



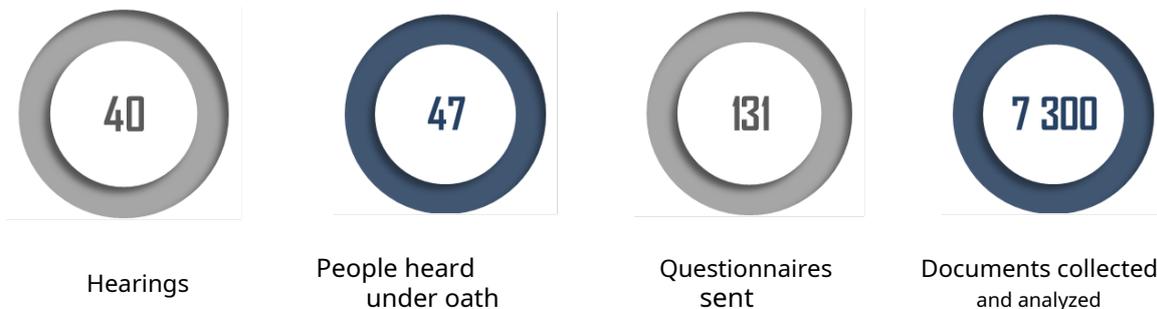
... the commission of inquiry into

THE INFLUENCE OF CONSULTANCY FIRMS ON PUBLIC POLICIES

The **health crisis** highlighted the intervention of consultants in the conduct of public policies.

It was actually only **the tip of the iceberg**: on a daily basis, private firms advise the State on its strategy, organization and IT infrastructure. Little known to the general public, they are called Accenture, Bain, Boston Consulting Group (BCG), Capgemini, Eurogroup, EY, McKinsey, PwC, Roland Berger or Wavestone and employ around 40,000 consultants in France.

At the initiative of the Communist, Republican, Citizen and Ecologist (CRCE) group, the Senate investigated for 4 months on **the influence of consulting firms on public policy**, by using the reinforced means of control of the parliamentary commissions of inquiry.



The work of the commission of inquiry reveals a **sprawling phenomenon**. Consulting firms intervene at the heart of public policies, which raises two main questions: **our vision of the State and its sovereignty in the face of private firms**, Firstly, **and the proper use of public funds**, on the other hand.

Published during the proceedings of the Senate, **the Prime Minister's circular of January 19, 2022** on the supervision of advisory services is both **late and incomplete**: the objective of reducing expenditure (-15% for strategy and organization consulting in 2022) is not very ambitious, while the transparency of services remains the big forgotten.

1. MASSIVE AND GROWING USE OF CONSULTANCY FIRMS: CONSULTANTS AT THE HEART OF PUBLIC POLICIES

A. MORE THAN A BILLION EUROS FOR CONSULTANCY SERVICES, A "CRAZY MILL"

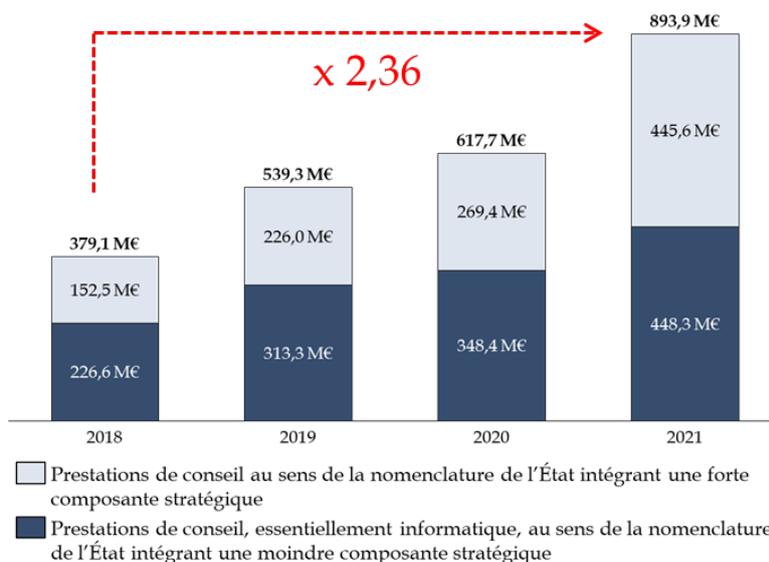
In 2021, council spending by the wider state topped €1 billion, including 893.9 million for ministries and 171.9 million for a sample of 44 operators.

This is **a minimum estimate** because the expenses of the operators are in reality higher: if the commission of inquiry questioned those whose budget was the largest (Pôle emploi, Caisse des dépôts et consignations, *etc.*), the sample represents only 10% of all operators.

The use of consultants has not started under this five-year term, each keeping in mind the general review of public policies (RGPP).

However, it increased between 2018 and 2021, as confirmed by data from the budget department: ministry consulting spending more than doubled, with a strong acceleration in 2021 (+45%).

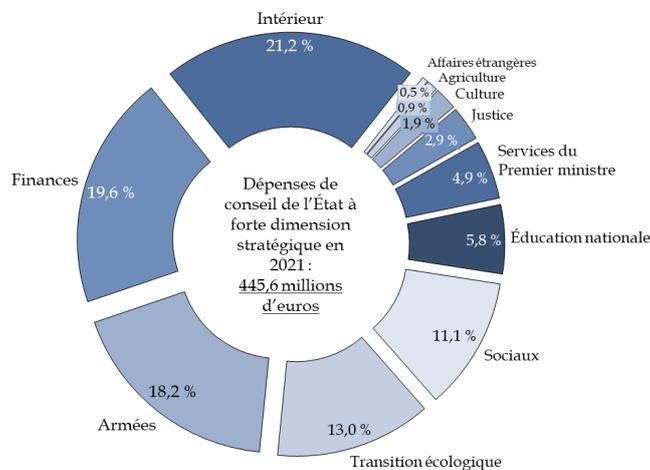
Evolution of departmental consulting expenditure (in millions of euros)



Within this envelope, the most strategic consulting expenses (445.6 million euros) increased significantly: **strategy and organization consulting has multiplied by 3.7 since 2018; information systems strategy consulting by 5.8.**

Nearly 85% of expenditure is concentrated in 5 ministries: Interior, Economy and Finance, Armies, Ecological Transition, social ministries.

Breakdown of the most strategic spending by ministries (in %, 2021)



In practice, the use of consulting firms is facilitated by **framework agreements**, including that of the Interministerial Directorate for Public Transformation (DITP) and the central purchasing body UGAP. These contracts provide departments with a **pool of consulting firms**, in which they can easily draw.

B. USING CONSULTANTS HAS BECOME A REFLEX, INCLUDING FOR THE MAIN REFORMS OF THE FIVE-YEAR YEAR

The use of consultants today constitutes a **reflex**: they are called upon for their technical expertise – even when the State already has in-house skills – and their ability to bring an outside perspective to the administration – for example for international benchmarking (*benchmarks*).

The strike force of consulting firms adapts to the acceleration of political time: consultants can be mobilized very quickly to respond to the priorities of a minister or a director of central administration. As the academic Julie Gervais has pointed out, an international firm can, in two weeks, "*be able to produce a three hundred page report by drawing from its branches in the United States, Switzerland or elsewhere*".

In practice, the consultants intervened on **most of the major reforms of the quinquennium**, thus strengthening their place in public decision-making. In 2019, a law firm – Dentons – even participated in the drafting of **the impact study** of the mobility orientation bill.

Examples of missions entrusted to consultants during the five-year term

Mission	Cabinet	Year	Rising
Creation of the barometer of the results of public action*	Capgemini	2021	3.12 million euros
Support for the creation of the National Cohesion Agency territories (ANCT)*	EY	2020	2.4 million euros
Support for vocational training reform	Roland Shepherd	2018-2019	2.16 million euros
Reorganization of the army health service	Eurogroup	2018-2021	€1.57 million
Evaluation of the national health strategy	Accenture and McKinsey	2020-2022	1.2 million euros
Support for legal aid reform*	EY	2019	€592,000

* With the support of the Interministerial Directorate for Public Transformation (DITP)

Consultants are also **called to the rescue when the Government is put in difficulty on a subject**. After the fiasco of **electoral propagand** during the local elections of 2021, the Sémaphores firm is thus responsible for supporting the prefectures in the organization of the enveloping and distribution of professions of faith for the presidential and legislative elections of 2022, for an amount of 289,785 euros.

A dependency relationship can arise between the administration and its consultants, particularly in the IT field. For example, the State uses the consulting services of Sopra Steria and EGIS to manage **the road cameras**, for a provisional amount of 82 million euros between 2017 and 2026. Similarly, he had to call on McKinsey to implement the IT part of the reform of personalized housing aid (**PLA**).

Nearly 4 million euros to McKinsey for the reform of APL

The Government wanted to quickly reform the method of calculating APL, which required reviewing the information systems of the National Family Allowance Fund (CNAF).

Originally scheduled for 1^{er} January 2019, the reform was postponed several times due to IT shortcomings at the CNAF and then the health crisis.

The Government then asked McKinsey to **monitor the viability of the Caisse's IT solutions**. On February 24, 2020, the firm draws up, for example, "*a point of situation in Matignon*", including the measures to be taken to meet the project schedule.

For the Ministry of Territorial Cohesion, "*the technical mastery of [information systems] provided by the consultants constituted a **necessary and decisive contribution to the teams***".

The APL reform finally came into force on 1^{er} January 2021. In total, McKinsey will have received four orders, for an amount of 3.88 million euros.

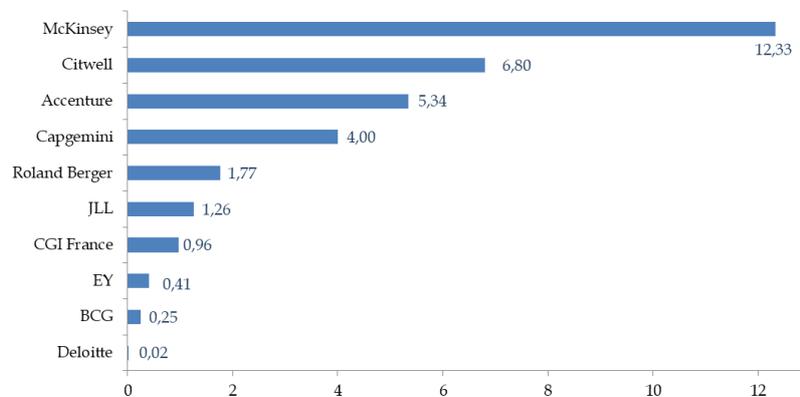
C. COVID-19: WHOLE SECTIONS OF CRISIS MANAGEMENT OUTSOURCED TO CONSULTANCY FIRMS

At the start of the health crisis, on Thursday March 5, 2020, an agent from the Ministry of Solidarity and Health wrote to his colleagues: **“I saw a logistics box yesterday used to working in pharma[...]. They can be there Monday to ride the thing. [...] I asked for the order of magnitude, 50,000 euros to set up the system for us and monitor the deployment for 15 days.»** The "box», it's the consulting firm **Citwell**; the "thing», it is a control system for **supplying France with masks**.

The use of consulting firms begins in **this climate of unpreparedness of the State**. It will then continue throughout the health crisis: **at least 68 orders are placed, for a total amount of 41.05 million euros**. According to the data collected on a sample of 5 firms, the intervention of a consultant is on average invoiced **€2,168.38 per day**.

Three firms account for three-quarters of spending: McKinsey (the keystone of the vaccine campaign), Citwell (the logistician) and Accenture (the architect of information systems, including the health past). Between them, they will mobilize 11,128 days of consultants during the crisis.

Breakdown of consulting expenses during the health crisis
(excluding Public Health France and in millions of euros)



Whole sections of crisis management are outsourced to consulting firms.

Between March and October 2020, **Citwell** organizes, for example, the supply of masks, their storage and then their distribution, while carrying out additional analyzes for the ministry such as a "request for information for interview at BFM". Its mission will gradually be extended to other personal protective equipment (gowns, gloves, etc.), resuscitation drugs and vaccines.

McKinsey takes care of the vaccination campaign between November 2020 and February 4, 2022, with a three-month break in autumn 2021. It fulfills four main missions, attested by the reports of receipt of its services, which the commission of survey was able to consult.

Vaccine campaign: McKinsey's four main missions

Tasks	Examples of related actions
Logistics organization	Study of logistics scenarios for the distribution of vaccines Monitoring of deliveries, stocks, injections and appointment
Indicators and monitoring tools	Daily production of performance management indicators vaccination campaign Monitoring of a register of around 250 key actions and decisions
Sector analyzes requested by the ministry	Action plan for the recall campaign of the 3 th dose Update on the overseas territories in the summer of 2021
Project management	Preparation of meetings Support for the restructuring of the <i>task force</i> "vaccines »

When McKinsey organizes the day of the agents of Public Health France (SpF)

At the request of the Ministry of Solidarity and Health, McKinsey provides **coordination between the State and one of its agencies, Public Health France**. This service begins with the provision of a consultant, "**liaison agent**», between December 2020 and February 2021, for an amount of 169,440 euros. Then reinforced by other consultants, it will last until the end of June 2021.

McKinsey thus organizes **of them briefings daily newspapers at Public Health France**, at 9 a.m. and 3 p.m., monitors key performance indicators (KPIs) and informs the ministry of the difficulties encountered by SpF in its logistics action.

The omnipresence of McKinsey is sometimes resented by SpF agents. At a meeting on February 9, 2021, they want the cabinet to stop asking for the progress "*at 3 p.m. on actions taken in the morning at 9 a.m. when they take time*» or that it reduces the size of its meeting minutes.

2. THE "DISRUPTIVE" INTERVENTION OF CONSULTANTS, FOR INEQUAL RESULTS

A. THE METHODS USED BY CONSULTANCY FIRMS TO "TRANSFORM" PUBLIC ACTION: TOWARDS A POST-IT REPUBLIC?

The consultants must "transform" the administration by proposing "disruptive" methods, inspired by the private sector and responding to a specific vocabulary.

Examples of methods used in consultant workshops

- **the "pirate ship"**: each participant identifies with one of the characters (captain, characters at the top of the mast or at the bow, etc.) and assumes this role, its positioning, its moods, etc.
- **the "lego serious play »**: each participant builds a model with lego pieces, builds the story that gives meaning to their model and presents it to others

These methods can be poorly accepted by public officials, as shown by Wavestone's intervention at the Ofpra to reduce the processing times for asylum applications (service carried out in 2021-2022, for an amount of 485,818 euros).

The Ofpra agents thus declared: *I have the impression that we are regularly infantilized*», "**the vocabulary of start-up nation seems to me to be inappropriate for our public service mission**". They also regret the multiplication of the number of workshops organized by the consultants: *total hours per month of meetings: 10 hours – on paper of course, because it never ends on time*".

In recent years, consulting firms have transposed their methods to **consultations and citizen workshops**. About fifteen examples have been identified between 2018 and 2021, for a total amount of nearly 10 million euros: consultation on the future of Europe (Roland Berger, 1.7 million euros), citizens' convention for the climate (Eurogroup, 1.9 million euros), etc..

The consultations organized on the Estates General of Justice

Two consulting firms intervened on the Estates General of Justice: **INOP'S and Capgemini**, for a total amount of 950,241.97 euros. In addition to an online platform (Parlonsjustice.fr), "**deliberative workshops**" are organized with 48 citizen volunteers.

Participants must submit a **post-it on a flipchart** by answering the question: *What is ideal justice for you?*. They then proceed to read the "word cloud" thus constituted. At the end of the day they **vote with green, yellow and red stickers** on the themes that seem to them priorities.

B. DELIVERABLES OF UNEQUAL QUALITY, WHICH DO NOT ALWAYS KNOW INSTANTLY

A day as a consultant costs the State on average 1,528 euros.

If the expertise of the consultants is not called into question, **their deliverables are not always satisfactory**. Some evaluations of the DITP report a "*lack of legal culture and more broadly of the public sector*», «*a lack of rigor in substance and form*», even if the consultants were *people of good company*".

Sometimes, no tangible follow-up is given to their services, as when McKinsey intervened in 2019 and 2020 at the National Old Age Insurance Fund (CNAV) to prepare for the (aborted) pension reform (benefit of 957,674.20 euros).

McKinsey and the future of the teaching profession (496,800 euros)

In 2020, McKinsey was commissioned to help Professor Yann Algan to prepare a **symposium at UNESCO, which was finally canceled**. Its main deliverable is a compilation, albeit substantial, of scientific work and graphics designed from public data.

Only a few graphics from McKinsey will be used for a second conference, held on 1^{er} December 2020 at the College de France.

At the request of the Ministry of National Education, the firm also worked on two thematic studies: **merit pay for teachers and school governance**. However, the ministry states: *that heit is not possible to determine the direct consequences*» of the consultant's report.

558,900 euros to BCG and EY for an agreement finally canceled

BCG and EY are commissioned to participate in the organization of **the convention of state managers, which must bring together 1,821 senior civil servants at the Palais des Congrès on December 12, 2018**.

This event should be an opportunity to "embark" civil servants on a journey of transformation, then embodied by the Public Action 2022 programme. They will be able to follow the **master class** of their choice, on themes such as "*How to put simplicity back at the heart of organizations?*» Where "*the Administration released*". The organizers imagine "**the inspiring intervention**» of an external personality and thus envisage the arrival of Didier Deschamps.

Prepared for long weeks, **the convention was first postponed due to the "yellow vests" crisis, before being canceled due to the health crisis**. The remuneration of the BCG and EY firms, which produced the requested deliverables, is not affected.

C. AN ETHICAL FRAMEWORK TO BE REINFORCED

If rules already exist, *the involvement of consulting firms can [...] legitimately raise ethical concerns*», as Didier Migaud, president of the HATVP, pointed out.

The ethical risks identified

- **Conflicts of interest**, consulting firms advising several clients simultaneously;
- **Porosity**, when the cabinets recruit former public officials ("**slipper**"). For example, among the 22 profiles proposed by the BCG and EY in their response to the 2018 DITP framework agreement, 6 are former high-level public officials (including a former economic adviser to the Élysée and a former adviser to the Secretary of State for Industry).
- **Foot in the door**, when the consultants intervene free of charge (*pro bono*) for administration.

In practice, the *pro bono* mainly concerns the economic sector, with two main beneficiaries: the Élysée (summits *Tech for good* and *Choose France*, initiative *Scale-up Europe*) and Bercy. Devoid of any legal regime, these services can be "recovered" for the needs of the commercial strategy of consulting firms, with a view to improving their reputation.

Firms multiply **partnerships with major schools**. For example, they have 15 chords with **Polytechnic School**, for an annual amount of nearly 2 million euros.

3. PROVEN INFLUENCE ON PUBLIC DECISION-MAKING

AT. "BEHIND THE SCENE»: CONSULTANTS' DUTY OF DISCRETION

The intervention of the consultants must remain discreet: during the health crisis, McKinsey indicates that it will remain "*behind the scene*», in agreement with the ministry. **The firm does not use its own logo to write its deliverables but that of the administration.**

Mr. Olivier Véran, Minister of Solidarity and Health, moreover confirmed this before the commission of inquiry: "*if you had wanted [the] McKinsey-stamped documents present in the file, you would have found a blank sheet*".

The practice is actually common in the consulting industry: consultants can work as an "integrated team" with their clients and are then almost assimilated to public officials. During the health crisis, for example, they wrote administrative notes under the seal of the administration. Some even had a ministry email address.

This way of working **increases the opacity of advisory services** because it does not make it possible to distinguish the contribution of the consultants, on the one hand, and that of the administration, on the other hand.

The lack of visibility feeds a feeling of mistrust, especially among public officials

The unions, for example, were moved by the **guide to teleworking in the public service**, written by Alixio, subcontractor of McKinsey (235,620 euros): "*why weren't we told that it had been drawn up with the help of a consulting firm? The cost might have shocked us, yes, but we could have discussed it. [...] Everyone was convinced that it was made by [the administration]*".

B. THE ROLE OF CONSULTANTS: PROPOSING "ARBITRABLE" SCENARIOS... BUT MOST OFTEN ORIENTATED

During the hearings, the Government, administration and consulting firms vigorously affirmed: the political authority decides on responsibility; consulting firms have no influence on the decision.

Consulting firms nevertheless deploy a strategy of influence in the public debate, by multiplying the *think tanks* and publications. For example, EY proposed in January 2022 "*to imagine an ambitious new transformation plan for the next five years*» and mentioned the possibility of eliminating 150,000 civil servant positions thanks to digital technology.

On a daily basis, the role of a consulting firm is to draft strategic documents for public officials. The DITP framework agreement (2018) mentions the "*decision file (ministerial cabinet, management, prefect, etc.)*», the "*definition of the target vision*» or even the "*strategic roadmap*".

In theory, consulting firms should **offer several scenarios to their customers** and specify, in a factual manner, the advantages and disadvantages of each of them. However, they are used to **prioritize » the proposed scenarios**—with the agreement, or even at the request, of the administration – which reinforces their weight in public decision-making.

Oriented arbitrations: the example of bonus/malus management on unemployment insurance contributions

McKinsey is commissioned in 2019, with the support of the DITP, for a service of 327,060 euros consisting of examining the method of management of the new bonus / malus on unemployment insurance contributions.

The firm must constitute a "**arbitration file**» on the distribution of tasks between Pôle emploi, the Central Agency for Social Security Bodies (ACOSS) and the agricultural social mutuality (MSA).

If McKinsey presents 4 scenarios in the deliverable of July 8, 2019, its conclusion is clear: "*the choice of ACOSS / [MSA] as main operators with support from Pôle emploi [...] seems to be the best solution*".

The other three solutions do not correspond to the "recommended choice».

The room for maneuver of public officials can only be reduced in the face of this "prioritization" of scenarios by consulting firms, which thus have a real influence on decision-making..

THE MAIN PROPOSALS OF THE COMMISSION OF INQUIRY

Put an end to the opacity of consulting services

- Publish each year, in open data, the list of consulting services provided by the State and its operators
- Present the consulting services in the single social report, to allow representatives of public officials to discuss them
- Prohibit consulting firms from using the administration's logo in their deliverables, for greater clarity and traceability in their services

Better regulate the use of consulting firms

- Systematically evaluate consulting services and apply penalties when firms are not satisfactory
- Map the skills in the ministries and develop a "reinternalisation" plan, to better promote internal skills and less use of consulting firms

Reinforce the ethical rules of consulting firms

- Prohibit benefits *pro bono*, apart from sponsorship in the non-commercial sectors (humanitarian, cultural, social, etc..)
- Impose a declaration of interest on consultants so that the administration can prevent the risk of conflict of interest, under the control of the HATVP
- Exclude from public contracts firms that have not complied with their ethical obligations
- Provide for the systematic destruction of data entrusted to consulting firms at the end of their mission, under the control of the CNIL



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