

KEY QUESTION

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How is France's ODA spent?

France channels most of its ODA bilaterally, but is also a strong supporter of multilaterals

France channels around two thirds of its ODA through bilateral channels (61%, or US\$7.9 billion in 2015). France provides much of its bilateral ODA as loans. This is because they are a relatively easy way for France to increase its overall ODA level while minimizing the impact on actual budget transfers. In 2015, loans represented almost half of France's bilateral ODA (44%, a high proportion in comparison with other donors of the OECD development assistance committee: 10% on average).

Debt relief used to account for a large part of French bilateral ODA, but has sharply declined in recent years (to reach 3% in 2015, from 14% in 2013). However, the Ministry of the Economy and Finance (Finance Ministry) and the French Development Agency (AFD) still implement programs called Debt-Reduction Development Contracts (C2D) that France signs with some of its partner countries: a portion of the debt relieved is allocated to sectors related to development such as health and agriculture. For example, in June 2016, Côte d'Ivoire and the AFD signed a new C2D agreement for a new maternal, newborn and child health program amounting to €68 million.

It is worth noting that figures on bilateral ODA reported by France also include a range of other items categorized as grants that do not represent actual cash transfers from France to a recipient country. The best example is imputed costs for students from middle- and low-income countries studying in France (US\$767 million in 2015). These costs artificially place China as one of the top recipients of French bilateral ODA (see section below: 'Who are France's ODA recipients?').

Core contributions to multilaterals account for more than a third of France's total ODA (38%, or US\$4.9 billion). Almost half of this consists of binding contributions to the European Union (47% in 2015). Health is a key sector of France's multilateral engagement: France provides particularly strong support to the Global Fund to Fight AIDS, Tuberculosis and Malaria, to Gavi, the Vaccine Alliance, and to UNITAID (for more details, see 'Deep Dive: global health'). France provides 1% of its ODA to multilaterals as earmarked funding (US\$134 million). This is a very low share compared to the average amongst members of the Development Assistance Committee of the OECD, which stands at 11%.

Who are France's ODA recipients?

France focuses its grants on sub-Saharan Africa and its loans on MICs

France places a strong focus on sub-Saharan Africa: between 2013 and 2015, it allocated more than a third of its bilateral ODA to the region (34%). This focus is likely to continue: In January 2017, French President Francois Hollande announced increased ODA funding for Africa, bringing total investments to €23 billion over the next five years.

France takes a differentiated approach to ODA depending on the partner country's level of income: loans focus largely on emerging economies whereas grants are primarily allocated to low-income economies.

For ODA grants, France has identified 16 fragile and least-developed countries to focus on ('Pays Pauvres Prioritaires', also known as 'PPPs'), all in sub-Saharan Africa: Benin, Burkina Faso, Burundi, the Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Ethiopia, Guinea, Madagascar, Mali, Mauritania, Niger, Senegal, and the Togo. With the exception of Ethiopia, they are all francophone. France seeks to allocate at least half of all grants and two thirds of AFD grants to these countries.

France's ODA loans focus on emerging economies. Because of France's emphasis on loans to deliver ODA, middle-income countries (MICs) receive the largest share of France's bilateral ODA, amounting to almost 60% between 2013 and 2015. All top-10 recipients of France's bilateral ODA are middle-income countries.

How is bilateral funding programmed?

Embassies develop Partnership Framework Documents that shape programming

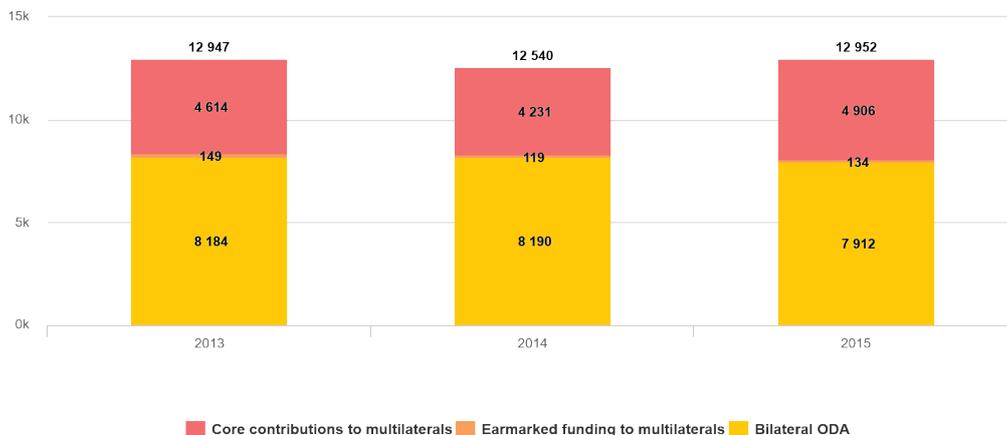
Under the supervision of the Ministry of Foreign Affairs (MAE) and in collaboration with partner countries, embassies develop the 'Partnership Framework Documents' ('Documents Cadre de Partenariat', or 'DCPs'). DCPs detail the work of all French actors involved in development programs in the partner country. They provide overall guidance for French cooperation over a period of three

years, for up to three priority sectors per country. Since 2011, DCPs are only mandatory for France's 16 priority countries.

The AFD develops projects according to partner country demands. AFD is responsible for the formulation, management and supervision of projects. The MAE is consulted and involved in various stages of policy development and monitoring of projects. In practice, AFD benefits from a large degree of autonomy to allocate funding to specific sectors depending on recipient countries' requests.

FRANCE'S BILATERAL AND MULTILATERAL ODA

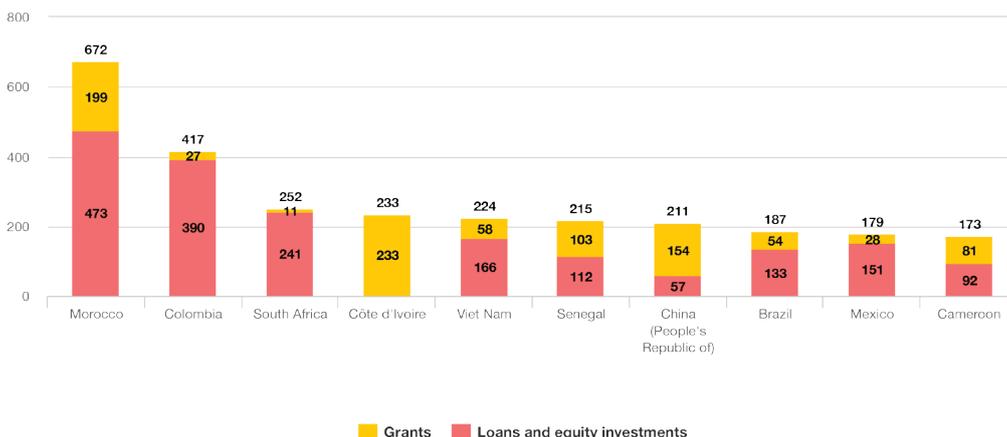
US\$ millions, 2014 prices



Source: OECD DAC, Gross disbursements.

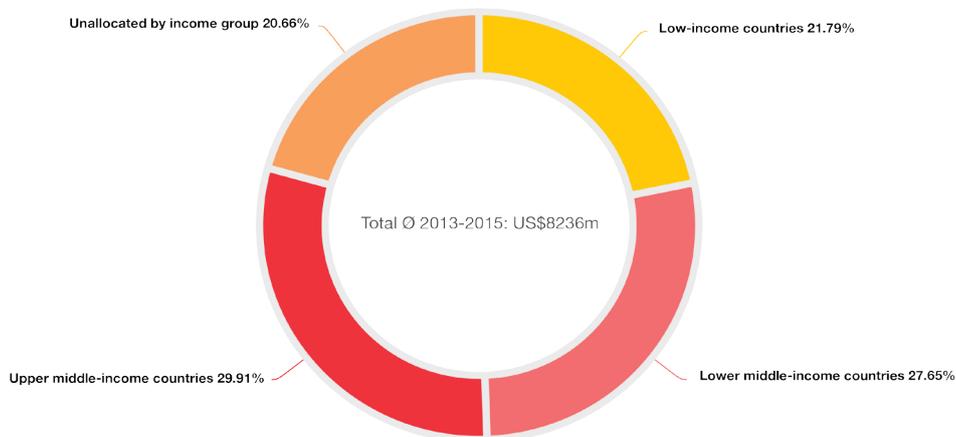
THE TOP 10 RECIPIENTS OF FRANCE'S ODA

average 2013-2015, excluding debt relief; US\$ millions; in 2014 prices



Source: OECD CRS, in 2014 prices.

FRANCE'S BILATERAL ODA BY INCOME-GROUP OF RECIPIENT



Source: OECD CRS.