CDC, there were seemingly reservations from both the Government and AFD (Keller & Collin, 2016, p. 51). CDC noted that the 'third balance sheet' option for which it had issued a favorable opinion on November 18, 2015, was rejected without justifications communicated to it (CDC Rapport au Parlement, 2016, p. 37, 51).

[73] *Autorité de contrôle prudentiel et de résolution*; regulatory authority under the Bank of France responsible for overseeing and ensuring the stability of the French financial system, notably of banks and insurance companies.

2.3.3 Rioux suggestion – ‘more than subsidiary, less than section’

This suggestion tabled by Rémy Rioux in his prefiguration report proposed a limited merger, in which AFD would integrate CDC without any capital ties, by a simple legislative provision, where the two institutions would be united by a thin membrane (Rioux, 2016, p. 25; Keller & Collin, 2016, p. 59). Rioux meant that AFD should not be considered as a simple participation of CDC, but rather as an entity representing more than a subsidiary and less than a section, including a certain form of cross-governance (senat.fr, 2016). Rioux’s suggestion would consist in an integration of AFD within CDC, while maintaining AFD’s identity and the capacity of the French state to define, guide, and support development policy; all the while strengthening AFD’s financial capacities, putting AFD under national regulation, and maintaining a social framework (Rioux, 2016, p. 24). Rioux’s suggestion would involve legislative intervention, bringing democratic legitimacy to the reform, helping to establish a clear mandate for the leaders responsible for implementing it (idem). Essentially, AFD would be integrated into CDC by law, something which only the legislative can do, with several elements that could create links between the two: AFD would retain its legal personality as a public institution (EPIC)[74] however its governance and organization would be reviewed in order to grant rights to CDC, defined by the state, within the logic of an integrated group[75]; respectively CDC’s mandate would be extended to include French development policy internationally, relating to Article L. 517-2 of the Monetary and Financial Code (Rioux, 2016, p. 25). This new mission of CDC would primarily be implemented through AFD (idem).

Cross-governance refers to a more integrated and inclusive governance where the director general of CDC, as well as AFD, would have distinct roles to play, creating links between the two institutions (Rioux, 2016, p. 26). Rioux proclaimed that this governance form meant reconnecting with an old tradition, going back to Bloch-Lainé who served as the director general of CDC from 1952 to 1967 (senat.fr, 2016). CDC’s director general would chair AFD’s board of directors, to which CDC representatives would be appointed, represent CDC externally, respectively give an opinion on the appointment of AFD’s director general (idem; Keller & Collin, 2016, p. 56). AFD’s director general would have a responsibility within CDC, to be entrusted with responsibilities to CDC’s director general and be placed under the latter’s authority in order to be accountable for the success of the integration and contribute to the international development of the group (idem). CDC’s supervisory committee would exercise the same powers over AFD as it does over CDC’s subsidiaries (notably advice on investment strategy); AFD would have correspondents within each relevant ministry, ensuring compliance with the objectives set for AFD, the proper use of budgetary resource allocated to its missions, and facilitating AFD’s relations with other components and institutions (idem; Rioux, 2016, pp. 26-27). Thus, despite this strong integration, a strong link between AFD and the state would be maintained, notably based on these AFD correspondents, coupled with CICID continuing to set the direction of the development

[74] L’établissement public industriel et commercial
[75] Examples include the railway company SNCF or the World Bank (5 different entities).

policy, and AFD's strategic orientation council becoming the platform for exchange between the government and CDC (idem).

Regarding financial and prudential concerns, despite not sharing a capital link, Rioux advocated financial links, such as a co-owned investment fund, an idea initially tabled by Dr. Zylberberg at CDC (Rioux, 2016, p. 28). Moreover, Rioux addressed the issue of capital constraints in proposing the state could i. strengthen AFD's equity and/or ii. adapt the legal status of AFD (Rioux, 2016, p. 29). Rioux outlined 5 mechanisms[76] through which the equity problem could be resolved, respectively proposed transforming AFD into a financing company[77], effectively placing AFD under national regulation as ECB is only competent to supervise credit institutions (Rioux, 2016, p. 30).

Taking all these aspects together, Rioux appears to mix the aspects of all three possible solutions in the triangle (subsidiary, new section, and status quo) as a compromise to please all parties, bridging a deadlock. The report is thus perhaps more diplomatic or symbolic than actually practically implementable. This interpretation would also play into personal interests of Rioux allegedly seeking to be appointed as Director General of AFD (Interview 3, March 7th 2025). The report could thus be said to present an aggregate of tabled suggestions, with perhaps some novelties, including cross-governance and change of status of AFD. To the Senate Finance Committee, however commendable, the proposal seemed to approach the 'status quo' option of doing nothing (Keller & Collin, 2016, p. 56). Moreover, Mr. Emmanuelli said that CDC did not see what role it would play as AFD would retain its financial autonomy (CDC Rapport au Parlement, 2015, pp. 232-233). CDC's Supervisory Committee was also struggling to identify the added value of the Rioux suggestion in contrast to the 'third balance sheet' option (CDC Rapport au Parlement, 2016, p. 51). Concretely, CDC had three reservations against Rioux's suggestion:

> i. <u>on the institutional level</u>: notably on the legal viability of housing AFD, a state-owned public institution, within CDC, which is placed under the guarantee of the legislative, respectively the relevance of cross-governance, appearing as a factor of complexity in terms of responsibility and management between various stakeholders;

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i. convert a perpetual bond subscription into €840 million of Tier 1 equity for AFD;
ii. convert over €2.5 billion in State loans to AFD under special conditions into Tier 1 equity, with no impact on the public deficit or debt under EU rules;
iii. include other liabilities into AFD's equity base, such as AFD's €570 million reserve account;
iv. tying profit distribution to the growth of AFD's balance sheet and activities, the reform could raise up to €5.9 billion in Tier 1 equity between 2020 and 2035;
v. continued special-condition Treasury loans would help meet Tier 2 capital needs while subsidizing AFD's lending.

77 Transforming AFD into a financing company would have to be accepted by the regulatory authorities. It could be considered that AFD does not currently have all the characteristics of a credit institution, and that the status of financing company, a legal framework created in 2013 for entities that carry out credit activities without collecting repayable funds from the public, could be more suited to its activity. This transformation could be proposed to the regulator, which alone can authorize it independently.

ii. on the financial and prudential level: the possible need to further strengthen AFD's capital after initial liability restructuring (notably by converting state long-term loans into 'quasi-equity') as AFD remains subject to Basel III requirements, respectively the state's actions to clearly ensure strict separation of balance sheets and address any impact on Maastricht-defined public debt;

iii. on the operational level: for the reform to be successful, it requires a high degree of synergies between AFD and CDC, however, the possible outlines of these synergies appear insufficiently explored.

However, in contrast to concerns tabled by i.a. CDC, *Coordination SUD*, an umbrella organization for French NGOs involved in international development, appeared to be generally favorable toward the report of Rioux, notably as it included provisions on the role and value-added of NGOs (Coordination SUD, 2016). Nevertheless, there were also reservations against issues such as economic diplomacy in accompanying French companies abroad, and migration put in a bad light (idem). *FO*, the Union of AFD, also appeared to be generally in favor of the rapprochement between AFD and CDC, despite there being several question marks such as the form it would take and its implications (FO, 2015).

Concluding Remarks on the Rapprochement

President Hollande had announced early 2016 that a bill on the merger would be submitted to Parliament, with measures expected in the Sapin II law (Keller & Collin, 2016, p. 56). However, the draft presented in March included no such provisions, and the Government offered no explanation for this reversal (idem). CDC had agreed on the principle on a rapprochement, however had issues notably with the subsidiary option and the prefiguration report, as underlined above (CDC Rapport au Parlement, 2016, p. 79). Additional concerns among the Supervisory Committee and Chair related to the effect on the role of CDC, notably fearing it would shift investments away from France to abroad and alter the balance within CDC, as a new entity within it would not exactly be the same as previously; respectively more technical arguments of triggering stricter Basel III regulations–risking that CDC would also be put under Basel III rules, contaminating everything–the CDC setup and model (Interview 3, March 7th 2025).

The management of AFD did not appear favorable, in contrast to a party of CDC which was interested, although CDC was divided on the issue (Interview 10, April 7th 2025). The Élysée seemed to be the driving factor behind a merger, to create a large public banking entity, but which it eventually dropped (idem). The Ministry of Foreign Affairs also feared that if AFD was too absorbed into CDC, French diplomacy would not have a sufficient degree of control on the action of the new entity, a fear which the Ministry of the Economy and Finance shared, and the Treasury who aimed to increase export or international financing, however, with an underlying fear of losing control (idem). Another risk was that of making a financial loss, e.g.

the state losing its 20% dividends to CDC (idem). Also, there were circumstantial reasons such as the CDC's Henri Emmanuelli not being for a merger, nearing his mandate, not thinking he could control the reform process, and in addition he was physically ill (idem). There was a mix of political, personal, and technical issues. At the end of the process, according to an interviewee from Élysée, there was rather an addition of the fears of each side, rather than an addition of the interests of each side (idem).

Ultimately, none of the three merger suggestions were adopted. Instead, the rapprochement process concluded with a 'strategic alliance charter' signed between CDC and AFD in December 2016 (AFD Communiqué de presse, December 6th 2016). Coincidentally, 2016 marked the year where AFD celebrated its 75th anniversary, respectively CDC celebrated its 200th anniversary (CDC Rapport au Parlement, 2016, p. 50).

3. Fruits of the AFD-CDC Rapprochement–Strategic Alliance Charter

The rapprochement between AFD and CDC in 2016 has yielded two central pillars of collaboration (AFD Communiqué de presse, June 6th 2024):

> i. **STOA**[78], an infrastructure impact fund investing in equity, focused on high-impact projects, with a particular priority on Africa, respectively;
> ii. Support the **operationalization of African CDCs**, including efforts to mobilize both domestic (internal) and diaspora (external) resources–the latter through the **DiasDev** initiative, managed by African CDCs.

An initial idea was to link STOA and African CDCs; or rather to see if local CDCs could be interested in partnering with STOA in some projects situated in their own country (Interview 3, March 7th 2025). In the cooperation agreement between the French CDC and the Senegalese CDC (2019-2021), it is stated that they would identify potential business opportunities of interest to their respective entities, notably STOA (CDC communiqué de presse, December 6 2018). The reasoning of Dr. Zylberberg (non-executive chairman of STOA) was to use the network of CDCs in Africa as the latter would have good knowledge of the country, the market, the government, etc. However, to him, obstacles included (Interview 3, March 7th 2025):

> i. <u>Early-stage CDCs avoid direct infrastructure investments</u>, instead preferring to invest into funds focused on venture capital, SMEs, or mid-caps. Infrastructure projects are costly, risky, and require a lot of liquidity. With a venture capital fund, you spread the risk;

[78] STOA is a Greek name for an ancient Greek portico, a meeting place that provided protection from the elements (Malécot, 2019).

ii. Identifying projects of mutual interest can be complex. Nonetheless, observing STOA's portfolio, such projects do exist: CDC Gabon invested in a local company involved in restructuring the "New Owendo International Port", respectively CDG Invest (Morocco) invested in a project with "Oncorad", a Moroccan healthcare company (see appendix F);

iii. Perceived asymmetries in ownership or benefit-sharing may provoke reluctance, especially if the initiative appears like a scheme for deploying local capital in service to fund a French project, i.e. to serve French interests. However, arguably, whether or not such interests are present, that does not exclude a win-win scenario.

Given these obstacles, there is nonetheless ample scope for cooperation and linking STOA and African CDCs. Former CDC Director General Pierre-René Lemas proclaimed that the African CDCs would be the first beneficiaries of the fund, with African CDC projects being given priority to receive CDC-AFD funding (Faujas, 2017a). The launch of STOA was officially announced in Ouagadougou, Burkina Faso in 2017 as a EUR 600 million fund dedicated to infrastructure in the form of equity investments, in parallel to the establishment of a CDC in Burkina Faso (idem). During his Ouagadougou speech in 2017, President Macron referred to both STOA and Choose Africa as key instruments in relaunching Franco-African economic relations, proclaiming that "I want Africa to be a priority of French economic diplomacy", notably in relation to French businesses investing more in Africa (see Appendix D). This relaunch thus appears to go hand in hand with an unambiguous stance of French political and commercial/economic interests. Even then Burkinabe Prime Minister Paul Kaba Thieba, who had worked as a portfolio manager at the French CDC from 1988 to 1991, was a fervent supporter of STOA (Faujas, 2017a).

Going forward, as underlined by the renewal of their strategic alliance charter in 2024 between AFD and CDC, the two fruits of the rapprochement constituting i. STOA and ii. African CDCs (including DiasDev) go hand in hand, both notably based on the African continent and linking their projects. Notable is also that the appearance of Pierre-René Lemas in Ouagadougou 2017 for the official launch of STOA marked the first ever visit by a CDC Director General to sub-Saharan Africa (Faujas, 2017b).

3.1 STOA – Filling the Gap in French Development Finance

STOA's former director general Charles-Henri Malécot proclaimed that "[STOA] is the equity instrument that was missing from the French public international financing system (AFD, Proparco, Bpifrance, Treasury) to support French companies on major infrastructure projects in emerging and developing countries." (Malécot, 2020). STOA also appeared to address the needs or rather demands of Africans, in at least two ways: i. Investment through equity, and not purely aid; ii. Investing in Infrastructure, where a report from 2016 by UNCTAD estimated that Africa's annual financing needs to achieve the SDGs amounted to at least USD 600 billion a year, and that USD 100 billion of that would be necessary to finance infrastructure (UNCTAD, 2016, p. 130). STOA was meant to address the aforementioned issues in supporting sector stakeholders through risk sharing to better absorb country and commercial risks and to cope with long development timelines (Pacquement, 2017a, pp. 174-175).

3.1.1 Origins and Raison d'Être

STOA was launched in 2017, directly flowing from the rapprochement between AFD and CDC in 2016 (Pacquement, 2017a, 174; Hoffmeister, 2019). STOA constitutes the main and most concrete cooperation project between AFD and CDC, an embodiment of their alliance exemplifying the synergies of their rapprochement; AFD with technical and international expertise providing country-knowledge, meaning knowledge of country risks, respectively CDC providing its expertise in equity investments–stemming from knowledge of how to be part of a board, how to invest in SPVs, etc. (Interview 3, March 7th 2025; Pacquement, 2017a, pp. 174-175). STOA was born from the conviction that economic development in developing countries is not lacking from loans or subsidies; what is needed is equity and risk (Interview 3, March 7th 2025). Aid has been tried for over 60 years, and in its current form, generally does not work (Malécot, 2022).

Based on market studies and feedback form French operators in regions where STOA today is implicated showed that there were specific infrastructure financing needs; investors aiming for capital investments longer than average or more upstream projects in the project development process (STOA, 2023, p. 9). Further, France lacked a tool enabling significant capital investments in infrastructure projects, in the amounts of EUR 10-50 million compared to Proparco's EUR 2-15 million, in countries where STOA today is implicated, and to support French industrial players there (idem; Hoffmeister, 2019). The establishment of the company *STOA Infra & Énergie* in 2017, owned by co-shareholders AFD and CDC, would address the latter, dedicated to "financing and supporting the development of sustainable and resilient infrastructure [and renewable energy projects in emerging countries] for future generations in Africa, Latin America, and Asia"– with an explicit priority on Africa, with almost 60% of total commitments allocated to Africa between 2018-2023 of the EUR 451 million deployed (STOA, 2023, pp. 1-9; stoa.fr, 2025; Hoffmeister, 2019).

3.1.2 Composition and Comparison

Co-owned by CDC and AFD–two public shareholders–STOA's initial capital base constituted EUR 600 million in 2017: EUR 500 million from CDC respectively EUR 100 million from AFD (Interview 3, March 7th 2025). STOA is based on the leverage effect, with the initial objective of EUR 600 million leveraging EUR 10 billion, notably aimed at attracting private capital (Interview 3, March 7th 2025; Malécot, 2019; Pacquement, 2017a, pp. 174-175). At end 2023, STOA had committed more than EUR 500 million of the EUR 600 million allocation provided by its shareholders, based on the leverage effect, making it possible to mobilize 12 times additional financing for around 20 essential infrastructure projects in sustainable energy, transport, environment, telecommunications, as well as social services sectors (see Appendix F; AFD Communiqué de presse, 20 February 2024). (For comparison, French ODA represented EUR 11.2 billion in 2023, see figure 7). In 2023, the capital base of STOA was increased to EUR 900 million; with an additional EUR 100 million provided by CDC, respectively EUR 200 by AFD (idem). This increase was said to make it possible to reach nearly one billion euros of investment by 2028 due to the reinvestment of part of the profits generated (idem). This second phase also presented an opportunity for AFD to rebalance its level of ownership in STOA from ⅙ in 2017 to ⅓ in 2023.

The capital allocated to STOA provides this investment fund with a comparable amount of other infrastructure investment funds such as Africa50 of the African Development Bank (AfDB) respectively InfraVentures of the International Finance Corporation (IFC, World Bank Group). AfDB invested USD 500 million in Africa50 aiming to raise it to USD 3 billion in funds, then scaling it to USD 10 billion (Blas, 2014). According to Africa50's Board Chairman Kaberuka, "For a long time, we have relied on external financing to fund our infrastructure, now is the time to mobilize sovereign African savings to build the Africa of tomorrow" (Agutamba, 2015). Further, IFC InfraVentures was launched as an USD 150 million 'global infrastructure project development fund' making part of the World Bank's efforts to 'increase the pipeline of bankable projects in developing countries' (WB, 2011). Rather than strictly competing, some of the projects of Africa50, IFC, and STOA align, as observed from STOA's portfolio (see appendix F).

Other than Africa50 and InfraVentures, STOA is reminiscent of other infrastructure (equity) funds such as Meridiam, InfraMed[79], and Marguerite I & II all in which CDC took part in launching, notably the two latter with members of the *Long-Term Investors Club* (LTIC). As such, there were precedents to STOA. A parallel could also be drawn to *Averroès Finance*, although focusing on investing indirectly through private equity funds compared to STOA investing directly in equity; where the former's gradual expansion could also be applied to STOA gradually generating a 'culture of development' within CDC, that could lead to further integration with AFD. Lastly, STOA is currently in a phase of trying to attract private capital and transforming the company into a management company (Interview 3, March 7th 2025).

[79] An instrument like STOA was proposed in the Védrine-Zinsou report as a complement to InfraMed due to geopolitical concerns in the Mediterranean region.

3.1.3 Portfolio: Impact v. Influence

Observing STOA's portfolio, its first project in Africa consisted in taking a 10% stake in the *Nachtigal Hydro Power Company* in 2018 in charge of constructing the Nachtigal hydroelectric dam, the largest project of its kind in Africa, aimed at supplying 30% of the energy demand in Cameroon (see Appendix F). As this project attests, STOA seeks to invest in high-impact projects, co-investing with other actors such as development banks, including African CDCs, and companies both private and public such as EDF (see Appendix F). The underlying idea is that of investment for development, where returns are paid out to the investors as a fair compensation for the risk taken and service provided, which in turn allows for reinvestment in new, high-impact projects, constituting a virtuous circle (Malécot, 2022). Investment funds like STOA thus serve a critical function, not devoting any public money nor indebting countries, but leveraging private money for development projects; where EUR 1 invested by such a fund could enable the financing of EUR 15 of infrastructure (idem).

Studying STOA's portfolio, 14 projects are based on the African continent of which 2 STOA has divested (see Appendix F). Moreover, there are three noteworthy remarks regarding STOA's portfolio in Africa: i. diversity of projects, ii. geographical scope, iii. enterprises involved:

> i. STOA invests in projects ranging from dams and wind farms to healthcare and datacenters. This would presumably require expertise or consulting in wide areas of different projects and fields;
>
> ii. The countries in which STOA invests seem to go beyond Francophone Africa, with countries notably located in Southern and Eastern Africa: South Africa, Malawi, Uganda, Rwanda, etc. 7 out of 12 ongoing projects in Africa are based in countries outside of Francophone Africa;
>
> iii. The enterprises in which STOA take equity stakes or invest alongside as a co-shareholder can either be African (e.g. *Arise Ports & Logistics*) or non-African (e.g. *JCM Power*) companies.

STOA, along with Choose Africa, was cited by President Macron in his Ouagadougou speech as major initiatives in French development policy (see Appendix D). Both initiatives related to French Economic Diplomacy in which Africa would be a priority, notably focused on French enterprises investing more in Africa (idem). Given the geographical distribution of STOA's portfolio, outside of Francophone Africa, it could perhaps suggest a shift away from pure diplomatic purposes moving into investments in developmental projects with high-impact; on the other hand, it could also indicate a further internationalization of France, seeking not to be dribbled away by other actors in the rest of Africa. The question is about impact (economic) vis-à-vis influence (political), where development banks normatively should engage in the activities that generate the highest impact.

Against this context, STOA was also a response to address criticisms by French companies of AFD pushing for unbundled finance in developing countries (Interview 3, March 7th 2025). In 2001, OECD-DAC endorsed a recommendation to untie aid to least developed countries, with the exception of food aid and technical assistance (Lancaster, 2007, p. 55). AFD has to provide untied financing with real calls for tenders for interventions to be counted as aid to developing countries (Hoffmeister, 2019). For example when AFD would make a loan to the Cameroonian government, the Cameroonian government would then organize a request for proposals for the project, which would be open to everyone (Interview 3, March 7th 2025). The French companies were complaining as the Japanese, Korean, British, etc. were helping their own companies (idem). China is also among those that have been pointed out as practicing tied aid, largely benefiting Chinese contractors (Jingdong et al., 2022, pp. 7, 24). The idea was hence to create a financial vehicle funded by CDC and AFD with its own money, to accompany French enterprises, where today broadly 50% of the projects are with French companies (Interview 3, March 7th 2025; Malécot, 2019). STOA's first project was with French energy company *Engie* to install a wind farm platform of a capacity of 2 GW by 2022 in India; STOA's second project was with French energy company *EDF* to construct the Nachtigal hydroelectric dam with a capacity of 420 MW in Cameroon (Malécot, 2019).

From its portfolio, STOA appears to assist French or more broadly non-African companies through either:

> i. Co-investment in a project, e.g. with EDF or Engie; where for projects led by French enterprises, STOA acts as a minority investor in the form of a stake of 10-50% of the capital of the companies in which STOA and EDF/Engie invest (Malécot, 2019);
>
> ii. Directly investing in the company (i.e. taking equity stakes) in e.g. the Canadian-owned company *JCM Power* or the Luxembourgish startup implanted in France *Etix Everywhere*. The subscription of a capital increase in the company Etix was justified to enable it to finance data centers in Africa and Latin America (Malécot, 2019).

Malécot pretty much referred to *Etix Everywhere* as a French company, being implanted in France (Malécot, 2020). However, the question of what designates a French company is tricky to define; does it relate to French ownership, location, employment?; and what is the value-added of France? (Interview 5, April 2nd 2025). Further, according to Malécot, in general, 80% of AFD financing directly or indirectly benefits French companies anyhow (Hoffmeister, 2019). Based on an example, AFD finances EUR 12 billion per year of which the competitive markets represent around EUR 1.5 billion (Interview 10, 7th April 2025). The latter, representing a share of 12.5% is thus not significant. If French companies participate in roughly 80% of the contracts, and when they participate they win roughly 75%, if you multiply the two you will get something like roughly over 50% (idem). Thus, designating an entity as a French enterprise, notably in competitive markets, appears more like a political question, about how it is presented. This is not to say that French companies did not push for an outcome of a vehicle that would flow from an AFD-CDC rapprochement to serve their interests, most probably they did as this would be very much aligned with the political interests of France, advocating for a strengthened French Economic Diplomacy.

3.1.4 Equity and Exit Strategy

STOA is based on equity investments for seemingly two reasons:

> i. CDC has expertise in equity investment (knows how to be part of a board, how to invest in SPVs, etc.) against a background of development aid in the form of loans and grants being redundant, where STOA can leverage private capital, as already discussed;
>
> ii. to ensure high-impact of the investment by influencing governance; where STOA has a very proactive view of their investments, e.g. despite holding merely 10% of the capital, can negotiate their rights and systematically request a director position, eventually with a veto right (Hoffmeister, 2019).

STOA's exit strategy appears to revolve around proactive management, focusing on sustainable value creation, as well as responsible divestment practices, aligning with its mission to support resilient infrastructure development for future generations. When divesting, STOA seems to seek to transfer its stakes to reputable and capable entities with the ability to continue the growth and development of the projects. For instance, in 2022, STOA sold its stake in Daystar Power, a West African solar energy provider, to Shell, ensuring the continuation of sustainable energy solutions in the region (see Appendix F). In February 2020, STOA, along with other investors, sold its stake in Etix Everywhere to Vantage Data Centers as part of a strategic exit (see Appendix F).

Lastly, while STOA resolved some issues, other issues remain unresolved such as export financing (Interview 10, April 7th 2025). Although being well managed in terms of credit insurance, it remains relatively underdeveloped in France relative to Germany or Japan, in terms of the presence abroad of institutions that can issue credit to governments (idem). AFD is also faced with the issue of limiting their activities due to the level of capital (idem).

3.2 Operationalizing African CDCs and launching DiasDev

The second pillar of the rapprochement relates to the operationalization of CDCs in Africa, mobilizing internal resources, respectively the launch of the initiative DiasDev, mobilizing external resources. Additionally, Choose Africa is discussed as it makes part of French development banking activities in Africa.

3.2.1 Second wave of supporting African CDCs, and Coup d'États

This second wave of supporting African CDCs (2018 onward) emerged in the context of the African Union's adoption of *Agenda 2063* in 2015, which emphasized the need for innovative financing and the mobilization of domestic resources in response to declining ODA levels and the inability of many countries to borrow at high rates (expertisefrance.fr, 2020; AU, 2015). Financial institutions modelled on CDC were regarded as tools to sustainably strengthen the mobilization of internal resources and contribute to African capital markets (idem). In addition to centralizing and mobilizing regulated savings, in facilitating access to financing for businesses, CDCs also support the development or emergence of capital markets in the economic area (CDC Reference Book, 2025, p. 11).

What was different in the second wave of supporting African CDCs as compared to the first, was the involvement of both AFD and Expertise France–the latter which would merge with AFD in 2022. Whereas AFD provided EUR 3 million for a "Facility to Support the Operationalisation of the Caisses de Dépôts et Consignations of Benin (CDCB) and Caisse des Dépôts et Consignations of Côte d'Ivoire (CDC-CI)", Expertise France acted as the operator (expertisefrance.fr, 2020). In other words, AFD provided the financing whereas Expertise France ensured the management and implementation of the activities together with the African CDCs (idem). The activities of technical assistance were entrusted to experts supporting the CDCs across the various components of the project (idem). In addition, the role of the French CDC in this facility was to act as the guarantor of the provision of technical assistance respectively contribute to facilitating the dialogue with the African CDCs, through its bilateral agreements and multilateral engagements within the *Forum des Caisses de Dépôt* (idem). The project was formulated around four pillars: i. 'help structure CDCs'; ii. 'assist these two CDCs with the development of their investment strategies'; iii. 'help build the capacities of CDC officers and with their training'; iv. 'contribute to conducting feasibility studies and the implementation of priority pilot investment projects' (idem).

Coup d'états in Burkina Faso (2022), Niger (2023) and Gabon (2023) have resulted in some political turmoil. Niger and Burkina Faso withdrew from ECOWAS[80] in 2024, in conjunction with military takeovers of their respective governments (Wong, 2024; Al-Jazeera, 2024). With Mali, Niger and Burkina Faso announced in a joint statement that they "decide in complete sovereignty on the immediate withdrawal [from ECOWAS]" respectively that "[ECOWAS] under the influence of foreign powers, betraying its founding principles, has become a threat to its member states and its population" (Al-Jazeera, 2024). Influence exercised by one country stands out, notably that of France. Both Niger and Burkina Faso have distanced themselves from former colonial power France, cutting military ties with the latter, and contemplating leaving the CFA franc zone (Wong, 2024; Al-Jazeera, 2024; Doyle, 2024).

The CDC in Burkina Faso (Caisse des Dépôts et Consignations du Burkina Faso, CDC-BF) was dissolved following the coup d'état, and a law was passed in 2023 on the creation of a new similar institution called 'Caisse de Dépôts et d'Investissement du Burkina Faso' (CDI-BF) (see Appendix E). CDI-BF was said to have been "created against a backdrop of

[80] "Widely seen as West Africa's top political and regional authority, the 15-nation bloc of ECOWAS – formed in 1975 to "promote economic integration" in member states." (Al-Jazeera, 2024)

democratic transition to support Burkina Faso with its economic development. It plays a key role in harnessing savings and financing transformative projects" (CDC Reference Book, 2025, p. 15). The institution still appears to be a member of the *Forum des Caisses de Dépôt* (idem). Additionally, the CDCs in Niger and Gabon appear to be intact, despite coup d'états in these countries. All in all, these coups d'états should not have ruptured the relationship between these CDCs and the French CDC, although the relationships were not very developed to begin with i.a. due to the young age of these African financial institutions (Interview 4, March 14th 2025).

3.2.2 DiasDev: mobilizing external resources

In parallel to supporting the operationalization of African CDCs, **DiasDev** is an initiative launched to contribute to innovative financing efforts (Interview 8, April 4th 2025; Interview 4, March 14th 2025; expertisefrance.fr, 2024). DiasDev is meant to mobilize external resources, effectively complementing the establishment of CDCs, meant to mobilize internal resources. Essentially, the aim of DiasDev is to facilitate the mobilization of diaspora savings in order to contribute to financing development projects in their home countries (Interview 4, March 14th 2025; expertisefrance.fr, 2024). It is a major initiative, now in its second phase, building on initial studies to implement savings products tailored to diaspora needs (Interview 4, March 14th 2025). Many remittances from African diasporas flow through informal or costly banking channels; DiasDev seeks to formalize these funds and channel them into deposit funds (idem). The institutions involved in the program include the CDCs in Senegal, Mauritania, Tunisia, Côte d'Ivoire, and Benin, with Cameroon and Gabon joining in phase two (idem).

A predecessor that led up to DiasDev was initially launched by CDC Tunisia and CDP Italy, both managing postal savings, in which the Tunisian Post had a first experience with an offshore savings book with the Italian Post (Interview 8, April 4th 2025). They capitalized on that savings book and developed it (idem). Unlike French law, Italian law allows for classifying savings according to the nationality of the depositor (idem). It is estimated that the deposits of Tunisians in Italy total EUR 40 billion (idem). Through a quadripartite agreement involving the Tunisian post, the Italian Post, CDC Tunisia, and CDP Italy, the aim was to facilitate money transfers; an initiative called 'Savings without Borders' (idem). Behind all this, there were requests form CDC Tunisia for funding investment projects contributing to the Tunisian economy, using funds from the Tunisian diaspora in Italy (idem). This would be done with very low interest rates, significantly lower than normal, ensuring profitability for CDP Italy (idem). Italy's now Deputy Prime Minister Salvini was very committed to this initiative and was personally present in Rome and Tunis when the agreement was signed. However, the Italian Post was somewhat hesitant, thus it did not work out very well; the initiative had to be further developed and revitalized (idem). The idea appealed to French President Macron in which one of the points in his presidential program concerned the savings of the diaspora (idem). This mission was entrusted to AFD, which launched a study in collaboration with the EU (idem).

The goal of DiasDev is again to develop a diaspora savings system to enable deposit institutions in the countries of origin of each diaspora to access part of their diaspora's savings to invest in development projects (Interview 8, April 4th 2025). As CDC Tunisia was the most advanced country to start this project, the institution acted as a test experience; the first study conducted was the study on DiasDev Tunisia, which was finalized on March 18th, 2024 (idem). It was well-developed, and initially for transfers, the plan was to use the Eurogiro postal network, which agreed to offer very low transfer rates; e.g. if the transfer does not exceed EUR 500, the transfer fee is only EUR 3; almost nothing compared to other intermediaries with fees of EUR 20, 40, or even 50 (idem). As the experience grew, several companies like Western Union came to the Tunisian Post; these agreed to reduce their transfer fees because they leveraged a certain system (idem). This gave the project a massive boost as it was not limited just to the postal system but opened up to banks as well. A Tunisian, Senegalese, or Mauritanian national living in France might not have an account with the French post, but now if they have a bank account, they can transfer money using this system. The aim was to democratize it (idem).

3.2.3 Choose Africa: an entrepreneurial presidential initiative

President Macron referred to Choose Africa, along with STOA, in his Ouagadougou Speech in 2017 (see Appendix D). Whereas STOA was an initiative tabled by CDC, Choose Africa was a presidential initiative launched by AFD, coordinated by Proparco (Interview 9, April 7th 2025). Choose Africa was launched in 2018 with the aim to "accelerate the growth of MSMEs and entrepreneurship in Africa" (proparco.fr/booklet, 2021). (Thus the initiative could perhaps be seen as an internationalization of President Macron's so-called 'start-up nation'.) Choose Africa initially consisted in rendering available EUR 2.5 billion over 4 years: EUR 1.5 billion in credit lines, dedicated to MSMEs, and guarantees, to cover MSME risk, for local banks respectively EUR 1 billion in equity investments in MSMEs (either as direct investment or through private equity funds).[81] (Dia, 2019; proparco.fr/booklet, 2021) Choose Africa could hence be likened to IFC's FIG, where issues such as many smaller loans and adverse selection led IFC to instead make loans to and support local banks, with a trickle-down and multiplier effect, in addition to investing in funds and fund of funds (IFC Representation at ScPo, February 15th 2025). Further, in response to the Covid pandemic, *Choose Africa Resilience* was launched in November 2020, deploying over EUR 780 million (choose-africa.com, 2024). The French initiative Choose Africa also catalyzed mobilization on the European and international levels in favor of African entrepreneurship (idem).

Owing to the success of the Choose Africa initiative, a sequel called *Choose Africa 2* was launched in 2023, involving CDC's subsidiary Bpifrance, serving African entrepreneurs and supporting French companies in developing their activities in Africa (afd.fr/choose-africa-2, 2023; bpifrance.fr/big-2023). The focus of the sequel is to "build and reinforce public banks for entrepreneurs as part of an effort to promote the development of entire entrepreneurial

[81] At the end 2023, the total stood at EUR 4 billion, respectively EUR 780 million for the Resilience (choose-africa.com, 2024).

ecosystems across the African continent" (idem). Interesting is also that the Ministry of Economy and Finance of Bénin had a desire to put CDC Bénin at the heart of those activities, where CDC Bénin was to manage the technical side of handling the financing, maintaining relationships with the banks providing the capital (on-lending) to said entrepreneurs (Interview 9, April 7th 2025).

4. Aftermath and Future Prospects

The thesis has treated two major topics: i. the internationalization of CDC, respectively ii. French development policy. Building on these two elements, we aim to further explore the French case in relation to a broader, more general framework, from which potential implications can be drawn.

4.1 Internationalization of NDBs

Internationalization of national development banks (NDBs), as discussed throughout the thesis in relation to the rapprochement between AFD[82] and CDC in 2016, seems to stem from a convergence between the missions of national development banks and multilateral/bilateral development banks. Jin Liqun, President of AIIB, underlined exactly this internationalization of NDBs during the closing ceremony of *FiCS 2025* in South Africa, in that PDBs have a dual mandate: i. advancing national priorities (poverty reduction, employment, etc.) while ii. tackling global challenges (climate, health, biodiversity, etc.) (DBSA, 2025). As such, this convergence is not a French phenomenon; other countries and entities have had their national and international development spheres integrate, such as Italy's *CDP* becoming the country's new development finance institution (DFI) in 2015 (cdp.it, 2015). In 2022, *EIB Global* opened its doors. Germany's *KfW* already obtained such a mandate in 1961; however Germany also disposes of a bilateral development agency GIZ, and an integration has previously been tabled between these two institutions. Further, this is not merely a European phenomenon either: Chinese *CDB* is the world's largest NDB and China's largest institution for development finance overseas (Schwarz & Rudyak, 2023, p. 37); Brazil's largest NDB *BNDES* has also promoted lending to its South American neighbours, supporting Brazil's exports (Hochstetler, 2014, pp. 360-361). Additionally, there is a group of DFIs with an international scope, also promoting the notion of investment for development: especially, *British International Investment* (formerly CDC Group) respectively the *US International Development Finance Corporation* (DFC) formed in 2019 working alongside USAID, the USA' primary grant-aid agency (INSE-AFD dataset). Considering the above, there appears to be a broader trend of national development banks (NDBs) integrating international activities, either through i. taking on the activities of development agencies (through a merger, e.g. 2016 CDC-AFD rapprochement or discussed integration between KfW-GIZ) and/or ii. working together with said development agencies (complementing each other, e.g. STOA exploiting the synergies between CDC and AFD or KfW providing financial and GIZ technical

[82] In 1998, AFD officially became the pivotal agent for implementing French aid. In January 2022, the merger between AFD and Expertise was officially announced, proclaiming "With AFD subsidiary Proparco operating in the private sector [since 1977], the Group now provides a complete and unrivalled approach to sustainable development." (expertisefrance.fr, 2022).

assistance). As also exemplified with the French case, internationalization of NDBs appears to accompany the internationalization of domestic companies, promoting exports. Other than activities necessarily related to development finance, internationalization of NDBs also takes the shape of NDBs partaking in clubs, such as the *Long-Term Investors Club* (LTIC) or *International Development Finance Club* (IDFC), gathering NDBs from across the world, collaborating around funds, such as InfraMed or an *intercaisse* fund, with an international scope.

The question is where this movement of the internationalization of NDBs is heading, in the aftermath of the AFD-CDC rapprochement. France can here again provide an indication. In 2021, it was made official that CDC would sell 42% of its stake in the engineering company Egis' capital–a subsidiary of CDC in which it owned 76% –to *Tikehau Capital*, with the justification that CDC wanted to focus on investments in France (Gueugneau, 2021). The background of this deal, with CDC going from majority to minority shareholder of Egis, involved Egis looking to expand internationally (idem). Then deputy Director General of CDC Olivier Sichel proclaimed that "The arrival of a new shareholder will accelerate the company's [Egis] development plan, which aims to expand internationally"; moreover, Sichel added that "Our [CDC's] objective today is primarily to invest in France. However, Egis has an increasingly international dimension" (idem). Despite CDC desiring to maintain a national anchoring, as illustrated with this example, that does not exclude a merger with AFD is off the table; it can be tabled again (Interview 6, March 17th 2025). First, the idea of a rapprochement stretches a long way back, from the 1950s with Bloch-Lainé (Interview 5, April 2nd 2025). Second, Rioux had tabled the suggestion of a rapprochement arguably with calculated rationale, against an environment with a weak presidency who was rather agnostic, according to an interviewee (Interview 3, March 7th 2025). An ancient idea arguably needs a triggering element, a critical juncture such as COP21, which pushes it into fruition; it is also seemingly about timing, to have favorable conditions to lubricate negotiations and implementation. With those two elements of i. trigger, respectively ii. timing, it would not seem unreasonable or unfeasible to expect a rapprochement in the future. Preconditions for a merger, i.e. an integration of AFD into CDC, would include a strong and explicit political mandate, e.g. as part of a presidential campaign, according to an interviewee, due to the institutional complexity and potential resistance from various actors (Interview 10, April 7th 2025). Technically, it would be possible to merge AFD and CDC, to which attests the CDC's homologues German KfW and Italian CDP (Interview 11, April 7th 2025). Thus, it is rather a political question; according to an interviewee from the Élysée there had been just as much reluctance to create Bpifrance–a merger between CDC Entreprises, FSI, and Oséo–but in fact, it was non-negotiable because there had been a democratic commitment to move in that direction; whereas the AFD-CDC rapprochement came later in the five-year term and was not a major element of the political agenda (Interview 10, April 7th 2025). Thus, at the time of the tabled AFD-CDC merger, the political mandate was less clear, not enough to move toward a very strong integration model, which resulted in the choice of a model of rapprochement, but not of integration (idem). Again, this does not, however, exclude the possibility of a merger being tabled between AFD-CDC in the future (Interview 6, March 17th 2025), fulfilling the internationalization process of CDC.

Given the internationalization of NDBs in providing development assistance, there could perhaps also, in parallel or driven by this, be envisioned a further *Europeanization* of development aid. When CDC internationalized in the 1990s, following a hiatus from the 1960s, CDC was approaching Europe; later and with other NDBs playing an important role in implementing the Juncker Plan (Marsal, 2021). The Global Gateway, launched as the EU's response to the Chinese Belt and Road Initiative (BRI), is another interesting example where national DFIs play a key role in implementing the EU's development policy in the Global South (Bau & Dietrich, 2024). European development aid nevertheless remains fragmented (Hodson & Howarth, 2023). Given a furthering in the European integration project, it might be envisioned that aid is further *Europeanized*, such as increasingly coordinated and pooled under the rather recently established development arm of the EIB; i.e. EIB Global.

4.2 French Development Policy

The rapprochement appears to have been placed within a greater relaunch of French development policy. This is indicated by reports requested by the government such as Védrine-Zinsou and the rhetoric of i.a. President Hollande and President Macron, with a strong emphasis on Africa. Furthermore, in conjunction with the rapprochement in 2016, bilateral grants as a share of bilateral ODA commitments reached toward 50% (see figure 10). Following 2016, there was a drop, however then a rebound and this ratio has been climbing again, reaching a similar level as in 2023 (see figure 10). In 2018, the *Comité interministériel de la coopération internationale et du développement* (CICID)[83] outlined a framework to increase French bilateral aid, in particular grants, disbursed to 19 priority countries, almost all exclusively in Francophone Africa (CICID, 2018, pp. 6, 12). These elements flowed into *LAW n° 2021-1031 of 4 August 2021*, a new "law on solidarity-based development and the fight against global inequality". Notable is the emphasis on the increase in resources, especially the increase of grants as a share of total French ODA coupled with a focus on the bilateral component (Article 2, V). Article 2, section 5 states that "Grants must represent at least 70% of the amount of French official development assistance [ODA], excluding debt relief and excluding loans to international financial institutions, measured in grant equivalent, on average over the period 2022-2025. These resources are concentrated on the least developed countries, in particular priority countries of French development policy." Given these elements and ambitions, one could ask whether there is business as usual or a shift or convergence. France makes part of a bloc with Germany, South Korea, and Japan basing their development aid both on grants respectively preferential-rate loans; this stands in contrast to a bloc consisting of the United States, the Nordic countries, etc. basing their development aid almost exclusively on grants (afd.fr, 2023). It is a notable discrepancy that in the first bloc, DFIs and (bilateral) development banks such as AFD[84], KfW, or JICA play a pronounced role in the country's development policy; whereas in the second bloc,

[83] Supervised by the Prime Minister, CICID convenes relevant departments of the Ministry of Foreign Affairs, the Secretariat of State for Development, Francophonie and International Partnerships, and the Ministry of the Economy and Finance. The purpose of CICID is to define a series of directions guiding France's policies in the field of development cooperation and international solidarity.
[84] In 1998, AFD officially became the pivotal agent for implementing French development aid. However, as seen in Graph 10, during this period, the grant-to-commitment ratio actually increased. Nonetheless, then it decreased significantly in the 2000s. This upswing and downswing, however, probably had to do more with a political process rather than influence of AFD.

development agencies such as USAID, SIDA, or Norad play a pronounced role in the country's development policy. There thus appears to be a discrepancy between granting of loans versus grants depending on development banks or development agencies being closer to the development policy agenda. Another hypothesis to test. Furthermore, here lies a question regarding convergence where NDBs venturing internationally indicate a shift toward investment in contrast to a classic concept of development aid.

As the French model is currently set up, according to Hubert de Milly, "For French aid, this type of financial tool [a mix of preferential-rate loans and grants] allows for a response to the broadest number of situations possible, from social emergencies to economic needs, including issues tied to the environment and governance." (afd.fr, 2023). Whereas grants have a more development aid-side to it in the traditional sense, it is however not necessarily what countries need (see i.a. Dead Aid by Dambisa Moyo, 2009). And whereas CICID aimed at increasing grants as a share of French ODA, STOA–managed by CDC and AFD–was pushing for investment, through equity, for development, also including development initiatives such as DiasDev. Disregarding emergencies, tools like STOA appear more powerful in having a long-term impact; in i.a. leveraging a significant amount of private capital. This shift also plays into the 'Wall Street Consensus' coined by Dr. Daniela Gabor (2021) as an"elaborate effort to reorganize development interventions around partnerships with global finance".

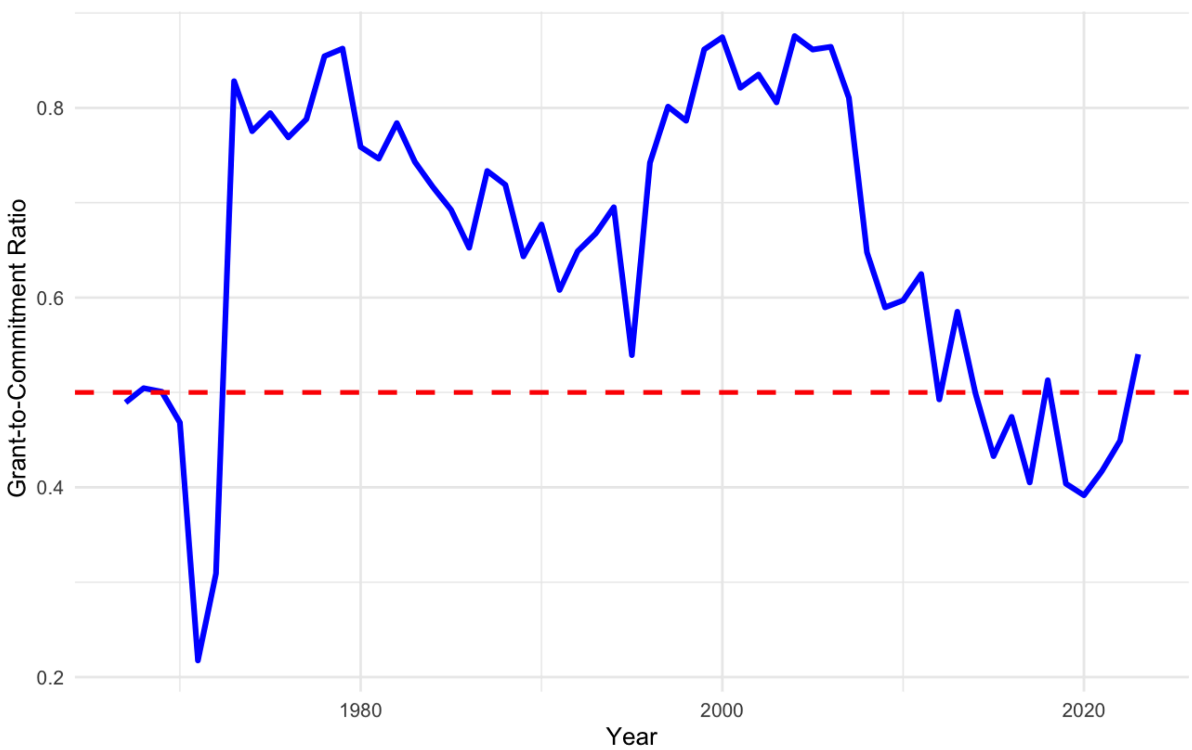

Figure 10. Grants to Bilateral ODA[85] Commitments for France 1967-2023. (Red line marks the 50% cutoff.) Own elaboration. Data from OECD-DAC, DAC5: Aid (ODA) by sector and provider; Donor: France: Sector: All sectors:

[85] Official Development Assistance (ODA) is defined as those flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies. Certain concessionality.

Against the background of reports such as Védrine-Zinsou (2013) and Faber-Naidoo (2014), another report on relaunching Franco-African economic relations was published in 2019, the report of former Minister of Finance Hervé Gaymard (2019). The report addresses the revival of French economic presence in Africa and was placed midway between President Macron's Ouagadougou speech in 2017 and the Africa-France Summit held in Bordeaux June 2020 (Gaymard, 2019, p. 3). One of the urgent matters put forward in the report was reconstructing a French tool of technical expertise of world rank (idem). A key feature of the report is the emphasis on going beyond the classic concept of aid (grants, concessional loans, etc.), to instead building on that of investment for development (idem).

Former EC President Juncker had a similar line of thought proclaiming that "We need to invest more in our relationship with the nations of this great and noble continent [Africa]. And we have to stop seeing this relationship through the sole prism of development aid. Such an approach is beyond inadequate, in fact it is humiliating. Africa does not need charity, it needs true and fair partnerships. And we in Europe need this partnership just as much… I believe we should develop the numerous trade agreements between Europe and the countries of Africa into a continent-to-continent free trade agreement, as an economic partnership between equals". (Juncker State of the Union Address, 2018). Africa is also seeking to help itself through initiatives such as the *African Continental Free Trade Area (AfCFTA)*, with African politicians and the African Union (AU) alike proclaiming "African Solutions to African Problems". In this shift, toward investment for development, there is seemingly a role for development banks. Again, the Global Gateway is an example of this, breaking with the EU's long tradition of grant-based development assistance, moving toward infrastructure development with greater involvement by private sector and capital, with a key role in implementation for national DFIs (Bau & Dietrich, 2024, pp. 6-10).

Regarding investment for development, the AFD-CDC rapprochement embodies the idea of shifting away from classic development aid toward investment; notably through STOA co-investing along different actors in the equity of companies working with high-impact infrastructure projects, while simultaneously supporting 'French' companies. Initiatives such as *Averroès Finance* and *Choose Africa* could also be placed within this framework, of promoting economic development bottom-up, not through classic development aid but through investment, in private equity respectively SMEs and startups. What is also interesting is that the initiatives of STOA and Choose Africa appear to be linked to that of supporting the operationalization of African CDCs, notably tying the projects together, such as CDC Gabon with STOA or CDC Bénin with Choose Africa. Furthermore, through AFD and CDC supporting the operationalization of African CDCs, this increasingly indicates a shift toward genuine economic independence; African countries relying increasingly more on centralizing and mobilizing internal resources, i.e. regulated savings funds, in contrast to external FDI, aid and debt[86] flows. (Complemented by DiasDev, mobilizing external resources, i.e. diaspora

[86] This arguably stands in contrast to Chinese "debt-trap diplomacy". Whether that is true or not, China does hold a significant share of sub-Saharan African debt. Africa has become over-indebted, with a public debt-to-GDP ratio above 65%, largely due to China, which holds more than 60% of sub-Saharan Africa's bilateral external debt (Malécot, 2022).

savings.) This is increasingly important against a context of tumultuous times, such as the current one in which the USA is cutting development assistance respectively, France having contemplated as part of its general budget cuts, against a background of continuous deficits, up to 40% reduction in development aid (Hird, 2025).

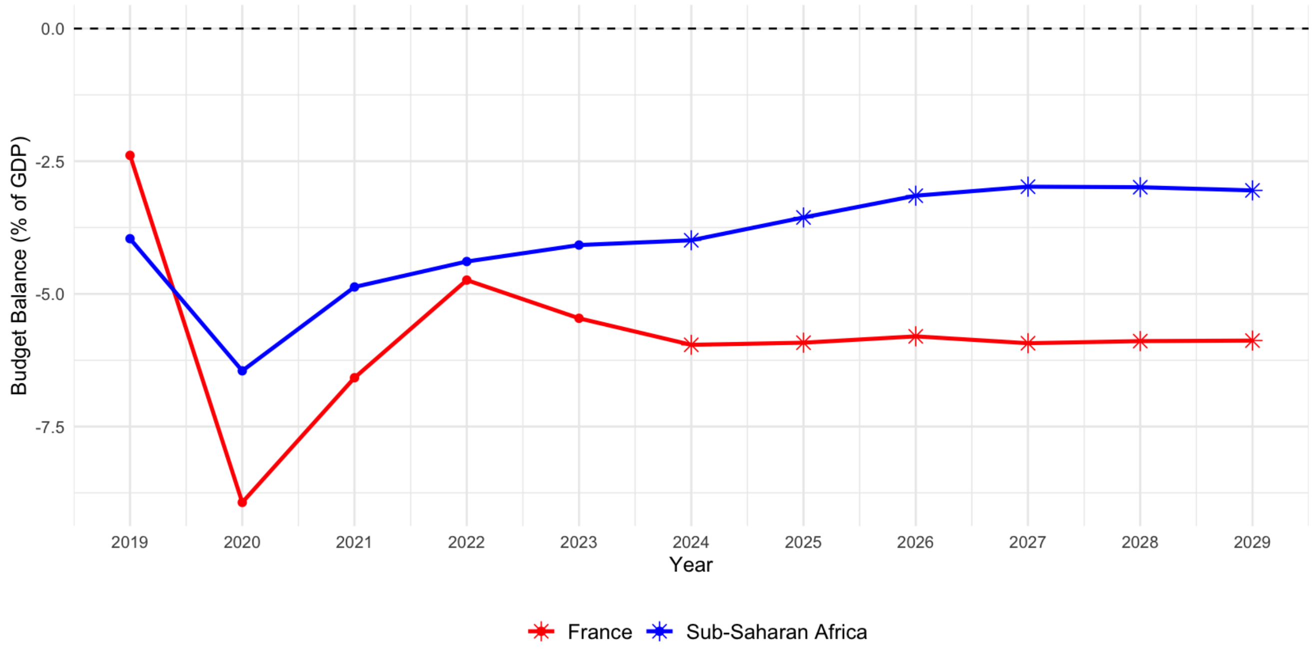

Figure 11. Average budget balance for sub-Saharan African countries and France between 2019 to 2029 as a share of GDP. (Projections by year marked by *.) Own Elaboration. Data from *World Economic Outlook Database October 2024, IMF*.

Regarding technical expertise, CDC has provided this form of complex assistance to financial institutions modelled on itself, notably African CDCs, through bilateral partnerships and the multilateral *Forum des Caisses de Dépôts*. Interventions by CDC in this respect is also an asset to AFD, where CDC can work with other NDBs as equals–institutions with the same scope, national anchoring, understanding of where they come from, etc. In this context, technical assistance is especially effective when delivered by an NDB to other NDBs, enhancing capacity building to attain genuine economic independence.

In addition to promoting genuine economic independence for African institutions and countries, notably through the mobilization of internal resources, this form of assistance also means reduced balance-sheet risks for French institutions, as compared to e.g. the 1960s when both AFD and CDC held equity stakes in African NDBs. Still today, however, public banks in Africa are assisted financially by French public institutions, i.a. Choose Africa 2 through credit lines. However, with technical assistance lies a sense of helping financial institutions to help themselves and their respective countries. With CDC providing technical rather than financial assistance to African CDCs (modelled on the French CDC), with a stated objective to become leading players in public financing, this represents a scenario of “teaching the man how to fish, rather than giving him the fish”, yet fishing with a French fishing rod.

As AFD joined in a Facility to operationalize African CDCs, which today constitutes one of the two central pillars of its collaboration with CDC, the French government (that pushed for a merger) seems to strongly approve; with the government's interests aligning with an already on-going process undertaken by CDC. This dynamic of supporting African CDCs, coupled with STOA, also sheds light on underlying pull-push factors that would have prompted CDC to approach the international domain:

> i. <u>Pull factors</u>: CDC being pulled by the international domain, notably African governments; already from the 1960s called upon to take equity stakes in African NDBs, to CDC again being called upon by African governments to assist them in setting up financial institutions modelled on CDC, due to the arguable robustness of the CDC model coupled with a new vision of economic development. (NB, not France nor CDC actively promoting the CDC model.);
> ii. <u>Push factors</u>: CDC being pushed by the national domain, notably the French government and companies; long-standing and renewed political and economic interests of the French government and companies in Africa (as a sphere of influence and a rising market) would have pushed for and supported international activities of CDC, such as the creation of STOA, hinging upon the expertise of CDC.

Shifting development policy toward CDC, integrating AFD into its operations, seems to indicate a step toward i. technical assistance (which historically has represented a large share of French ODA, notably over 50% in 1965) respectively ii. investment for development (notably in the form of equity). It also indicates a step away from an institution, i.e. AFD, with a colonial heritage, looking beyond the colonial legacy into the 21st century. There is a need for a new form of economic independence; not aid in the traditional sense, there is a need of autonomy, own agency, and capacity building. Moreover, technical assistance provided by CDC respectively investments provided by STOA represent collaboration and/or assistance by other means: i.e. technocratic collaboration through CDC respectively a focus on investment for development with STOA, forming a continuity even during politically tumultuous times; whether African countries distancing themselves from France politically or French external aid dwindling. Development then both bridges and trumps political divides.

Throughout this broader shift in French development policy, France's two development banks have gone beyond their given mandates: CDC approaching the international (notably African governments) respectively AFD approaching the national (notably French companies). CDC's mandate is to support the French economy, whereas AFD's mandate is to support France's bilateral partners. However, both CDC and AFD seem to have adapted their mandates in response to the changing logic of the French development banking field, to respond to different actors: CDC responding to the needs of Africans, notably providing technical assistance to African CDCs; AFD responding to the needs of French companies, notably through STOA. Either of these responses can, however, technically be justified against each institution's mandate. First, CDC's financial activities internationally–in the development field– are minor, representing EUR 500-600 million (CDC's capital in STOA) out of a EUR 1 trillion balance sheet, i.e. around 0.05% (Interview 3, March 7th 2025).

Nonetheless, this capital, when leveraged, can serve objectives arguably significant for the French economy in: i. accompanying French companies internationally, by e.g. investing in infrastructure in developing countries, in a way helping the French economy; ii. promoting economic stability in developing countries, indirectly benefiting France and Europe, in e.g. reducing migration pressures by fostering economic opportunities abroad, e.g. Africa (idem).

For AFD, promoting the participation of French companies could be justified from the standpoint of i. providing technical assistance in which French firms have a comparative advantage respectively; ii. increasingly benefitting development finance in leveraging private capital. The latter would be aligned with the Addis Ababa declaration 2015, emphasizing the critical roles of both public and private financing in achieving sustainable development.

Lastly, and for purposes of reiteration, despite CDC not being a driver of the rapprochement, it heavily influenced its outcome. The outcome of the rapprochement was essentially structured around the initiatives and activities of CDC, namely i. STOA–based on precedents such as InfraMed and CDC's expertise in equity investment–respectively ii. the operationalization of African CDCs–to which CDC had provided technical assistance over an extended period. Initiatives such as DiasDev are strongly related to the activities of CDC. This outcome underlines CDC's agency, acting as a policy-maker, not only a policy-taker.

Conclusions

This thesis has examined the internationalization of the world's oldest and France's primary national development bank, *Caisse des Dépôts et Consignations* (CDC). In exploring this domain, we have mapped the evolution and dynamics of the French development banking field, its actors and their relations, against the context of development banking activities in Francophone Africa, covering a period spanning over six decades. Constants throughout the thesis include interactions involving African NDBs/CDCs respectively French businesses. We have furthermore looked at how the case played out in France of a convergence between development banks with different missions and mandates, one national (CDC) and the other bilateral (AFD). Then going from the specific French case to a general case. The two core elements to retain from such an internationalization of NDBs include: i. 'Investment for development' led by NDBs, respectively ii. 'Technical assistance' exchanged among NDBs. When strategically coupled, these elements have the potential to foster structural transformation and lay the groundwork for genuine economic independence.

The rapprochement between AFD and CDC in 2016 indicates a shift in French development policy, notably toward i. investment for development, respectively ii. more pronounced technical assistance. This is exemplified through the two central pillars of the collaboration between AFD and CDC: i. STOA, respectively ii. operationalization of African CDCs (including DiasDev). First, STOA is based on leveraging the synergies between CDC and AFD, which was underlying the rapprochement, each providing equity expertise respectively country-risk assessment. STOA invests large-scale in equity, seeking high-impact infrastructure projects; a significant evolution from the small-scale equity investments of Proparco and loan-grant based ODA provided by AFD and French ministries more generally. Also, as shown with i.a. STOA, investment for development is seemingly linked to NBDs acting as professional fund managers respectively operating at the nexus of the public and private spheres as public establishments working with businesses. Second, operationalizing African CDCs has revolved around technical assistance provided by CDC; NDB to NDB. African governments have solicited and continue soliciting CDC to assist them in setting up their own financial institutions modelled on CDC, to mobilize internal resources. This collaboration has taken the form of bilateral partnerships respectively through the multilateral *Forum des Caisses de Dépôt*, a form of collaboration reminiscent of other development banking clubs. Further, despite a recent increase in the grant-to-ODA ratio in France, there possibly appears to be a broader trend ongoing, with NDBs moving closer to development aid policy, shifting into one more strongly promoting investment for development–through equity, not simply financing development but shaping it.

Notable is that the outcome of the rapprochement revolves around CDC's own initiatives and activities: STOA was initially tabled by CDC, and AFD adhered to CDC's collaboration with African CDCs, including developing DiasDev. This outcome is arguably the strongest illustration of the agency of CDC; acting as a policy-maker. The rapprochement, and its outcome, coupled with a greater internationalization of NDBs, underlines an increased agency of development banks, in both standing strong as distinct entities and adapting to new realities. First, the French government was pushing for reform, i.e. a merger against the background of capital constraints, which was met with some enthusiasm but also resistance from both CDC and AFD: i. CDC opposed the subsidiary option, an opinion to which also the government adhered; ii. the government and AFD opposed the new section option, which CDC advocated for; iii. CDC did not see its role in and the value-added of Rioux's suggestion. Then, through negotiations, the initial merger idea developed into something different; i.e. STOA. Moreover, the agency of NDBs is further underlined where CICID was aiming to increase grants as a share of French ODA whereas STOA–managed by CDC and AFD–was pushing for investment for development. The agency of NDBs is also underlined with the establishment of development banking clubs, such as the *Long-Term Investors Club* (LTIC), *Forum des Caisses de Dépôts*, or the *Association of European Long-Term Investors* (ELTIA), all in which CDC played a key role in launching. These clubs promote collective action of development banks, effectively functioning as lobbying organisations, i.a. engaging in dialogue with regulatory authorities. Through these different forms of agency, the concept of *Development Banking Diplomacy* suddenly becomes useful.

Prior to and throughout the rapprochement process, CDC and AFD alike have had to respond to different actors. CDC has been solicited by both the French government and African governments, in assisting them in their development policy. AFD has notably been solicited or rather criticised by French companies, in accompanying/supporting them abroad. These interactions go beyond the given mandates of both CDC and AFD. CDC is under the supervision and guarantee of the French Parliament, not the executive, and has an explicit mandate to operate for the French economy, not France's bilateral partners. AFD has a mandate to operate for the bilateral partners of France, not French companies. However, in each other, CDC and AFD could find synergies, where it is in CDC's mandate to support French businesses, respectively in AFD's mandate to support France's bilateral partners. Each institution could arguably justify its interactions with different actors based on its given mandate, however, their case, of potential economic and social impact coupled with political and legal legitimacy, is stronger, if integrating their mandates, activities, and expertise. Against this background, the French government was pushing for a rapprochement or merger between AFD and CDC.

AFD and CDC approaching each other in 2016 was, however, not new; these institutions have been nudging each other for the last decades, since the 1950s both being shareholders in i.a. SEDES, a joint subsidiary providing technical assistance, respectively African NDBs. Following the 1960s, CDC retracted from the international development field, and following a hiatus then reemerged internationally in conjunction with the rising European integration project, in which France was heavily involved. The underlying shift today in France's development banking field, revolving around AFD and CDC approaching each other, is that the logic of the development banking field has been changing, with the international and national spheres approaching each other; i.e. a convergence between the missions of CDC and AFD. What is different today compared to earlier is that rather than CDC joining in AFD's activities, such as supporting African NDBs throughout the 1960s, AFD now joins in CDC's activities, notably STOA and operationalizing African CDCs. Lastly, based on the data compiled and the analysis of the data throughout the thesis, we can now reject two of the hypotheses, failing to reject one:

H1: the rapprochement was directed by the French government as part of a broader shift in development policy. **Fail to reject this hypothesis**. (However it has to be noted that the formulation of this hypothesis is rather broad.) The government seemed to have a desire, through a rapprochement between AFD and CDC, to: i. increase its influence in development policy globally, in Africa particularly, respectively ii. rationalize the institutional landscape. CDC would be the key addition to French development policy, compared to homologues such as KfW and CDP. The government also had a lingering focus on Africa, prior to, during, and following the rapprochement process, as shown by the priority activities of AFD, public statements, and reports requested by the government; a continent on which CDC also had been involved. ii. The rapprochement could, in addition, be regarded as a continuum of changes in the French development banking field from the 1998 reforms to the Bpifrance merger in 2012, the latter which constituted a cornerstone in President Hollande's electoral campaign; where an AFD-CDC merger would flow from these earlier reforms.

H2: the rapprochement was pursued because of the interests, notably financial, of AFD. **Reject this hypothesis**. AFD appears, to a large extent, to be an extension of the government, as it is placed under its tutelage—a financial tool of the State. This was also seen during the rapprochement process, where AFD appeared to either be overshadowed by or aligned with the interests of the government. Lastly, and most importantly, there were viable solutions to increase AFD's financial resources other than a merger.

H3: the rapprochement was pursued to bolster the international visibility of CDC, and obtain a legitimate mandate to operate beyond France's borders. **Reject this hypothesis**. CDC has seemingly not very actively pursued an international agenda; it has rather been driven internationally by push and pull factors, including different actors and interests. This is also illustrated today with e.g. CDC selling shares in its subsidiary Egis. Nonetheless, CDC has shown its own agency where if opportunities to venture abroad have presented themselves, CDC seems to have taken them, if aligned with its prudential model. Further, in the case of CDC venturing abroad, except for the case of Africa, there appears to be an underlying strong regional European dimension. Lastly, and most importantly, although CDC was not the driver behind the rapprochement, it heavily shaped its outcome.

Despite that a merger was not successful in 2016, it might possibly be tabled again in the future, relatively soon.

Policy Recommendations

A set of *'10 policy recommendations for decision makers on Public Development Banks'* was developed from 16 peer-reviewed research papers authored by prominent scholars in the framework of the *International Research Initiative on Public Development Banks*. These recommendations aim to inform and guide decision-makers in enhancing the role and efficiency of Public Development Banks (PDBs) in driving sustainable and inclusive structural transformation. The proposals have a broad spectrum of actions–from positioning National Development Banks (NDBs) at the forefront of just transitions to establishing a 'sustainable development analysis grid' for better alignment with long-term development goals. These 10 recommendations include:

1. **Position NDBs at the forefront of transitions** by making them the main channels for public and blended finance, especially in low-income countries.
2. **Ensure capital is at scale** so that PDBs are adequately equipped to finance counter-cyclical investments and long-term development.
3. **Integrate impact assessment tools** into all financing decisions to manage and monitor sustainability and resilience goals.
4. **Shift from project-takers to project-makers** by enabling PDBs to design and originate transformative investments aligned with SDGs.
5. **Mobilize private capital** through strategic blending and co-financing, ensuring alignment with long-term development impact.
6. **Tailor financial regulation** to reflect PDBs' developmental roles, enabling them to access capital markets while supporting stability.
7. **Promote independent and robust governance**, even in low-capacity states, to ensure transparency and strategic focus.
8. **Strengthen international cooperation** among PDBs to build a global coalition supporting climate goals and SDG-aligned finance.
9. **Prioritize instruments that maximize development impact**, such as equity investments and guarantees tailored to local risks and opportunities.
10. **Support SDG-aligned policymaking**, not just projects, through policy-based lending and active engagement in national development strategies.

Building on these expert recommendations, and informed by the findings and analysis in this thesis, three strategic policy domains emerge as crucial for reinforcing the operational effectiveness and future resilience of National Development Banks (NDBs):

1. Institutional Models;
2. Collaboration Mechanisms;
3. Data Collection and Analysis.

Together, these domains encompass a holistic policy agenda for empowering NDBs not only as financing institutions but also as agents of transformation within national and international development ecosystems. The following sections outline sub-recommendations to support decision-makers in reforming and optimizing the strategic role of development banks.

1. Rethinking the Role and Design of Development Banks

In today's rapidly evolving development landscape, the way institutions are structured plays a critical role in determining their effectiveness. There is a need to question and reimagine the institutional models of development banks—among them the CDC model which is currently being adopted and adapted in emerging markets. This is not just an academic exercise. It is a chance to understand what works, where, and why.

1.1 Comparing the Models: Does One Size Fit All?

A comparative analysis of NDBs should be conducted in order to assess how variations in governance, funding structures, and operational mandates impact development outcomes. The central question would be whether the CDC model presents unique advantages, or whether success depends more on broader governance quality and institutional credibility. In other words, if the specific development banking model is of importance or rather in itself to have a 'trusted third party'. The comparative inquiry would revolve around questions such as how well the model fits in different economic contexts, at what stage of development, comparing developing and more advanced economies. Many countries—especially across sub-Saharan Africa—have adopted or adapted CDC-style structures. A closer, case-by-case examination of these could offer valuable insights, helping policymakers reassess which institutional approaches most effectively drive development.

1.2 Drawing the Line: NDBs v. Development Agencies

NDBs and development agencies can operate in the same policy space—but the question is whether they play the same game. It should be studied how different these entities are: whether their missions diverge, the tools they use, or the cultures they build inside their institutions. An hypothesis worth exploring would be the closer a development bank is to government development policy, the higher the likelihood of turning aid into investments—grants into loans and equity. If true, it could potentially have significant implications for the future of development finance and how we understand Official Development Assistance (ODA).

2. Collaborating among NDBs for Greater Impact

To address global development challenges more effectively, NDBs should deepen collaboration by sharing expertise, co-investing, and aligning strategic priorities.

2.1 Connect the Dots: Strengthen Network Synergies

Across the globe, development banks are part of overlapping networks. Existing platforms such as IDFC, LTIC, and Forum des Caisses de Dépôt provide a basis for deeper institutional integration. Advancing this agenda would require a more systematic exploration of potential synergies among NDBs. One promising avenue would be the creation of a jointly managed equity platform for developing countries–scaling up initiatives such as STOA to the European level. This could combine CDC's equity expertise with the capacities of institutions like KfW and the EIB. This recommendation is based on a suggestion proposed by Interviewee 3 on March 7th 2025. Such platforms could enhance risk-sharing, crowd in private capital, and reduce fragmentation in development finance.

2.2 A New Platform for Ideas: 'FiCS Research Journal'

There is currently no global peer-reviewed journal dedicated to the work of development banks. Such a dedicated peer-reviewed research journal hosted under the Finance in Common Summit (FiCS) umbrella could be a significant step forward. It would create a central space to further institutionalize knowledge-sharing, promote cross-country comparisons, and strengthen the intellectual infrastructure of development finance. It could also create a space where ideas and talent meet; that is how development banks become thought leaders. A common journal could here serve to attract top talent and raise the overall research quality within the field. Building upon regional examples such as *DBSA African Journal of Infrastructure Development (DAJID)*, such an initiative could eventually lead to the establishment of a broader development banking research community.

3. Future-Proofing with Key Data on NDBs

No matter how strong an institution seems, cracks can form. And when politics gets involved, those cracks can quickly become fault lines. There is a seemingly a need to build trust and accountability for development banks, as well as identify institutional vulnerabilities.

3.1 Spotting the Cracks Early: A State Capture Risk Index

To mitigate the risks of political interference, a State Capture Risk Index tailored to NDBs should be developed. (When political elites steer NDBs for personal or political gain, everyone loses; credit is inefficiently allocated, and trust evaporates.) Such a risk index, inspired from the *State Capture Index* by Daniel Kaufmann, could be built from indicators like the status of political and economic institutions, loan concentrations during election periods, political appointees, and transparency metrics. This would serve as a diagnostic tool to identify vulnerabilities before they evolve into systemic failures. In parallel, it could be studied whether strong internal governance within NDBs has positive spillover effects on broader state institutions.

3.2. Learning from Failure: The Case for a Global Dataset on Defunct NDBs

Failed public development banks might offer insights that are just as valuable—if not more—than their successful counterparts. However, there is a notable absence of systematic analysis on development bank failures–whether due to poor lending practices, political interference, or outright mismanagement. The recommendation would be to build a global dataset of defunct NDBs with relevant data including balance sheet items, mandates, etc. Then to leverage it to develop early-warning tools, revisiting Altman's Z-score to tailor it for development finance. Work with regulators, central banks, and regional players in e.g. Africa to collect the data, with examples such as FDIC's 'Failed Bank List' or BCEAO's annals on banks. A better understanding of past failures could inform and strengthen current and future development bank institutions.

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Appendices

Appendix A List of Interviews

Interview	Institution	Date
1	**CDC**	January 23, 2025
2	*Forum des Caisses de Dépôt*, **CDC**	January 31, 2025
3	**STOA** & **CDC**	March 7, 2025
4	**CDC** & **AFD**, working with African CDCs and DIASDEV	March 14, 2025
5	**AFD**, **EC**, **French Treasury**, **Ministry of Foreign Affairs**	Prolonged discussion and exchanges: in person from March 13th, 2025; and April 2nd, 2025
6	**AFD** & **CDC**	March 17th, 2025
7	**Proparco** & **AFD**, previously implicated with *Averroès Finance*	April 2nd, 2025
8	**CDC** Tunisia	April 4th, 2025
9	**AFD**, working with *Choose Africa 2*	April 7th, 2025
10	**AFD** & **Presidential Cabinet (Élysée)**	April 7th, 2025
11	**AFD** & **Ministry of Foreign Affairs**	April 7th, 2025
12	**AFD**, working with *Facilité d'appui pour l'opérationnalisation des Caisses de Dépôt (CDC) en Afrique de l'Ouest*	April 8th, 2025
13	**AFD** & **IDFC**	April 10th, 2025

Exchanges listed with interview subjects in chronological order. If only indicated "CDC", it refers to the "Caisse des Dépôts et Consignations" in France.

Note that although the listed interviews above compose the key interviews, the author also had fruitful exchanges with other CDC and AFD officials, archivists, etc.

Appendix B Financial Indicators

Table on Top 10 PDBs/DFIs worldwide

No°	Institution and establishment year	Total Assets 2022 (Million USD)	Official Mandate	Assets/GDP 2022	Return on Assets and Equity 2022
1	Fannie Mae, USA (1938)	4 305 288	HOUS	16%	ROA N/A ROE: N/A
2	Freddie Mac, USA (1970)	3 208 333	HOUS	12%	ROA: N/A ROE: N/A
3	China Development Bank (1994)	2 640 457	FLEX	14.7%	ROA: 0,46% ROE: 5,26%
4	Agricultural Development Bank of China (1994)	1 315 142	AGRI	7%	ROA: 0,34% ROE: 12,24%
5	**Groupe Caisse des Dépôts, France (1816)**	**1 124 341**	**FLEX**	**40%**	**ROA: 0,42% ROE: 7,35%**
6	The Export-Import Bank of China (1994)	859 309	EXIM	5%	ROA: 0,14% ROE: 2,10%
7	European Investment Bank (1958)	607 744	FLEX	38% (average assets by country divided by average EU GDP)	ROA: N/A ROE: N/A
8	Kreditanstalt für Wiederaufbau, Germany (1948)	595 244	FLEX	14.6%	ROA: 0,25% ROE: 3,73%
9	The World Bank (1944)	537 556	FLEX	53% (average assets by country divided by average world GDP)	ROA: N/A ROE: N/A
10	Cassa Depositi e Prestiti, Italy (1850)	513 112	FLEX	24.8%	ROA: 1,42% ROE: 17,12%

Top 10 PDBs/DFIs worldwide by total asset size in 2022. Source: INSE-AFD dataset. World Bank GDP data. Ratios calculated by author.

Table on CDC Balance Sheet (2024)

Assets	Liabilities
Investments in subsidiaries equity method* €28 bn	**Group share of shareholders' equity €69 bn** Of which CDC Group: €53bn Savings funds: €16 billion
Financial assets €776 bn Of which : Equities: €93 bn Fixed income: €556 bn Unit-linked: €91bn Real estate: €29 bn	**Liabilities relating to insurance contracts issued and reinsurance held €367 bn** (CNP Assurances) **Long-term debt €149 bn**
Loans €432 bn Including Banque des Territoires from Savings funds €218 bn La Banque Postale: €143 bn SFIL: €56 bn	**Deposits €684 bn** Of which: Regulated savings accounts: €398 bn La Banque Postale: €179 bn Other regulated bank deposits: €89 bn
Current assets and cash €69 bn	**Short-term issues €35 bn**
Other assets €83 bn	**Other liabilities €84 bn**

Balance sheet of Groupe Caisse des Dépôts for FY 2024, representing assets (uses) and liabilities (resources). Total of €1,388 bn (compared with €1,360 bn in 2023).

* The equity-accounted investments are primarily Bpifrance, RTE, NaTran, Euroclear, Egis, Suez, emeis, and Coriance.

The fully consolidated investments (mainly Groupe La Poste, SFIL, CDC Habitat, Icade, Transdev, and Compagnie des Alpes) see their balance sheets evolve across most of their items.

Appendix C Equity Distributions

Table on NDBs in Africa during 1960s

Development Bank (Establishment Year)	National Government	Central Bank (BCEAO or BEAC)	French public institutions (notably CCCE/AFD)	Other shareholders (private, etc.)	Total
Banque Camerounaise de Développement (1960)	610 (61%)	80 (8%)	310 (31%)	N/A	1 000 (100%)
Banque Nationale de Développement de la République Centrafricaine (1961)	140 (58,3%)	20 (8,3%)	80 (33,3%)	N/A	240 (100%)
Banque Nationale de Développement du Congo (1961)	245 (58,3%)	35 (8,3%)	**140 (33,3%)***	N/A	420 (100%)
Banque Ivoirienne de Développement Industriel (BIDI) (1965)	158,25 (21,1%)	42,75 (5,7%)	120,75 (16,1%)	428,25 (57,1%)	750 (100%)
Banque Dahoméenne de Développement (i.e. Bénin) (1962)	103 (51,5%)	15 (7,5%)	78 (39%)	4 (2%)	200 (100%)
Banque Gabonaise de Développement (1960)	600 (60%)	80 (8%)	**320 (32%)***	N/A	1 000 (100%)
Crédit National en Guinée (1961)	150 (100%)*	N/A	N/A	N/A	150 (100%)*
Banque Populaire Soudanaise pour le Développement (i.e. Mali)	50 (50%)	N/A	50 (50%)	N/A	100 (100%)
Banque Mauritanienne de Développement (1961)	87 (58%)	12 (8%)	52 (34%)	N/A	150 (100%)
Banque de Développement de la République du Niger (1961)	82,5 (55%)	15 (10%)	22,5 (15%)	30 (20%)	150 (100%)
Banque Sénégalaise de Développement (1960), replaced by BNDS in 1964	550 (55%)	100 (10%)	**300 (30%)***	50 (5%)	1 000 (100%)
Banque de Développement du Tchad (1962)	245 (58,3%)	35 (8,3%)	140 (33,3%)	N/A	420 (100%)

Crédit du Togo (1960)	62,5 (55,6%)	N/A	50 (44,4%)	N/A	112,5 (100%)
Banque Nationale de Développement de la Haute-Volta (i.e. Burkina Faso) (1962)	100 (33%)	25 (8,3%)	175 (58,3%)	N/A	300 (100%)

Initial Equity Distribution between Shareholders of NDBs, in millions CFA franc.
Data from Badouin, 1964, pp. 71-271. Data on BNDS from Cissé (1986) respectively data on BIDI from World Bank (1975) and Rapley (1993) ***Caisse des Dépôts et Consignations (CDC) equity shares in: Banque Nationale de Développement du Congo** (Badouin, 1964, p. 96) - **Banque Nationale de Développement de Sénégal (BNDS)** (Cissé, 1986, p. 232) **Banque Gabonaise de Développement** (Badouin, 1964, p. 152).

Table on Distribution of authorized capital of financial institutions (1960-1993)
Commercial Banks, Development Banks, and Financial Institutions (% of total capital)

	WAMU			Benin			Burkina		
Periods	Com. Bk.(1)	Dev. Bk. (2)	Finan. Inst.(3)	Com. Bk.	Dev. Bk.	Finan. Inst.	Com. Bk.	Dev. Bk.	Finan. Inst.
1960-1974	52.90	31.41	15.69	64.00	32.83	3.17	35.17	63.60	2.77
1975-1979	69.01	15.37	15.62	60.33	39.67	0.00	56.29	41.30	2.40
1980-1989	78.19	15.80	6.01	63.45	36.55	0.00	73.12	24.00	2.88
1990-1993	85.22	10.20	4.58	100.00	0.00	0.00	79.95	15.79	4.26

	Côte d'Ivoire			Mali			Mauritania		
Periods	Com. Bk.	Dev. Bk.	Finan. Inst.	Com. Bk.	Dev. Bk.	Finan. Inst.	Com. Bk.	Dev. Bk.	Finan. Inst.
1960-1974	47.65	24.68	27.67				78.25	21.75	
1975-1979	66.49	10.54	22.97						
1980-1989	83.43	8.99	7.58	49.87	50.13	0			
1990-1993	87.36	4.37	8.28	53.51	46.49	0			

	Niger			Senegal			Togo		
Periods	Com. Bk.	Dev. Bk.	Finan. Inst.	Com. Bk.	Dev. Bk.	Finan. Inst.	Com. Bk.	Dev. Bk.	Finan. Inst.
1960-1974	45.49	52.54	1.97	58.49	38.87	2.64	63.19	32.88	3.93
1975-1979	53.67	44.94	1.39	72.54	22.96	4.50	82.79	13.00	4.21
1980-1989	56.26	42.07	1.67	80.52	9.70	9.78	87.55	11.32	1.13
1990-1993	89.38	10.62	0.00	92.08	2.37	5.55	78.99	20.80	0.21

(1) Commercial Banks, (2) Development Banks, (3) Financial institutions.
* The distinction between commercial banks and development banks disappeared from BCEAO texts after 1975, but in reality, it continued to exist given the specific missions that development banks were regularly asked to fulfil.

Sources : Calculations based on BCEAO data, Bank Yearbooks and Balance Sheets of WAMU Banks and Financial institutions, various issues.

BCEAO. (2002) History of the *West African Monetary Union – Volume III: Assessment and Prospects*. Georges Israel, Paris. TABLE 10.13, p. 49.

Table on Composition of WAMU banks authorized capital (1960-1996)

	WAMU					BENIN					BURKINA				
	1960 1975	1976 1979	1980 1989	1990 1993	1994 1996	1960 1975	1976 1979	1980 1989	1990 1993	1994 1996	[illegible]	…76 …79	1980 1989	1990 1993	1994 1996
State	8	38	38	29	23	2	98	96	1	2	1	71	72	49	49
Private nationals	0	5	12	14	29	0	2	1	17	16	0	3	4	11	20
BCEAO	0	2	3	3	2	0	0	0	0	0	0	4	5	9	5
France	89	38	21	16	16	97	0	0	6	18	98	16	12	9	11
Switzerland	0	4	3	4	4	0	0	3	23	16	0	2	3	4	4
USA	1	3	3	2	1	-	-	-	-	-	0	0	0	0	0
Germany	0	2	2	1	1	0	0	0	0	0	0	4	1	0	0
Nigeria	0	0	0	1	1	0	0	0	23	18	-	-	-	-	-
Libya	0	1	1	5	6	-	-	-	-	-	0	0	0	6	7
Tunisia	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-
Morocco	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-
Italy	0	1	1	1	0	0	0	0	0	0	-	-	-	-	-
Others	2	6	16	24	17	0	0	0	30	30	1	0	3	12	4

	COTE D'IVOIRE					MALI				
	1960 1975	1976 1979	1980 1989	1990 1993	1994 1996	1960 1975	1976 1979	1980 1989	1990 1993	1994 1996
State	42	39	28	26	4	-	-	51	27	24
Private nationals	2	7	15	17	65	-	-	19	26	27
BCEAO	2	1	3	0	1	-	-	4	9	9
France	43	25	23	24	26	-	-	14	9	9
Switzerland	1	6	5	6	3	-	-	-	-	-
USA	5	7	6	4	0	-	-	-	-	-
Germany	2	2	2	2	0	-	-	1	3	5
Nigeria	-	-	-	-	-	-	-	-	-	-
Libya	-	-	-	-	-	,	-	4	7	4
Tunisia	-	-	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	1	4	3
Italy	0	2	2	2	0	-	-	-	-	-
Others	3	11	16	19	1	-	-	6	15	19

	MAURITANIA					NIGER				
	1960 1975	1976 1979	1980 1989	1990 1993	1994 1996	1960 1975	1976 1979	1980 1989	1990 1993	1994 1996
State	3					21	25	36	29	31
Private nationals	0					2	1	10	11	13
BCEAO	0					3	3	4	3	2
France	97					72	65	33	8	12
Switzerland	0					0	0	0	0	12
USA	0					-	-	-	-	-
Germany	0					0	1	1	0	0
Nigeria	0					-	-	-	-	-
Libya	0					0	2	3	16	22
Tunisia	0					2	1	1	4	0
Morocco	0					-	-	-	-	-
Italy	0					-	-	-	-	-
Others	0					0	2	12	29	8

	SENEGAL					TOGO				
	1960 1975	1976 1979	1980 1989	1990 1993	1994 1996	1960 1975	1976 1979	1980 1989	1990 1993	1994 1996
State	29	32	33	17	19	2	25	42	43	55
Private nationals	2	8	19	27	20	0	0	2	5	5
BCEAO	1	2	3	2	2	0	1	4	6	7
France	61	45	21	27	26	98	61	15	12	3
Switzerland	1	3	4	5	1	0	2	1	3	3
USA	2	2	3	4	4	0	0	2	1	0
Germany	2	1	1	1	1	0	2	4	3	0
Nigeria	-	-	-	-	-	-	-	-	-	-
Libya	-	-	-	-	-	0	5	8	14	15
Tunisia	-	-	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	-	-	-
Italy	2	1	1	1	1	-	-	-	-	-
Others	0	6	15	16	26	0	4	22	13	12

Source : Calculations based on BCEAO data, Banks' Yearbooks, several issues

BCEAO. (2002) History of the *West African Monetary Union – Volume III: Assessment and Prospects*. Georges Israel, Paris. TABLE 10.15, p. 53.

Appendix D Presidential Speeches

Excerpt 1 Hollande (2015)

PRESIDENT HOLLANDE'S SPEECH AT THE SEMAINE DES AMBASSADEURS - 25 August 2015 (translated to English) - excerpt from speech.
https://www.vie-publique.fr/discours/196011-francois-hollande-25082015-defis-et-priorites-de-la-politique-etrangere

COP21 PARIS: "[...] France is preparing to host the Climate Change Conference, and this is the subject that has been driving your work since Monday. This will be a major event, and we are fully mobilized at the highest level of the State, but also all the administrations, all the public players and also all the players who have a responsibility, and there are many of them. We have a duty to succeed, because this is a global issue, because France is the host country for this major event. Once again, our diplomacy, under the leadership of Laurent Fabius, is taking the initiative. Once again, our country, by virtue of its position, its role and its influence, is responsible for taking part in negotiations that will be decisive for the future of the planet. [...] As far as the negotiations themselves are concerned, the co-chairmen of the working group responsible for presenting the draft agreement submitted a better-structured, tighter text on July 24, which will enable a discussion to take place at the session due to open in Bonn in a few days' time. So, we're making progress. As I said, the hardest part is yet to come, namely the agreement itself. So we need to speed things up. [...] Our aim is not to take the place of the negotiations themselves, but to set the overall level of ambition and the means to achieve it. [...] Nevertheless, I am aware of the obstacles that still lie ahead. Firstly, many developing and emerging countries are concerned about the effects of the fight against climate change on their own growth. So we need to reassure them and provide them with technological solutions right away, particularly for energy. [...] If we are to succeed in Paris, we will undoubtedly need political commitments, an agreement, and financing. That's where we need to mobilize all our solutions and energies. One hundred billion dollars by 2020. This was already a promise that was not kept, and it must now become an obligation. It is absolutely essential if we are to reach an agreement. Without the hundred billion dollars, there will be no agreement in Paris. Because these sums are absolutely essential for adaptation efforts and technology transfers. We also had the Addis Ababa Summit, which was also an important moment for development financing. Here too, there will be effects for the Paris Conference. [...]"

CDC-AFD RAPPROCHEMENT: "[...] I want to take this opportunity to say that our development policy must evolve, must be reformed, and that the tools that serve this policy today must be further strengthened. I have therefore decided, in conjunction with the Minister of Foreign Affairs and the Minister of Finance, to carry out a major reform by bringing together the French Development Agency and the Caisse des Dépôts Group. The agency will draw on the combined financial strength of CAISSE DES DEPÔTS and the French State. In this way, as other countries have done before us - Germany, Italy - we will have a genuine financing agency, which will be better endowed, better equipped, and which will also be linked to local authorities and businesses, as BPI already is for domestic financing. The Agence française de développement will gain a foothold, as well as resources, and will be endowed with a new project, with new means, to serve the development of the energy transition and France's influence. [...]"

Excerpt 2 Macron (2017)

PRESIDENT MACRON'S OUAGADOUGOU SPEECH - 28 November 2017 (translated to English) - excerpt from speech.
https://www.elysee.fr/en/emmanuel-macron/2017/11/28/emmanuel-macrons-speech-at-the-university-of-ouagadougou

CHOOSE AFRICA: "[...] The second revolution we can spearhead together, the revolution that will give a boost to young people, is innovation and, with it, entrepreneurship. It is the only revolution that can create the 450 million jobs Africa will need by 2050. France will step up to the plate in concrete terms by devoting more than €1 billion to supporting African SMEs. Through this initiative, the Agence Française de Développement and Bpifrance – I would like to thank their two leaders who are accompanying me – along with, I hope, French private investment funds, will be the first partners of young African businesses. To be precise, this fund we are going to create will allow us, together with the Agence Française de Développement and Bpifrance, to secure even more than €1 billion. I want us to multiply this target by 10 by involving private funds, other European partners and private European funds, in order to have a package enabling us to finance projects by African entrepreneurs and innovators. [...]"

STOA: "[...] France will also step up to the plate by investing in the African infrastructure of tomorrow. That is the purpose of the efforts we have provided to finance major investment projects like the Dakar urban train, the Abidjan metro and the Casablanca metro. It is also the purpose of the €300-million fund to support infrastructure projects in Africa, which will make its first investments in the next few weeks. The European Union and African Union in particular, with operators like the AfDB, must also continue developing this on the ground. Throughout Africa we must develop growth infrastructure, digital infrastructure, transport infrastructure and energy infrastructure. This battle, initiated partly by France a few years ago, must now go through a new phase: no longer grand statements but implementation with major regional donors and with regional banks, so that this infrastructure is effectively deployed on the ground wherever necessary. [...]"

ECONOMIC DIPLOMACY: "[...] I want Africa to be a priority of French economic diplomacy. I want French businesses to invest more in Africa, not only the major groups that you know but also SMEs and entrepreneurs, and several of them are also accompanying, or more precisely making up, my delegation. For several reasons: because, here too, I want them to change their own vision of Africa but also change yours. I want the French and European economic players deploying and investing in Africa to do so differently. The French government's support will be granted with quid pro quos. Indeed, I would like French businesses to spearhead an exemplary partnership, an exemplary partnership that rejects corruption, follows calls for tender and respects the rules laid down by African institutions like the Organization for the Harmonization of Business Law in Africa (OHADA) that promote good governance. Those French businesses which come to invest in Africa and develop, and which have the French government's support, will be exemplary, because I shall also ask them to invest in vocational training; it will be a condition I shall set our businesses. To benefit from the French government's support, they will have to commit in the long term, fund grants, pledge to develop tenders that address training needs, and finally give priority to local employment. Make no mistake, and I say this to young Africans: do not make the mistakes we made together in the past. There can be no Eldorado of investment and unilateral growth, and there can be no State or business investments when the interests of that State are the only goal. France will no longer invest solely in order to conduct government-to-government transactions with no benefits for local people. It will no longer invest and allow major groups sometimes to take part in organized corruption. It will no longer invest without there being any benefits for young people from what happens and who invests. France and its businesses will no longer invest without local employment being developed and commitments made; but it will be vigilant – along with you, Mr. President, and all African leaders and young people – to ensure that others today do not replicate, sometimes with an incredible kind of fascination, the mistakes we made together in the past. Those mistakes will happen with new investors, with companies which provide billions but not one job for Africans, which provide billions while repeating the same mistakes as in the past and which may appear to be easy solutions for today but which replicate the turmoil, mistakes and sometimes crimes of the past. For investors from all over the world, and for the whole African continent, I want us to share this requirement I shall have for France. [...]"

Appendix E African CDCs

The African Caisse des Dépôts et Consignations (CDCs) by country

	BÉNIN	**BURKINA FASO**	**CAMEROON**
Institution	CAISSE DES DÉPÔTS ET CONSIGNATIONS DU BÉNIN (CDC)	CAISSE DES DÉPÔTS ET CONSIGNATIONS DU BURKINA-FASO (CDC-BF)	CAISSE DES DÉPÔTS ET CONSIGNATIONS DU CAMEROUN (CDEC)
Founding Act	Loi n° 2018-38 du 07 septembre 2018	Loi n° 023-2017/AN du 09 mai 2017	Loi n° 2008/003 du 14 avril 2008
Mandate and Main Activities	FLEX: to contribute to the impetus of economic and social development in Benin; to support the development of small and medium-sized enterprises;to create an environment favorable to the promotion of the private sector and the creation of development infrastructures by capturing idle resources. <u>Main activities</u>: ‘support for government projects, territorial development, support for businesses ’	FLEX: to ensure the financing of public interest projects; to carry out market operations and support public policies conducted by the State and local authorities in terms of development. Following a coup d'état in 2022, the CDC-BF was dissolved and replaced by the Caisse de Dépôt et d'Investissement (CDI-BF) in 2023. In the reference book, it is stated that CDI-BF “was created against a backdrop of democratic transition to support Burkina Faso with its economic development.” (CDC Reference Book, 2025 p. 15).	FLEX: General provisions contained in the law of 14 April 2008 set out the role of institutions in charge of deposits and consignments in Cameroon. The CDEC is expected to play an important role in financing major infrastructure projects in Cameroon. The CDEC's mission is to collect, secure and make public and private resources profitable in order to direct them towards supporting public policies.
Resources (Type)	Administrative and legal deposits as well as sureties (consignations). <u>Main resources</u>: ‘pension fund surpluses, administrative and judicial deposits’	Funds of the Caisse Nationale d'Epargne, postal checks and pension funds, various administrative and judicial deposits as well as certain funds held with notaries and guarantees paid to public service establishments.	CDEC's resources would come on the one hand from administrative, legal and correctional deposits, and on the other hand, from client funds held by legal officers, deposits made by notaries, administrators and agents in the performance of their duties, funds from inactive accounts of banking institutions, counterpart funds and funds intended for compensation for expropriation for public utility reasons. <u>Main resources</u>: ‘administrative, judicial and constitutional deposits’
Governance	CDC-B is managed by a Director General following the guidelines and under the supervision of a high-level Supervisory Commission, chaired by the Minister of Economy and Finance. The	Placed under the control of parliament, the CDC-BF has a governance body, the supervisory committee, composed of eleven (11) members: five (5) deputies, two (2) qualified persons appointed by the President of the	CDEC is placed under the technical tutelage of the Ministry of Finance. Its governance is structured around a Board of Directors and a Director General.

	Supervisory Commission includes committees, including expressly a Standing Audit and Risk Committee and an Investment Committee.	National Assembly and four (4) qualified persons appointed by the Minister of Finance. A General Cashier was sworn in on August 23, 2019, thus closing the appointments of statutory representatives within the institution, after those of the Director General and members of the supervisory committee.	
Total Assets	USD 1 400 million (2022)	N/A	N/A
Total Deposits	N/A	N/A	N/A
Total Own Funds	N/A	USD 36 million (2018)	N/A

	CONGO	CÔTE D'IVOIRE	GABON
Institution	CAISSE DES DÉPÔTS ET CONSIGNATIONS DU CONGO (CDC)	CAISSE DES DÉPÔTS ET CONSIGNATIONS DE CÔTE D'IVOIRE (CDC-CI)	CAISSE DES DÉPÔTS ET CONSIGNATIONS DU GABON (CDC GABON)
Founding Act	N/A	Loi n°2018-574 du 13 juin 2018	Loi n° 023-2017/AN du 09 mai 2017
Mandate and Main Activities	FLEX: main mission of guaranteeing the security and liquidity of regulated savings, the transformation of these savings into long-term loans and the mobilization of resources for the financing of the national economy; promotion of social housing; to the development of the national territory; to the granting of loans to local authorities and businesses; financing of local development; and investment of funds received.	FLEX: CDC-CI is at the service of the general interest and economic development of the country. The institution supports public policies conducted by the State and local authorities. A public institution with legal personality and financial autonomy and under the supervision of the Ministry of Finance, its missions include: manage deposits and keep the assets belonging to the organizations and funds that are required to do so or that request it; protect and manage the popular savings entrusted to it; finance the long-term needs of very small, small and medium-sized enterprises; finance investments in territorial development infrastructure; and carry out operations on the capital markets. Main activities: 'support for businesses (VSEs/ SMEs), infrastructure, social housing, real	FLEX: CDC Gabon is a public industrial and commercial institution, under the supervision of the Ministry of Economy and Finance. CDC Gabon's main missions are to mobilize regulated savings and allocated funds, ensure their security and provide financial services related to the legal professions (notaries, lawyers, bailiffs, clerks). It also manages unclaimed assets held by financial institutions. As a long-term investor and lender, CDC Gabon makes capital investments in strategic sectors and finances priority general interest infrastructure. With an initial allocation of USD 17 million, CDC Gabon has rolled out a series of activities in two key economic sectors in Gabon: real estate and energy. Main activities: 'housing, banking and finance, tourism, energy, transport, infrastructure'

		estate and local government projects’	
Resources (Type)	All resources entrusted to it by law, regulation or by any public body. Notably regulated savings funds.	Deposits of legal professions; Regulated savings funds, provident funds, savings of cooperative and mutual microfinance institutions; Funds from dormant accounts and inactive accounts; Assets of specific public, mutual and private organizations and funds; Deposits of all kinds, various administrative guarantees and guarantees provided for by law; Resources of capital markets (UMOA regional financial market/International financial market); Main resources: ‘security deposits from public service concession holders, deposits from social protection institutions (IPS), funds deposited with legal professions, unclaimed funds, guarantees and miscellaneous sums deposited, State endowment, security deposits, sureties’	CDC Gabon operates under a more hybrid model, sourcing its resources from various channels, from Gabon’s oil revenues to deposits and notary funds. Main resources: ‘deposits, unclaimed funds, repatriation guarantees’
Governance	N/A	The Supervisory Commission constitutes the governance body. 4 members out of the 13 who make up this commission are independent experts. The Supervisory Commission also has within it four specialized committees on: risks; investments and placements; control and audit; and recruitment and remuneration. The Presidency of these commissions is ensured by an independent commissioner.	The Good Governance Committee is the supervisory body. Three (3) committees complete the control bodies: the Audit and Risk Committee; the Human Resources and Remuneration Committee; and the Monitoring and Decisions and Recommendations Committee.
Total Assets	N/A	USD 452 million (2022) - total balance sheet	USD 848 million (2018)
Total Deposits	N/A	N/A	USD 304 million (2018)
Total Own Funds	N/A	USD 31.5 million (2022) - own funds	USD 369 million (2018)

	MOROCCO	MAURITANIA	NIGER
Institution	CAISSE DE DÉPÔT ET DE GESTION DU MAROC (CDG)	CAISSE DES DÉPÔTS ET DE DÉVELOPPEMENT DE MAURITANIE (CDD)	CAISSE DES DÉPÔTS ET CONSIGNATIONS (CDC NIGER)
Founding Act	Dahir (décret royal) n° 1-59-074 du 10 février 1959	Loi n° 027/2011	Décret 2016-353/PRN/MF du 08 juillet 2016
Mandate	FLEX: CDG is a public financial institution that plays a major role in the Moroccan economy. Its consolidated balance sheet weighs more than 20% of the national GDP. The economic model of the CDG is based on two pillars: collecting and securing regulated savings, in particular contributions to social security, the National Savings Bank, deposits from legal professions and consignments, and channeling long-term savings into profitable investments that generate growth. Since 2017, the CDG Group has adopted three (3) main modes of intervention: it acts as an expert on behalf of the State and third-party stakeholders, co-financier of local authorities and SMEs, and strategic investor focused on the development of the productive fabric in key sectors of the economy. Its organization is structured around 4 major areas of activity: savings and pension management, territorial development, tourism and banking, finance and investment. Main activities: 'savings and personal protection, regional development, tourism, investment, banking and finance'	FLEX: A public financial institution with legal personality and financial autonomy, the CDD provides support to public policies conducted by the State and local authorities. In the service of the general interest and the economic and social development of Mauritania, the institution is responsible in particular for: collecting and managing national, public and private savings; granting credits; managing the mandates entrusted; participating in certain financing of identified projects; and mobilizing resources on national and international capital markets. As of December 31, 2018, CDD contributed to the financing of employment through the Employment and SME Support Fund for a total amount of USD 62.3 million. Main activities: 'harnessing and managing financial resources, supporting the private sector, supporting social policies'	FLEX: CDC Niger is responsible for managing the capital of various organizations, solidarity funds and guarantee or insurance funds and for receiving deposits of any kind, in cash or securities, provided for by a legislative or regulatory provision or ordered by an administrative or judicial decision. A public financing institution, with legal personality and enjoying financial and management autonomy, its missions are also to promote and participate in the financing of social housing, promote the financing of SMEs, finance the equipment of local authorities, participate in the financing of the restructuring of roads and sanitation in urban centers as well as in fundraising on behalf of the State of Niger. Main activities: 'supporting public development policies, financing social housing, supporting SMEs'
Resources (Type)	Regulated savings funds, in particular contributions to social security, the Caisse d'Epargne Nationale, deposits from legal professions and consignments. Main resources: 'deposits from the national savings bank, State endowment'	Public funds including institutions and public establishments; Customer deposits; Borrowing on the markets; Develop any other form of resources for the Fund to increase the savings available in the Mauritanian economy. Main resources: 'borrowing, funds under mandate, deposits'	Solidarity funds and guarantee or insurance funds, receiving deposits of any kind, in cash or securities, provided for by a legislative or regulatory provision or ordered by an administrative or judicial decision. Main resources: 'deposits from

			agencies and individuals, as well as from government ministries'
Governance	The CDG has adopted a collegial mode of decision-making, supervision and control: the supervisory commission is chaired by the Governor of the central bank and composed of two magistrates from the Court of Cassation, a representative of the Prime Minister's office and a representative of the Minister of Economy and Finance. In addition to the Group's 3 central committees, there is the Audit and Risk Committee and the Investment and Strategy Committee.	CDD has a strategic orientation council chaired by the Prime Minister and a monitoring committee specific to each operational department. A General Cashier is in charge of the conservation of resources.	CDC Niger is administered by a supervisory committee composed of 10 members including 2 deputies and representatives of the Council of State, the Chamber of Commerce, the National Social Security Fund, the Autonomous Pension Fund of Niger, the Prime Minister's office, the Ministry of Justice and the Ministry of Finance.
Total Assets	USD 32 550 million (2022)	USD 233 million (2021)	N/A
Total Deposits	USD 14 173 million (2018)	USD 159 million (2018)	USD 4.55 million (2018)
Total Own Funds	USD 2 008 million (2018)	USD 59 million (2018)	N/A

	SÉNÉGAL	**TUNISIA**
Institution	CAISSE DES DÉPÔTS ET CONSIGNATIONS (CDC SÉNÉGAL)	CAISSE DES DÉPÔTS ET CONSIGNATIONS (CDC)
Founding Act	Loi 2006-03 du 04 janvier 2006	Décret- loi n° 2011-85 du 13 septembre 2011
Mandate and Main Activities	FLEX: CDC Sénégal receives deposits from a number of ministerial officers and judicial auxiliaries and finances in particular projects of general interest and the country's economy through SMEs-SMIs. The organization mobilizes resources to ensure the financing of priority sectors clearly identified by the legislator. It also contributes to the financing of urban policy, equipment works for local	FLEX: the Tunisian CDC is responsible for transforming national deposits into long-term investments. As a public institution, the Tunisian CDC intervenes both in major structuring projects of a strategic nature and at the level of Tunisian SMEs with high potential. It also allocates the resources mobilized in investments in public securities guaranteed by the State, infrastructure investments and major structuring projects. The

	authorities and small and medium-sized enterprises. CDC Sénégal operates on the West African regional financial market (BRVM) and takes stakes in the capital of companies. It is also called upon to play the role of long-term institutional investor. <u>Main activities</u>: 'social housing, infrastructure, energy, aviation, SMEs'	organization supports SMEs and intervenes on the national financial market. <u>Main activities</u>: 'infrastructure, support for business (SMEs and start-ups), territorial development'
Resources (Type)	Deposits from a number of ministerial officers and judicial auxiliaries. <u>Main resources</u>: 'funds deposited with legal professions, sums deposited as guarantees for damages, sureties, funds from the national savings bank'	The Tunisian CDC's resources originate in particular from deposits (USD 385 million), deposits from the Tunisian National Savings Fund (CENT) (USD 2 119 million), state resources (USD 9.4 million) and lines under management (USD 9.7 million). Notably including *livrets postaux* (postal savings books). <u>Main resources</u>: 'deposits of the Caisse d'Épargne Nationale Tunisienne (CENT), deposits ordered by law, holdings under management, and all other resources made available to it'
Governance	CDC Sénégal is placed under the control of a Supervisory Commission composed of 12 members appointed by the National Assembly, the Presidency of the Republic, the Prime Minister's Office, the Supreme Court, the Ministry of Finance, the consular chambers (union of chambers of trades and union of chambers of commerce) and the National Savings Bank. The Supervisory Commission includes an audit and risk committee and an investment committee. A General Cashier is responsible for the safekeeping of securities.	The Supervisory Commission is chaired by the Minister of Finance. Representatives of 6 ministries,the Central Bank, the National Post Office and 2 independent members also sit on the Commission. 3 committees complete the control bodies: the Standing Committee on Resources and Employment; the Standing Committee on Risks; and the Standing Committee on Control and Audit.
Total Assets	USD 222 million (2017)	USD 3 410 million (2022)
Total Deposits	N/A	USD 2 161 million (2018)
Total Own Funds	USD 59 million (2020) - own funds	USD 94 million (2018)

African CDCs in alphabetical order

Data from **INSE-AFD dataset** (2025), **Making Finance Work for Africa** ,
Reference book: National Deposit and Development Banks (2025, p. 12),
respectively Articles and Websites of CDCs with data on CDCs in Bénin, Gabon, Côte d'Ivoire, Mauritania, Morocco, Tunisia, Cameroon resources and mandate,

If currency was given in EUR, the author used the IRS Yearly average exchange rates for converting foreign currencies into U.S. dollars https://www.irs.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates

Appendix F STOA's Portfolio (Africa)

Company	Geographic area	Sector	Project Description	STOA's Stake, and Investment Year	Co-Shareholders
Nachtigal Hydro Power Company	Cameroon	Hydropower	Financing and building the Nachtigal hydroelectric dam, the largest project of its kind in Africa. STOA became a shareholder in 2018 to increase access to clean and affordable energy, and support Cameroon's growth.	10% (2018)	EDF, State of Cameroon, IFC, Africa 50
New Owendo International Port	Gabon	Transport and logistics	A port infrastructure project aimed at enhancing trade and logistics in the region. STOA's involvement since 2019 supports the modernization and expansion of port facilities, boosting the diversification of Gabon's economy.	10% (2019)	Caisse des Dépôts et Consignations du Gabon, Arise Ports & Logistics
MetroFibre	South Africa	Telecommunications	A telecommunications company providing fiber network services. STOA's investment since 2019 aids in expanding high-speed internet access across urban and suburban areas.	24,6% (2019)	AIIM, Levoca
JCM Power	Multi-country (i.a. Malawi)	Solar energy, Wind power	A company developing renewable energy projects to address power shortages. STOA's investment since 2019 assists in the construction and operation of solar and wind farms.	16,1% (2019)	FMO, Swedfund, FinDev Canada
Etix Everywhere (divested in 2020)	Africa, Multi-country	Datacentres	Etix Everywhere is a global developer and operator of datacentres. STOA became a shareholder in 2019 with the aim of strengthening the company's presence in Africa through the deployment of next-generation datacentres, particularly in Morocco, Ghana, and South Africa.	Not reported (2019)	InfraVia, Tiger Infrastructure, SBI, Keppel Data Centres

Daystar Power (divested in 2022)	West Africa, Multi-country	Solar (C&I)	Daystar Power is a West African provider of solar energy solutions for commercial and industrial (C&I) clients. STOA became a shareholder in 2019 with the goal to expand Daystar's activities in its key markets of Nigeria and Ghana and to strengthen its presence in other countries in the region, such as Côte d'Ivoire, Senegal, and Togo.	Not reported (2021)	IFU, Proparco, Morgan Stanley
Serengeti Energy	Sub-Saharan Africa, Multi-country (i.a. South Africa, Uganda, Rwanda)	Hydropower	An independent power producer specializing in small to medium-sized renewable energy projects. STOA invested in 2022 to support expansion plans aiming for over 300 MW by 2030.	22,9% (2022)	Proparco, Swedfund, Norfund, KfW, NDF
Candi Solar	Multi-country (i.a. South Africa)	Distributed solar energy	A provider of solar energy solutions for commercial and industrial clients, notably SMEs. STOA's investment supports the deployment of rooftop solar installations, promoting clean energy adoption.	22,9% (2022)	Founders, E3 Capital, Persistent, EEGF, Gaia Energy Impact Fund, Norfund, Kyuden, others
Make It Happen in Africa (MIHIA)	Africa, Multi-country (i.a. Burkina Faso)	Solar Energy	Tenkodogo Solar Power Station, a 24 MW solar power plant operational since December 2023, providing renewable electricity to approximately 75,000 households. Developed in partnership with Qair through the MIHIA platform.	49% (2023)	Qair
Husk Power Systems	Sub-Saharan Africa, Multi-country (i.a. Nigeria)	Distributed solar energy	A minigrid company serving rural communities. In 2023, STOA invested to accelerate the deployment of minigrids, enhancing access to clean, affordable, and reliable energy.	12,2% (2023)	DFC, Proparco, FMO, Swedfund, Shell Venture
Equator Energy	East Africa, Multi-country (i.a. Kenya)	Distributed solar energy	A leading provider of solar solutions for commercial and industrial clients in East Africa. STOA, in	33% (2023)	IBL Energy, Evolution III LP (Inspired Evolution)

			partnership with IBL Energy Holdings Ltd, acquired a majority stake in 2023 to support the company's expansion in the region.		
Red Rocket	South Africa	Solar energy, Wind power	An independent power producer focusing on renewable energy projects. STOA's investment in 2023 supports the aim of increasing access to clean, affordable energy and supporting growth in South Africa.	14,0% (2023)	Management, FMO, Evolution III, Evolution II
Oncorad	Morocco	Health	A healthcare project focused on providing advanced medical imaging services (Morocco's leading private clinic group specialising in cancer treatment and radiology). STOA's investment in 2023 aims at improving access to healthcare in Morocco.	24,4% (2023)	CDG Invest Growth, Founders
Buildings & Logistic Services (BLS)	Morocco	Transport and logistics	A logistics company primarily active in the retail and pharmaceutical sectors. STOA's investment in 2023 aims to improve supply chains and contribute to economic growth.	17,7% (2023)	H&S Invest Holding, IFC

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Development Banking Diplomacy: The French Model in West and Central Africa’s Economic and Monetary Unions

Oscar Brunzell

Abstract:

The objective of this thesis is to investigate the evolving dynamics and interactions between France’s two major Development Banks (CDC and AFD) in relation to Francophone Africa. The French development banking field finds itself under a puzzling circumstance with the entry of CDC, mandated to operate for the French national and local economy, into the international development field—historically the domain of AFD. The point of rapprochement in 2016 between these two financial institutions appears to revolve around Francophone West and Central Africa; AFD supporting national development banks in the countries of these regions since their independence in the 1960s, CDC partnering with development finance institutions based on the CDC economic model, in the same countries throughout the 2010s. Against this background, we will trace the origins and evolution of the CDC-AFD partnership, using France’s shifting development banking field and engagements in Africa as a framework to identify the key characteristics of the collaboration. Thus, the central question of this thesis unfolds as: What motivated the entry of CDC into the international development field and shaped its collaboration with AFD, given the context of French efforts to exert influence in Africa through development banks (what can be termed *Development Banking Diplomacy*). With data ranging from balance sheet items to semi-structured interviews with key figures, results were obtained relating to a form of mandate management among development banks and a broader shift in development policy with a role for national development banks. The findings and analysis are complemented with policy recommendations relating to NDB models, collaboration, and data.

Keywords: Development Banking, Field, France, Africa, CDC, AFD, Finance, Diplomacy.