

## KEY QUESTIONS

### the big six

# 5

## How is France's ODA budget structured?

### Two main envelopes for France's development budget make up the 'ODA mission'

**French ODA (€11.0 billion or US\$12.4 billion in 2019) stems from two main sources: ODA included in the general budget (€6.8 billion, or US\$7.6 billion) and ODA from other sources not included in the general budget (€4.0 billion or US\$4.5 billion).** The latter mainly includes contributions to the European Commission and multilateral organizations, funding generated through the financial transaction tax (FTT, €528 million in 2019), the airline ticket tax, and debt-relief mechanisms.

The two largest ODA programs of the general budget are included in what is called the 'ODA mission': Program 110 of the Ministry of the Economy and Finance (Finance Ministry) and program 209 of the Ministry of Foreign Affairs' (MAE).

- The Finance Ministry's Program 110 ('economic and financial development aid') includes three main funding envelopes: 1) contributions to international financial institutions (IFIs), 2) bilateral assistance (mostly for loans managed by the French Development Agency [AFD]), and 3) transfers to AFD and IFIs to reimburse them for funds lost when debt managed by them was cancelled.
- MAE's Program 209 ('solidarity with developing countries') encompasses four main funding envelopes: 1)

the bilateral-cooperation envelope, which mainly includes transfers to AFD (for bilateral grants, funding to CSOs, and technical assistance), Debt-Reduction Development Contracts (C2D), the MAE-managed Priority Solidarity Fund (FSP); 2) envelopes for voluntary multilateral contributions to UN agencies and other multilaterals; 3) contributions to the European Development Fund (EDF); and 4) staff costs.

For 2019, allocations to these two lines ('programs') together increased by €409 million (US\$461 million) compared to 2018, or 15%, to reach €3.1 billion (US\$3.5 billion).

Other ODA-relevant programs sourced from the general budget include the Finance Ministry's Program 853, which is used to transfer additional funds to the AFD, allowing it to provide loans with concessional terms for partner countries. AFD thus receives the funds that it uses to issue loans mainly from the Finance Ministry's programs 110 and 853.

In 2019, the French government allocated 32% of the revenues from its national FTT – a tax introduced in 2012 to generate more resources for solidarity purposes including climate programs – amounting to an estimated €528 million (US\$595 million). In past years, the share of the FTT proceeds allocated to development was higher, reaching 50% in 2018, notably as a result of strong parliamentary support in 2016 and 2017. In its 2019 budget, the government has decreased this share but compensated the drop with an increase in core budgetary ODA resources.

## Overview:

2019 ODA Budget, in millions

	€	US\$
<b>General ODA budget</b>	<b>6,768</b>	<b>7,629</b>
<b>110 – Economic and financial aid, of which:</b>	<b>1,089</b>	<b>1,228</b>
01 - Multilateral economic and financial aid (mainly IFIs)	648	731
02 - Bilateral economic and financial aid, of which	349	393
Transfers to AFD for loans	249	281
Technical assistance	31	35
General budget support	60	68
Administrative expenses	8	9
03- Compensation for debt relief (channeled through AFD and multilateral banks and funds)	92	104
<b>209 - Solidarity with dev. countries, of which:</b>	<b>2,019</b>	<b>2,276</b>
02 - Bilateral cooperation, of which:	793	894
Transfers to AFD (bilateral grants, NGO funding)	437	493
Priority Solidarity Fund (FSP, incl. Muskoka funding)	24	27
Other bilateral funding (technical assistance, food aid, etc)	332	375
05 - Voluntary multilateral contributions	194	219
07 - EDF	878	990
08 - Personnel	153	173
<b>Other ODA-relevant budget lines, of which:</b>	<b>3,660</b>	<b>4,126</b>
Higher education	1,113	1,255
Transfers from Treasury to AFD for loans (Program 853)	388	437
Additional ODA for loans leveraged	840	947
Refugee costs	557	628
Others (amount of ODA coming from other relevant budget programs)	762	859
<b>ODA from other sources:</b>	<b>4,020</b>	<b>4,532</b>
EC contributions	1,587	1,789
C2D (state share)	396	446
Loans transactions to multilaterals	203	229
Debt relief	379	427
Others (Local and regional authorities, water agencies, AFD non-state resources)	517	583
Airline ticket tax	210	237
FTT as initially planned in the PLF	528	595
Capitalization of funds	200	225
Adjustments *	222	251
<b>Total ODA</b>	<b>11,010</b>	<b>12,411</b>

Sources : PLF 2018, DPT 2018 "Politique française en faveur du développement", PAP 2018, government and parliamentary amendments.

\* Adjustments account for discrepancies between budgetary documents related to the ODA leveraged by AFD through loans