



The DAC's main findings and recommendations

**Extract from: OECD Development Co-operation Peer Reviews
France 2018**

France has strengthened its role as a driving force in promoting sustainable development and international stability. It now has an international development strategy

France is a leading player on the global stage in promoting international stability. Since 2015, the country has been spearheading efforts to promote, implement and encourage accession to the Paris Climate Agreement, and consistently prioritises climate change financing. In the economic field, France has made progress in the fight against corruption and illicit capital flows. It has designed successful and innovative development financing mechanisms and now has a wide range of instruments to support its co-operation. Despite successive falls in its official development assistance (ODA) since the last review, it committed in 2017 to a steady increase to bring its ODA to 0.55% of its gross national income by 2022.

Under the terms of the Orientation and Programming Law on Development and International Solidarity (LOP-DSI), adopted in July 2014 after unprecedented debate, France has implemented many of the recommendations made by the last peer review. For example:

- France has significantly consolidated its approach to fragile contexts, for which it now has a comprehensive strategic framework and clear priorities
- France has streamlined its central co-operation machinery
- the French Development Agency (Agence Française de Développement – AFD) has consolidated and strengthened its human resources management.

France leads by example on sustainable development and international stability

The LOP-DSI stipulates that the goal of French development policy is sustainable development in developing countries, based on three pillars (economic, social and environmental). The main purpose of the law is to combat poverty and inequality. France has, in recent years, demonstrated support for a more modern view of development financing. At the United Nations Sustainable Development Summit in 2015, it endorsed a combined vision of development and protection of the planet in adopting the 2030 Agenda for Sustainable Development. France undertook a voluntary national review of its implementation of the Sustainable Development Goals (SDGs) at the first High-Level Political Forum in July 2016.

France prioritises funding for climate issues, the environment and biodiversity. The country has reiterated its commitment to allocating EUR 5 billion by 2020 for combating climate change, EUR 1.5 billion of which will be earmarked for climate change adaptation.

France has good policies in place for complying with international standards and co-operation in the financial field, especially in relation to information exchange. The law on transparency, the fight against corruption and the modernisation of economic life (the "Sapin II" law), enacted in 2016, gave new impetus to French action by creating the Agence Française Anticorruption (French Anti-Corruption Authority). In response to the Rana Plaza disaster in Dhaka, France has passed a law imposing a duty of care on parent companies and contracting companies; it also complies with the OECD Guiding Principles for Multinational Enterprises.

In conflict situations, civil and military actors alike acknowledge the importance of the link between security and development. This should help France to tackle crises more holistically, without affecting discrete actors' responsibilities. France is one of the five biggest donors to United Nations peacekeeping operations; it is the second highest European contributor of personnel. The security-development connection has been tightened, especially in the crisis zones in which France has intervened. For example, France has spearheaded the fight against terrorism and to maintain security in the Sahel region.

France has streamlined its ODA machinery and has a broad range of instruments suited to the needs of developing countries

France's added value lies in its historic and linguistic ties with the majority of its priority countries. It also draws on its technical expertise and long-term engagement, which allow it to adjust to changes in the economic and social climate and to be alert to the needs voiced by national counterparts. The range of instruments available—notably sovereign and non-sovereign loans, decentralised co-operation and the arrangements for loan-donation-technical assistance projects – is a major asset.

France has successfully created innovative development financing mechanisms, including the financial transaction tax and the solidarity levy on air tickets, which together generated over EUR 1 billion in ODA financing in 2017. France also uses instruments for catalysing private-sector engagement and development, chiefly through Proparco, a subsidiary of AFD, whose annual commitments are set to double by 2020. Proparco wants to increase its transparency and accountability and plans to increase its activities in Africa and in fragile countries, which is a very positive.

France has streamlined its central co-operation machinery, acting on the recommendations made in the 2013 Peer Review. The LOP-DSI requires development stakeholders to increase their transparency, consensus and accountability, and has established the National Council for Development and International Solidarity for this purpose. France wants to increase the frequency at which meetings of the Inter-ministerial Committee for International Cooperation and Development (CICID) are held. It has also begun to streamline the architecture of its technical co-operation, setting up Expertise France in 2015—an agency for international technical co-operation which currently groups together six agencies. France also has a programme of strategic evaluations, which are now better co-ordinated among the Ministry for Europe and Foreign Affairs (MEAE), the AFD and the General Directorate of the Treasury.

France can build on its assets

France's pledge to raise ODA between now and 2022 is a welcome step after a period of significant cuts, but realising this will require immediate action

Over the period 2012-16, French ODA fell from 0.45% to 0.38% of its gross national income (GNI), equivalent to a decline in volume from USD 10.6 billion (United States dollars) to USD 9.6 billion. France has now pledged to commit 0.55% of its GNI to ODA by 2022—which would represent a volume increase of almost EUR 6 billion from 2016 levels. A CICID report in February 2018 laid out the overall budget trajectory (in terms of the annual change required in the ODA/GNI ratio between 2018 and 2022), and France has pledged to allocate two-thirds of this cumulative rise in ODA commitment authorisations to bilateral aid. According to provisional figures for 2017, the ODA/GNI ratio has reached 0.43% of GNI, which is a step in the right direction. To reach these targets whilst ensuring coherence with its geographic and thematic priorities, France will need to significantly increase its bilateral aid allocated as grants.

Recommendation:

1. **France should set out a strategy for achieving an ODA/GNI ratio of 0.55% by 2022—and 0.7% by 2030—in order to meet its international commitments. By 2020 at the latest, the country should authorise the commitments required to achieve this target.**

France wants to increase its commitments in least-developed countries and fragile contexts – this will mean improving its overall crisis response and providing more, and more effective, support

France adopted a new humanitarian strategy for 2018-2022 at the 4th National Humanitarian Conference in March 2018. The strategy seeks to align humanitarian aid with France's overall approach to crises, in line with its undertakings at the World Humanitarian Summit and the Grand Bargain, which France joined in 2017. This overall approach will require greater interaction between its military and civil actors, including humanitarian actors. In order to comply with the humanitarian principles to which it is very committed, it has had guidelines in place for many years for its armed forces in their dealings with civilians.

Even so, the closer links between peace, security, development and humanitarian aid inherent in the overall approach will require greater vigilance to safeguard the responsibilities of each actor and preserve their specificity and credibility. These include the security role of armed forces personnel, the role of development actors in fighting poverty and inequality in pursuit of the Sustainable Development Goals, and the role of humanitarian actors in providing an emergency response to preserve lives and livelihoods. While restoring security is one factor in the fight against poverty, France needs to ensure that it does not subordinate development aid to issues related to security, domestic policy or regulation of migratory flows.

Given France's intention to increase its engagement in least-developed countries (LDCs) and fragile contexts, the AFD would benefit from adapting its guidelines and procedures and delegating more of its operations to the local level. While the country has significantly consolidated its approach to fragile contexts since its last peer review, the

decision-making process is not flexible enough to provide an effective link between emergency or stabilisation aid and development. This is compounded by the fact that the Crisis and Support Centre's modest Stabilisation Unit is the only instrument able to commit funds quickly enough to prevent crises from escalating.

Recommendations:

2. **France should adopt a holistic, balanced approach to crises, while maintaining the fight against poverty as its primary ODA objective, alongside the principle of humanitarian action.**
3. **AFD should continue to adjust its procedures in the interest of greater efficiency. It should create shorter procedures between the design of a project and the first release of funds, whether for LDCs or for stabilisation and crisis prevention in fragile states.**

Implementation of the new Gender and Development Strategy will require an increase in the financial resources earmarked for gender equality

Since the 2013 peer review, France has made strategic progress in building a gender approach more effectively into its policies, interventions and mechanisms. France unveiled its new Gender and Development Strategy in March 2018, which incorporates the conclusions of the assessment of the previous strategy as well as the recommendations of civil society. MEAE officials and operators are much more aware than previously of the "gender and development" issue. AFD has created sectoral "gender toolkits", which encourage a cross-cutting approach and provide a resource for technical experts and project leaders. Nonetheless, just 22% of France's bilateral commitments target gender equality, well below the DAC average of 40%. This tends to contest France's stated prioritisation of gender equality and undermine its influence when putting gender and human rights on the agenda of international fora.

Recommendation:

4. **The financial resources earmarked for gender equality in French ODA programming should be increased to demonstrate its commitment to the implementation of this policy.**

The new multilateral strategy offers a good opportunity for a more structured dialogue with multilateral partners

France has drawn up the French Multilateral Aid Strategy 2017-2021 in response to the 2013 peer review recommendation. The strategy highlights the 10 thematic and geographic priorities that France has been successfully advocating to the boards of international financial institutions. This orientation enables it to channel funds towards the poorest, most fragile countries, and towards climate-related activities. However, the strategy contains no specific criteria for the future multilateral aid allocations. In fact, the lack of a systematic multiannual commitment in France's multilateral aid undermines its predictability. Similarly, France's multilateral counterparts (AFD, MEAE, MINEFI [Ministry of Economy and Finance], Expertise France and the sectoral ministries) do not

communicate systematically amongst themselves and do not necessarily share the same priorities and objectives.

Recommendation:

5. **France should strengthen its strategic dialogue with its multilateral partners while ensuring the coherence of its national policies and the effectiveness of its partnerships. It should also improve its internal co-ordination, base its contributions on clear criteria and share indicative multi-annual financial frameworks for better predictability of its multilateral aid.**

France's bilateral allocations respond to partner country requests, but could be more focused on few sectors

France's allocation of aid in the field largely reflects the demands of the country in question – this favours national ownership and alignment with national priorities. However, France also spreads its aid over too many sectors, and contradicts its general co-operation policy of choosing three priority sectors for each country in agreement with the government concerned. Similarly, data also show that France spreads its modest humanitarian aid budget over a large number of crises, which results in the dispersion of aid. This fragmentation can make it difficult for the embassies and local AFD agencies to co-ordinate aid and identify the relevant technical expertise, as they do not necessarily have the capacities required to run projects in all sectors. The future implementation of joint European programming in 12 of the 17 priority countries for its ODA could allow France to better focus its aid.

Recommendation:

6. **In line with its commitments, France should concentrate its aid on a limited number of sectors - where it has added-value – in its partner countries.**

Despite the recommendations of the LOP-DSI, there is no body to ensure policy coherence for sustainable development

Article 3 of the LOP-DSI of 2014 explicitly highlights France's concern to ensure coherence amongst the objectives of its development policy and other public policies. However, the act makes no provision for any monitoring, review or accountability mechanism. For example, there is little coherence in the educational domain, in particular between France's strategic action overseas on education, vocational training and integration in developing countries, and the activities of Campus France, which assists foreign students wishing to study in France. The 2013 peer review had already pointed out the lack of a system for guaranteeing French policy coherence for sustainable development. However, the National Council for Development and International Solidarity (CNDSI) has limited resources for framing and directing development policy, which leaves no room for monitoring policy coherence. Even if it is not the case at present, the council could ensure coherence and officially monitor French policies and their development effect on partner countries.

Recommendation:

7. **France should set up a governance mechanism to foster policy coherence. It should ensure that its efforts support, rather than restrain, the sustainable development of its partner countries, especially priority countries.**

France has challenges to overcome***France's ODA is not aligned with the priorities and strategies of the LOP-DSI, or with CICID's recommendations***

To meet its high-level commitment to increasing ODA, France needs to draw up an implementation strategy aligned with its development policy and stated priorities. In 2016, France allocated only 14% of its bilateral ODA to its 17 priority countries. Moreover, none of these countries were amongst the ten main beneficiaries of French ODA, all of which were middle-income countries. That same year, LDCs received only 19% of allocable French bilateral aid (compared to the 37% average for OECD Development Assistance Committee member countries). This was only 0.08% of France's GNI, well below the target of 0.15%. Also, the low level of humanitarian aid (USD 153 million in 2016, or 1.3% of its ODA, compared to a DAC average of 11%) runs counter to France's strategic objectives.

In terms of geographic allocations, France has not achieved its regional objective in terms of financial effort for Africa and the Mediterranean since 2012. In addition, the indicators France uses to determine its allocations for its regions and priority countries are often complex. They provide little transparency and accountability to the public or parliament, and do not do sufficiently differentiate countries according to their level of wealth. Consequently, these indicators do not always provide the incentives required for France to achieve its policy objectives.

France relies heavily on its loan instrument, which accounted for 28% of total gross ODA in 2016 (and 44% of gross bilateral ODA). In 2016, 64% of the agency's ODA portfolio consisted of loans. Over the period 2012-16, the grant element of French ODA loans remained below the DAC recommended grant element for loans to LDCs. In fact, the grant element actually decreased from one year to the next even though this was already identified as a weakness of French co-operation during the last peer review. The AFD business model, which is based more on loans than grants, encourages it to invest in middle-income countries and potentially profitable sectors, which partly explains the difference between France's stated priorities and actual ODA allocations.

France has not adopted a global approach for targeting the most deprived people in its partner countries. It does, however, use its role to "spur on" civil society actors to act when the state is unable to do so. Consequently, it could provide more support for non-government organisations (NGOs) who are best-placed to reach vulnerable populations who, in many cases, live in remote locations where access is difficult. France has doubled its assistance to and through NGOs since 2012, but the level of that aid (3% of bilateral ODA) is still very low compared to the DAC average (15% of bilateral ODA).

Recommendations:

8. **France should increase the volume of ODA provided as grants to priority countries (which are all LDCs, including a large number of fragile countries). At the same time, France should ensure that the financial effort indicator that guide its geographic allocations reflect its strategic co-operation priorities, including LDCs, fragile countries and the Sahel.**
9. **France should increase the proportion of bilateral aid it channels to and through local and international NGOs.**

France must continue to streamline its co-operation architecture – clarifying how it is steered, improving co-ordination and adopting results-based management

Expertise France, which only generates one quarter of its resources from French government contracts, aims to be self-financing by 2020. According to the 2018 CICID conclusions, it will become part of the AFD Group in 2019. However, its work is spread over a large number of sectors, and there is little clarity over its economic model and its ties to other French co-operation actors in Paris and in the field. This places it under great technical and economic pressure, and is leading to tensions with its staff.

In theory, the MEAE and the MINEFI are responsible for the strategic oversight of co-operation, whilst implementation is handled by the agencies (including AFD). In reality, the boundaries between these two functions are blurred. Leadership roles and the division of work – such as between the MEAE and AFD at headquarters, and the Co-operation and Cultural Action Office (SCAC) and AFD in the field – are not always made clear, sometimes leading to duplication of effort. In addition, the MEAE's strategic oversight capacity is weakened by the high turnover of its technical staff, whereas AFD has strengthened its strategic capability in recent years.

AFD has its own intervention frameworks and strategies for some countries. On the whole, however, these do not include an indicative budget that is transmitted to its counterparts, or a performance framework for collecting the data and outcomes of the various projects. Moreover, only the broad lines of intervention are discussed with partner countries. The General Directorate of the Treasury also has a number of separate country strategies. In addition, the line ministries in various sectors and other entities working in the area of co-operation sometimes have their own country strategies. France lacks a partnership framework covering its entire co-operation activity. Preparing one would make it easier for the embassy to oversee co-operation, support dialogue with national authorities and help monitor outcomes. Including the budgets, objectives and indicators for all activities would help to create a clear overall picture and make for better monitoring of French co-operation.

Although it uses 31 aggregate indicators (of which 17 refer to bilateral aid) to measure progress at project level, France has not identified the outcomes it seeks to achieve at country, programme or thematic level. This makes results-based management all the harder and means that France cannot measure the true impact of its financial support. The updating of the various performance indicators, and the revision of the 2014 law, are an opportunity to better align the various indicators with the SDGs so as to increase their relevance, broaden their use and develop a results-based culture. In addition, project

monitoring and results are seen as mechanisms of control and accountability rather than as tools for results-based management. Their use for improving project implementation and co-ordination, communication and learning will require an increase in the human and logistical resources allocated to them.

Recommendations:

10. **As Expertise France integrates into the AFD Group, France should clearly state its economic model and its position in the French co-operation system, both in Paris and in the field.**
11. **France should improve the strategic management and oversight of its co-operation, with clearly defined mandates backed up by the necessary human resources.**
12. **To facilitate the management of its development co-operation, France should prepare country strategies covering all of its co-operation activities with its priority partner countries, preferably within the framework of EU joint programming.**
13. **France should develop results-based management and integrate it across its entire development co-operation programme, so as to ensure that the findings (at project and corporate level) are used to improve accountability, steering, communication and learning.**

Access the full report

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