

## KEY QUESTIONS

### the big six

# 6



## 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 (63%, or US\$7.3 billion in 2016). 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 2016, loans represented almost half of France's bilateral ODA (45%, a high proportion in comparison with other donors of the OECD development assistance committee (DAC): 9% on average). The government has, however, committed to increasing the share of grants within its ODA, especially for its 19 priority countries.

Debt relief used to account for a large part of French bilateral ODA but has sharply declined in recent years (to reach 2% in 2016, 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 (US\$75 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\$868 million in 2016).

Core contributions to multilaterals account for more than a third of France's total ODA (37%, or US\$4.3 billion in 2016). More than half of this consists of binding contributions to the European Union (57% in 2016). France's multilateral engagement strategy for 2017-2021, 'For a performant development assistance that serves the most vulnerable' outlines three main objectives: 1) to serve the most vulnerable; 2) to be aligned with the goals of the 2030 global agenda; and 3) to be aligned with France's vision of sustainable development. Health is a key sector of France's multilateral engagement: France provides strong support to the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), to Gavi, the Vaccine Alliance (Gavi), and to UNITAID (for more details, see

'Deep Dive: global health'). All three of these organizations are outlined as key partners in France's 2017-2021 multilateral engagement strategy. In addition to core contributions, France also provides 1% of its ODA to multilaterals as earmarked funding (US\$107 million), which is reported as bilateral ODA. This is a very low share compared to the average among 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; increased focus on Sahel region

France places a strong focus on sub-Saharan Africa: between 2014 and 2016, it allocated almost a third of its bilateral ODA to the region (31%). This focus is likely to continue, particularly as France increasingly focuses on the Sahel region through its Sahel Alliance (for more details, see question two: 'What are France's strategic priorities for development?').

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 19 fragile and least-developed countries to focus on ('Pays Pauvres Prioritaires', also known as 'PPPs'), almost all in sub-Saharan Africa: Benin, Burkina Faso, Burundi, the Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Ethiopia, Gambia, Guinea, Haiti, Liberia, Madagascar, Mali, Mauritania, Niger, Senegal, and Togo. With the exception of Ethiopia, Gambia, and Liberia, 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 59% between 2014 and 2016. All top-10 recipients of France's bilateral ODA are middle-income countries (see figure).

## How is bilateral funding programmed?

### Embassies develop Partnership Framework Documents that shape programming

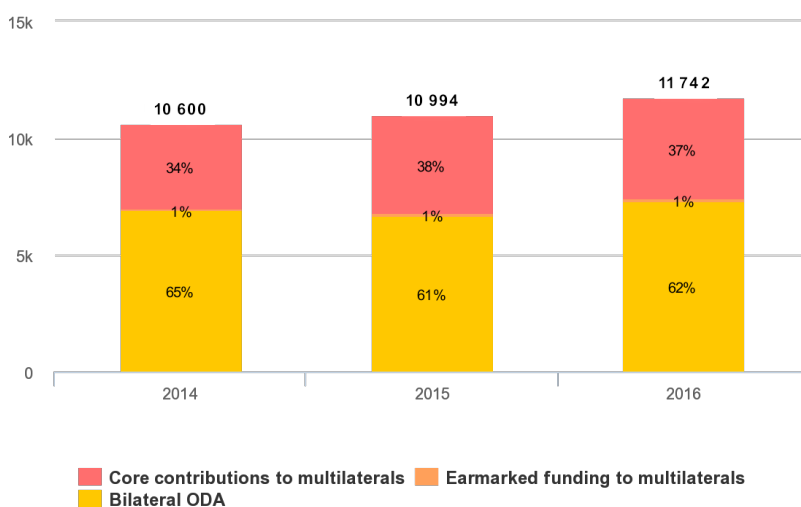
Under the supervision of the Ministry of Foreign Affairs (MAE) and in collaboration with partner countries, embassies develop 'Partnership Framework Documents' ('Documents Cadre de Partenariat', or 'DCPs'). DCPs detail the work of all French actors involved in development programs in the partner country. 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 19 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

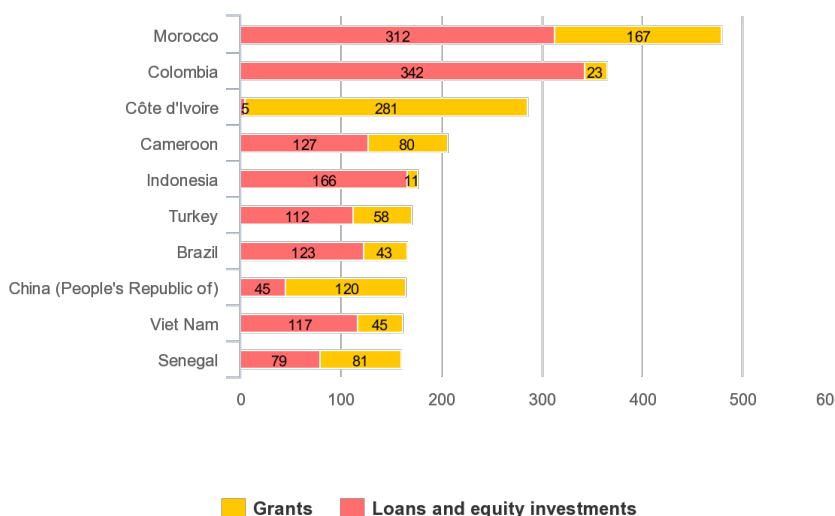
US\$ millions



OECD DAC 1 table. Gross disbursements; in 2016 prices.

## THE TOP 10 RECIPIENTS OF FRANCE'S ODA

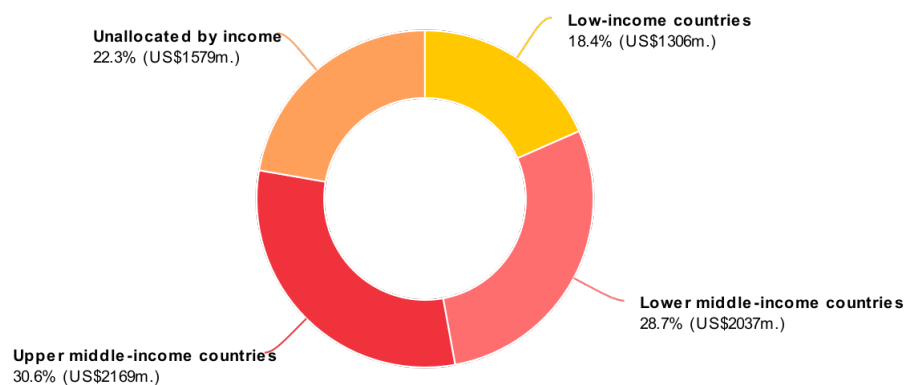
Average 2014-2016, excluding debt relief; US\$ millions.



OECD CRS. Gross disbursements; in 2016 prices.

## FRANCE'S BILATERAL ODA BY INCOME-GROUP, 2014-2016

Average 2014-2016: US\$7.1 billion



OECD CRS. Gross disbursements, in 2016 prices.