PEER REVIEW ON DEVELOPMENT FINANCE STATISTICS

FRANCE
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Introduction – Overview of France’s development co-operation, key priorities and the budgeting process

1. France is undergoing a shift of its international development and solidarity policy framework. In February 2018, the Inter-ministerial Committee for International Cooperation and Development (CICID) defined the priorities of France’s international development co-operation and solidarity policy “to build a shared world”, for the period 2018-22. The overarching goal of the policy is to “eradicate poverty, implement the Sustainable Development Goals (SDGs) and the Paris Agreement, and protect global common goods” (CICID, 2018[1]).

2. The policy identifies five main priorities where France’s “action has high added value” (CICID, 2018[1]) for the implementation of the SDGs and the Paris Agreement. These include international stability; education, research and innovation; climate, biodiversity and access to sustainable energies; gender equality as a crosscutting theme; and health. Geographically, the policy focuses on Africa with particular attention to 19 priority countries (all LDCs) and countries in the Sahel.

3. The regulatory framework is enshrined in the Orientation and Programming Law on Development and International Solidarity (LOP-DSI), law n°2014-773 enacted in July 2014. The law encompasses priorities, governance and accountability considerations, and provides the guidelines for France’s development co-operation, fostering policy coherence across the government. France aims to present a new law to the Parliament in mid-2020 so as to align the legislation with the new policy (MEFA, 2019[2]).

4. France intends to increase its ODA spending gradually to achieve an ODA/GNI ratio of 0.55% by 2022 (increase of about 5 billion euros compared to 2017) (French Senate, 2019[3]). This would improve France’s place in the ranking of DAC members according to the ODA/GNI ratios (in 2018, France occupied the tenth position in this ranking despite being the fifth largest DAC member provider of ODA in volume terms¹). The new law will seek to better align the budgetary allocations with thematic and regional priorities. In addition, France seeks to privilege bilateral aid and grants in order to better target the most vulnerable countries.

Institutional architecture

5. France applies a whole-of-government approach to its international development co-operation and solidarity policy. This involves a complex institutional architecture. An inter-ministerial committee created in 1998, the CICID, brings together the main coordinating ministries, which are the Ministry for Europe and Foreign Affairs (MEFA) and the Ministry of

¹ Development cooperation profiles 2019. See: France (OECD, 2019[4]).
Economy and Finance (MEF or “the Treasury”), as well as other ministries concerned to set the strategic priorities and objectives of the French policy of international co-operation and development assistance. The Committee is chaired by the Prime Minister.

6. The discussions taking place within the CICID are informed by recommendations of the National Council for Development and Solidarity (CNDSI), established to promote a participatory approach of different actors involved in development co-operation (Legifrance, 2013[4]). The CNDSI is a multi-stakeholder consultation body under the MEFA, constituted of eight groups from different segments of the society, such as NGOs, research institutes, universities, trade unions, local authorities and foreign experts (for instance, members of parliament from partner developing countries). It provides advice on the different dimensions of France’s international development co-operation policy.
7. To improve ODA governance, transparency and accountability, the 2018 CICID has introduced various instruments that range from a Development Council – an ad hoc decision-making body led by the President – to annual reporting “regarding the implementation of the ODA trajectory” to the President, the Prime Minister and Parliament (CICID, 2018, p. 6[1]).

The budgeting process

8. The French ODA budget is complex, reflecting an institutional structure characterised by the involvement of numerous ministries in development co-operation. Within the general budget, ODA is spread over 24 separate budget programmes across 13 missions (budget categories) managed by 14 ministries (OECD, 2018, p. 14[5]).

Figure 0.2. Budget programmes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>P209</td>
<td>Solidarité à l’égard des pays en développement</td>
</tr>
<tr>
<td></td>
<td>Aide publique au développement</td>
</tr>
<tr>
<td>P150</td>
<td>Formations supérieures et recherche universitaire</td>
</tr>
<tr>
<td></td>
<td>Recherche et enseignement supérieur</td>
</tr>
<tr>
<td>P110</td>
<td>Aide économique et financière au développement</td>
</tr>
<tr>
<td></td>
<td>Aide publique au développement</td>
</tr>
<tr>
<td>P172</td>
<td>Recherches scientifiques et technologiques pluridisciplinaires</td>
</tr>
<tr>
<td></td>
<td>Recherche et enseignement supérieur</td>
</tr>
<tr>
<td>P231</td>
<td>Vie étudiante</td>
</tr>
<tr>
<td></td>
<td>Recherche et enseignement supérieur</td>
</tr>
<tr>
<td>P142</td>
<td>Enseignement supérieur et recherche agricoles</td>
</tr>
<tr>
<td></td>
<td>Recherche et enseignement supérieur</td>
</tr>
<tr>
<td>P190</td>
<td>Recherche dans les domaines de l'énergie, du développement et de la mobilité durables</td>
</tr>
<tr>
<td></td>
<td>Recherche et enseignement supérieur</td>
</tr>
<tr>
<td>P851</td>
<td>Prêts du Trésor à des États étrangers en vue de faciliter la vente de biens et de services concourant au développement du commerce extérieur de la France</td>
</tr>
<tr>
<td>P853</td>
<td>Prêts à l'Agence française de développement en vue de favoriser le développement économique et social dans des États étrangers</td>
</tr>
<tr>
<td>P852</td>
<td>Prêts à des États étrangers pour consolidation de dettes envers la France</td>
</tr>
<tr>
<td>P185</td>
<td>Diplomatie culturelle et d'influence</td>
</tr>
<tr>
<td></td>
<td>Action extérieure de l'État</td>
</tr>
<tr>
<td>P105</td>
<td>Action de la France en Europe et dans le monde</td>
</tr>
<tr>
<td></td>
<td>Action extérieure de l'État</td>
</tr>
</tbody>
</table>
9. The “Official Development Assistance” mission incorporated in the general budget is composed of two programmes that are 100% dedicated to development policy, namely Programme 209, “Solidarity with developing countries” (EUR 2.1 billion in 2020 in payment appropriations, EUR 2.8 billion in commitment appropriations), managed by MEFA, and Programme 110, “Economic and financial development assistance” managed by MEF (EUR 1.1 billion in 2020 in payment appropriations, EUR 4.5 billion in commitment appropriations). The two account for one-third of French ODA. MEFA and MEF are accountable to Parliament for these programmes through an annual performance project (PAP) attached to the finance bill and an annual performance report (RAP) appended to the discharge bill. Other budgetary programmes do not have ODA as their main objective, but still contribute to ODA such as Programmes 150 and 124.

10. The CICID has emphasised the need to strengthen the inter-ministerial dimension in the budgeting process. It is crucial that strategies are directly linked with the budget priorities, ideally linked to the SDGs, and that any ad-hoc decisions are in accordance with the set priorities. In 2019, the annual budget procedure will take into account the inter-ministerial dimension of the
“ODA mission” by involving both ministries to a greater extent and by holding an ad hoc joint budget conference (CICID, 2018).

11. The general budget does not entirely capture France’s ODA flows. For instance, the share of France’s contribution to the European Union’s external action budget, for financing EU’s international development assistance, accounted for about 15% of France’s ODA in 2017 (MEFA, 2019). The Organic Law on State Finances provides that these funds shall be treated distinctly. The contribution can be directly deducted from the State’s revenues. Capital endowments to development banks are special accounts expenditures registered under the mission “Financial participations of the State” (MEFA, 2019, p. 91).

12. France has implemented innovative finance mechanisms to raise supplementary resources for financing development. The international solidarity levy on air tickets (TSBA) and a share of the financial transaction tax allocated for development (FTT) are extra budgetary funds managed by a Solidarity Fund for Development created for that purpose. In 2019, the government decided to reallocate a part of the FTT (EUR 270 million per year) to the general budget that was previously earmarked to the French Development Agency (AFD) in order to better manage this part of the FTT. These EUR 270 million have been shared between P110 and P209 (“ODA” mission of the general budget), it has therefore not diminished the ODA budget, a measure some NGOs have criticised (French Senate, 2018). For the Parliament, these instruments, albeit providing innovative development finance, are subject to weaker oversight.

2 A mission regroups the totality of programmes attaining one public policy. The Parliament can modify the breakdown of expenditures between programmes within one mission. In the Finance Law for 2018, the general budget covers 32 missions. The Parliament votes the budget for each mission. A mission is created by the Government and can be ministerial or inter-ministerial (Ministry of Public Action and Accounts, 2018).

3 See Loi organique n° 2001-692 du 1 août 2001 relative aux lois de finances (art. VI) (Legifrance, 2001).

4 However, the OECD Development Co-operation Peer Reviews: France 2018 states that “However, a significant share of FTT revenue has been used for purposes other than development; furthermore, the fact that it is capped and substitutes for – rather than supplements – ODA budget credits in the past few years could harm both its credibility and potential imitation by other countries (OECD, 2019).
1. What are the main statistical policy issues?

1.1. ODA grant equivalent measure, private sector instruments (PSI) and debt relief

13. Loans make up almost half of France’s bilateral ODA. The introduction of the grant equivalent measure has not led to any major changes in the ODA totals. Based on the preliminary data for 2018, France’s overall ODA calculated on the grant equivalent basis was 2.9% lower than what it would have been under the cash-flow methodology.

14. The agencies administering loans include Agence française de développement (AFD), Natixis (tied aid loans) and Proparco (PSI). France has not experienced any issues with the introduction of the new ODA grant equivalent system. AFD explained it had already anticipated this change two years ago. For Natixis the implementation has been straightforward and has not impacted their procedures.

15. The DAC has not concluded the discussions on the treatment of PSI in the ODA grant equivalent measure. Since the 2018 DAC agreement on provisional reporting arrangements on PSI, Proparco is reporting as ODA i) loans to the private sector that fulfill the concessionality threshold of a minimum grant element of 25% calculated using a discount rate of 10%; and ii) equities, reported on a net cash flow basis. Historically, Proparco reported its loans to the private sector as OOF, while equities were excluded from the reporting all together. Proparco has already shared its institutional ODA-eligibility assessment5 with the Secretariat.

16. As the Chair and the Secretariat of the Paris Club, France plays a crucial role in the discussion on the treatment of debt relief in the ODA grant equivalent measure. In its view it is important that the rules on counting debt relief in ODA reflect in a fair manner the effort provided by official creditors and that they do not impact the way creditors provide debt relief. Also, the rules should not discourage debt relief in a multilateral framework such as the Paris Club. France perceives that members’ positions on this issue are more divided than in past years. It confirmed its willingness to pursue discussions to reach consensus in the DAC on this topic.

1.2. ODA eligibility

1.2.1. Imputed student costs and scholarships

17. Imputed student costs and scholarships represented 8% of French ODA in 2017 (6% and 2% respectively). This support is provided by the Ministry of Higher Education, Research and Innovation (MESRI) and by the Ministry for Europe and Foreign Affairs (MEFA).

18. The verification of ODA-eligible actions and the real cost of foreign students is currently the subject of exchanges between the Treasury and MESRI. This verification takes place in the context of the reform to increase tuition fees paid by non-EU foreign students. If the reform is implemented, students from developing countries will receive more scholarships to compensate for the higher cost of education.

19. The starting point for the calculation of imputed student costs is the budget programme for post-graduate education of public universities in France. It is based on the average cost of a student computed by dividing the total cost of selected expenses to the total of students concerned (average cost of EUR 4,827 in 2018); research centers and construction costs are excluded. The average cost per student is then multiplied by the number of students from ODA-eligible countries, excluding those with the French “baccalauréat”.

20. The Secretariat clarified that imputed costs can only be reported if certain requirements are fulfilled and asked if any internal discussions have taken place regarding compliance with these. France explained that it had discussed this topic with the MESRI and that a few years ago France had started to improve transparency on imputed student costs. However, France does not have information on whether the students return to their countries of origin after finishing their studies in French universities.

21. For France, imputed student costs and scholarships only reflect different models used by providers for financing their domestic education system and should therefore not be treated differently in ODA. Their opinion is that countries with low costs of tuition will possibly extend less scholarships to foreign students, but still incur costs in providing education to them. In countries with fee-based education systems, it can be argued that scholarships are used in part to pay for the fees. However, the Secretariat noted that the nature of costs in the two cases was different – imputations are only proxies – and emphasized the need for a clear rationale for including such costs in ODA in line with the Reporting Directives.

1.2.2. Schooling in French schools abroad

22. French schools abroad are subsidised by the government and France reports some of these subsidies in ODA (EUR 108.8 million in 2017), based on the share of children from the host countries in the total number of students. The Secretariat and the peers raised some concerns over the developmental objective of these subsidies, given that the fees are high and schools are attended by a significant number of French expatriates’ children. It is unclear how these subsidies promote the economic development and welfare of the developing countries as their main objective. France argued that the fees would be higher without the subsidies.

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6 The Reporting Directives (paragraph 89) state: “Indirect (“imputed”) costs of tuition in donor countries are eligible for inclusion in ODA in non-fee charging educational systems, or where fees do not cover the cost of tuition, and if the presence of students reflects the implementation of a conscious policy of development co-operation by the host country, that is, if as a minimum these costs are specifically recognised in official budgets, and there is an appropriate degree of involvement by the authorities responsible for ODA programmes in the formulation of policy on the intake and tuition of students, bearing special national factors in mind.”
23. Subsidies are also given to the “Alliance Française” and the French Institute. These two institutes promote the French language and culture, but also local culture. France explained that the promotion of the French language in francophone countries helps to fight against illiteracy. France also highlighted that the promotion of French culture itself is not accounted for in ODA. For non-francophone countries, France has removed French language courses from its ODA reporting.

1.2.3. Peace and security

24. France reports 15% of its assessed contributions to ODA-eligible UN peacekeeping operations under multilateral ODA. As regards bilateral projects in the field of peace and security, France ensures that programmes reported in ODA are targeted to civilians. The MEFA screens peace and security expenses for ODA eligibility following the instructions in the Reporting Directives.

25. In 2018, of its total budget of EUR 93 million, the Directorate for Security and Defence Co-operation of MEFA (DCSD) reported EUR 19 million as ODA. One-third of the amount was for projects, while two-thirds represented salaries of experts. Examples of activities reported by the MEFA include: protection of civilians, cyber security school, French experts and trainings (e.g. peace building or humanitarian response), military academy. Other activities are related to the development-security nexus. An example of a non ODA-eligible activity is co-operation with African armed forces. Larger peace and security programmes are managed by the Ministry of Defence.

26. France asked whether the training of military doctors at military schools in developing countries would be eligible. The Secretariat clarified that under certain conditions, training of military doctors can be eligible. According to the Reporting Directives, training of partner country military personnel, including in non-military matters, is generally not eligible, except for training, under civilian oversight and with a clear developmental purpose for the benefit of civilians, in the limited areas below. Training should be preferably by civilian actors, jointly by civilian and military actors or, by way of last resort, by military actors in:

- Human rights and rule of law;
- Protection of women in conflict and prevention of sexual and gender-based violence;
- International humanitarian law;
- Humanitarian response and disaster relief preparedness;
- Prevention and treatment of communicable diseases;
- Anti-corruption, including prevention of predatory behaviour against civilians; and
- Transparency, respect of civilian oversight and democratic control.

**Observations by the peer review team:**

- The peer review team noted that France includes in ODA the full salaries of military personnel assigned to developmental activities while only the additional costs of military personnel or equipment would be eligible.

- The statistics team showed willingness to improve reporting, France has subsequently changed its reporting practice for these costs in ODA 2018.

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7 See case 14 in the casebook for an example of a non-ODA project in this field, and case 15 for an example of an ODA project (OECD DAC, 2017[13]).
1.2.4. Deposits of African Central Banks

27. Some African central banks (BCEAO, BEAC, BCC) have part of their foreign reserves (about 50%) on a deposit account at the French Treasury. France reports the remuneration of these deposits above market rates in ODA as budgetary support (“Gestion de banque”). In 2018, the Treasury remuneration amounted to about EUR 55 million. This remuneration is fixed well above market rates and thus does not correspond to a commercial transaction.

28. This scheme is part of a broader agreement between France and these three central banks. Under this agreement, the French Treasury guarantees unlimited and unconditional access to euros in case of depletion of foreign reserves. This guarantee promotes macroeconomic stability by ensuring strong sub-regional currency areas, attracts international investment and trade and contributes to poverty reduction through low inflation. This guarantee is granted for free. The modalities under which the French Treasury guarantees the fixed exchange rate with the Euro will be reformed in the coming months. According to the IMF, “the reforms maintain key elements of stability that have served the region well, including the fixed exchange rate with the euro and the guarantee of unlimited convertibility provided by France”.

29. It is unclear to the Secretariat why the remuneration above market rates by France of these deposits would qualify as ODA, the fact that the remuneration is fixed above market rates does not necessarily mean the transaction is concessional. This topic could be further discussed at WP-STAT.

1.3. In-donor refugee costs and migration

30. France presented its system for hosting refugees and shared figures on the number of refugees and scale of support offered. In 2018, there were 123 625 applications for asylum. France only considers asylum seekers that officially applied for asylum. About 140 000 persons benefited from the asylum seeker allocation (“Allocation pour Demandeur d’Asile”, ADA). The ADA amounts to EUR 6.8 per day for an adult and EUR 7.4 per day for those without accommodation. By the end of December 2019, France will provide about 98 476 spaces for accommodation. The budget of ADA and accommodation are covered by action 2 of the programme 303, monitored by the Department of financing asylum policies at the Ministry of Domestic Affairs. Expenditures incurred are budgeted under two “actions”: guarantee of the exercise of the right to asylum (EUR 1.2 billion, under programme 303) and accompanying refugees (EUR 99 million, under programme 104). As the average length of processing an application is 12 months, France only considers the first of these two actions for ODA reporting (the accompanying part is considered non-eligible as occurring after the first 12 months of stay). Nutrition, education, and psychiatric therapy are not financed under programme 303 nor 104.

31. In particular, costs counted in ODA related to:
   - asylum seeker allocation (ADA): about EUR 400 million in total
   - shelter: about EUR 600 million in total

32. France accounts for expenditures linked to all asylum seekers, including those who will be ultimately rejected. In France, the rejection rate reaches 70%.

33. For the first six months, voluntary returns are offered to all foreign people with an irregular status, and hence refugees with a recognised status do not get this type of support.

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8 Statement by the IMF Managing Director on the reform of West Africa’s CFA Franc, December 21st, 2019.
34. France described difficulties in applying the Reporting Directives and the agreed Clarifications in several areas. It cannot precisely quantify the ODA amount for in-donor refugee costs and needs to make estimates as follows:

- Health care support: there are no statistics on expenditures incurred specifically for refugees, as there is no special programme by the French social security for them. However, in principle a share of the medical state support could be counted in ODA. The Treasury is currently exchanging with the Ministry for Solidarity and Health in order to estimate these costs that are above EUR 100 million.

- Shelter: reception centres contract service providers. The daily cost is EUR 19 but the personnel is responsible for various tasks, and it is not easy to isolate ODA-eligible items. Consultations held so far with members on their methodologies for calculating in-donor refugee costs [see DCD/DAC/STAT(2019)16] revealed that it is not necessarily easy to separate ODA from non ODA-eligible costs when the Government contracts a service provider to manage the centres. Not all costs associated with the functioning of these centres are eligible, in particular in relation to administration (only overhead costs attached to the direct provision of temporary sustenance are eligible). In the course of validation of members’ models for calculating in-donor refugee costs, the Secretariat will follow up with France on this point.

- Training: there are special trainings for refugees, but the Ministry of Labour does not produce disaggregated statistics based on nationality.

35. France shared its model for calculating in-donor refugee costs in September 2019, which the Secretariat is reviewing for validation.

1.4. Tax deductions

36. The question of whether tax deductions could be included in ODA has been raised several times at WP-STAT [DCD/DAC(2002)4 describes the issue in detail] but so far there has been no change in the rules. In particular, tax rebates and deductions are considered to escape the definition of flow because they operate before revenue is collected.

37. According to France, the current rules for accounting in ODA tax deductions for private donations to NGOs (footnote 54 in the Reporting Directives) may lead to unequal treatment amongst members, depending on their fiscal schemes. Providers need to design their tax collection system in a certain way to be able to report them as ODA. In the case of France, tax deductions linked to grants (all grants, not solely for developmental NGOs) amounted to EUR 1.5 billion in 2018, and could be disaggregated by organisation.

38. Prior to 2019, m in the French tax system, deduction was made from what the citizens had to pay to the State. With the new tax system for withholding taxes, effective since January 2019, there is a direct flow from the government to the individual (since the tax is already collected on citizens' revenue).

39. The UK fiscal scheme, on the other hand, allows counting the equivalent of tax deductions as ODA. Under this scheme (called Gift Aid), a taxpayer pays a net amount to an NGO, declaring that he/she wants this treated as Gift Aid donation. The NGO then claims from the government an amount equal to the basic rate of tax that would have been payable on the gross amount required to leave this amount of net income.

40. Generally, France considers tax deductions a clear incentive for private individuals to contribute more to NGOs. These amounts should therefore be counted as official support, e.g.
in TOSSD. However, France mentioned that it would be difficult for the Statistics Unit to identify the development nature of these flows.

1.5. Proposed Recommendations – Dimension 1

1.5.1. ODA eligibility - general

- France includes in its reporting activities the training of military doctors or full salaries of military personnel (not only the additional costs) which are not necessarily ODA-eligible. The MEFA is encouraged to carefully review activities in the field of peace and security and consult with the Secretariat in case of doubt. France is encouraged to remove the non-ODA eligible activities from its ODA reporting.

- Some of the reported activities in the area of peace and Security are non-ODA, but could be reported in the context of TOSSD if they contribute to sustainable development. France is encouraged to identify those activities and report them under TOSSD.

- With regard to imputed student costs and French schools abroad, France is encouraged to apply a conservative approach and consult with the Secretariat in case of doubt.

1.5.2. Debt relief

- France is encouraged to facilitate consensus building on the treatment of debt relief in the ODA grant equivalent measure. The Chair and the Secretariat of the Paris Club are well placed to facilitate communication between the Paris Club and the DAC.

1.5.3. In-donor refugee costs

- France is encouraged to provide detailed information for all expenses, included in ODA. France could set up a data system to collect disaggregated data on support to refugees.

1.5.4. Tax deductions

- France is encouraged to consult with the Secretariat as to whether tax deductions are eligible on a case-by-case basis.
2. How to make domestic data collection more effective and efficient?

41. This dimension describes how French aid data are captured and managed by the Statistics Unit at the Treasury. It provides an overview of its data collection and developments underway.

2.1. The data collection process

42. The Statistics Unit at the Treasury is responsible for the ODA calculation and reporting to the DAC. It collects data from about 24 different contributors (13 000 records). France has two types of data collection processes. The main contributors report through “Microsoft Sharepoint”, a collaborative platform. Other ministries and government departments delivering ODA provide their data in Excel sheets, which the Statistics Unit team then merges into one Excel file. Since the introduction of Sharepoint in 2013, the reporting process has improved. However, there is no centralised database for ODA reporting. The total ODA figures are computed manually, downloading files from Sharepoint.

43. Contributors receive an e-mail twice a year with a link to fill an online questionnaire and a list of frequent errors from their previous reporting. It takes 3-4 weeks for them to complete the questionnaire. Some contributors also send their data in an Excel file that is fit for each contributor and hence differs from the CRS template, allowing better coherence checks. Sharepoint generates the CRS file for the OECD data collection. The Statistics Unit is able to correct data in Sharepoint, e.g. it can add purpose codes and add or modify information in other fields. The Statistics Unit also works closely with AFD. It checks for example if there are errors with the grant equivalent calculation and makes corrections as needed. With regard to the final reporting, all the data are compiled by the Treasury before the end of June, which allows for a period of at least two weeks of controls, before transmitting the data to the OECD in July. Controls are carried out on the consistency of the reporting in relation to the DAC rules and comparability in particular with regard to the previous years’ reporting.

44. The Statistics Unit shares the aggregate DAC Reporting with the contributors on Sharepoint. The presentation is identical to the DAC questionnaire for preliminary and final data collections.

45. The reporting agencies for ODA (see Figure 2.2) are:
   - Ministry of Europe and Foreign Affairs (MEFA)
   - The French Development Agency group (AFD and Proparco)
   - Expertise France
   - Ministry of Economy and Finance
   - Ministry of Higher Education, Research and Innovation
   - Ministry of the Interior
In addition, the Statistics Unit receives data from the EU. (The European Commission prepares an Excel file for both the preliminary and the final data collection, providing figures on total EU ODA broken down by member state according to their share of contributions to the EU budget.)

The reporting agencies for OOF, officially supported export credits and other flows are Natixis, Proparco and CSOs.

Figure 2.1. Data collection components

Source: Information provided by the Ministry of Economy and Finance
Local governments

48. Local and regional governments (hereafter local governments) have a legal obligation to report on ODA. Data on their activities, which can be bilateral or multilateral, are collected by the MEFA at a CRS format and sent to the Treasury using a special platform, CNCD.FR (Commission Nationale de la Coopération décentralisée). Local governments do not have access to Sharepoint.

49. The reporting cycle starts in March, with an update by the Treasury on any changes in the reporting requirements. The MEFA receives the data in April and May and undertakes in June a first analysis and checks for example the policy markers. In 2019, the SDG focus field was added in the online platform, with a list of the SDGs and links to the descriptions of the Goals. As regards sector coding, local governments are requested to enter a sector and sub-sector according to the CRS codes.
In order to encourage reporting by local governments, the MEFA provides a phone support during the whole campaign from mid-April to the end of May, to train them on DAC codes and reporting. Reporting has increased a lot from 196 local governments in 2012 to 482 in 2017, but France believes this aid is still under-reported. Each year, the MEFA involves the French Association of local governments and the prefectures so as to improve completeness of data.

**ODA data collection from embassies**

Embassies have a special budget line with a given percentage for development activities. The collection of data on projects implemented through the embassies is being improved. As part of the 2017 data collection on ODA, the MEFA conducted for the first time a statistical survey directly with the embassies. This survey was based on the budgetary program software, which embassies were asked to verify and complete with information on purpose codes, policy markers and detailed project descriptions. The survey resulted in a significant improvement in the quality and reliability of ODA data transiting through embassies, especially for policy markers and project descriptions. It was renewed in 2018.

**2.2. Challenges of the data collection**

The Statistical Unit faces difficulties in collecting data from some contributors for whom ODA reporting is not a main priority. In order to mobilise more contributors, the Unit sent a letter to all Ministries encouraging them to participate in the CRS reporting. This was successful (more reports were received). The challenges include:

- Two data collections per year (preliminary and final) represent a heavy task.
- The CRS database has become more complex to fill in and implement into the IT systems, e.g. the additional voluntary purpose codes and policy markers.
- Reporting is sometimes inadequate because of missing information e.g. on basic descriptions of activities. In other cases, the descriptions are cut-off (while there is no limit to the number of characters on Sharepoint, some contributors, e.g. AFD, have limits in their own systems). In these cases, quality assurance can be challenging, especially for policy markers.
- No automatic coherence checks can be carried out on Sharepoint.

**Observations from the Secretariat:**

- France highlighted that some contributors would be able to provide full information on their activities already in February or March and could avoid the obligation of dual reporting (aggregate level and activity-level later). France is encouraged to collect detailed information earlier on and use it for both the preliminary and final questionnaires.
- France asks if the Secretariat can share the programme code it uses for carrying out verifications of reported CRS data in its internal systems. This would allow France to detect and correct errors not identified by the macro in the CRS template, before it reports to the OECD. The Secretariat is happy to do so, but signals that the code needs to be adapted to the IT environment of the Treasury.
2.3. Proposed Recommendations – Dimension 2

- France is encouraged to set up a database to facilitate the production of ODA statistics.
- AFD is encouraged to remove the limit in the number of characters in its files so that project descriptions can be reported in more detail.
- AFD is encouraged to strengthen communication between regional offices and the headquarters in Paris. AFD headquarters should be aware of the objectives of all activities, so that comprehensive project descriptions can be shared with the Treasury.
- France is encouraged to provide regular training to ODA contributors to ensure that the reporting is in line with the Reporting Directives.
3. How to improve reporting to the OECD and how to consolidate quality reporting over time?

3.1. ODA statistics and the Statistics Units in MEFA and MEF

Treasury (MEF)

53. The Statistics sub-unit in the Official Development Assistance unit of the Treasury is responsible for compiling and publishing data on total flows to developing countries from France. The sub-unit consists of two permanent positions and one intern hired every year for the final data collection. The tenure of posts at the Treasury is approximately two or three years. Internal training to acquire and transmit the necessary skills is therefore important. The ODA unit of the Treasury consists of seven positions. Besides the Head of the Office and the two positions in charge of statistics, two positions are responsible for managing budget programme P110, one position is in charge of development policy evaluation and of innovative financing, and another one is responsible for designing the Treasury doctrine on development issues.\(^9\) He/she is assisted by a trainee recruited for a period varying between 9 months and 1 year.

54. The main responsibilities and tasks of the statistics sub-unit are managing Sharepoint, reporting to the OECD/DAC, other international reporting, WP-STAT and DAC related tasks, handling ODA-eligibility questions, responding to requests for aid statistics, responding to questions from external stakeholders (Members of parliament, NGOs, foundations, …), TOSSD, G7/G20 issues on development and the pluri-annual financial trajectory of France’s ODA.

55. The Treasury collects data from all implementing agencies, including AFD, MEFA, other ministries and CSOs, and reports them to the OECD/DAC.

MEFA

56. The ODA unit of the Directorate General for Global Affairs of the MEFA is responsible for compiling data on total flows to developing countries from the MEFA. It has seven staff, including two statisticians who are in charge of the collection and processing of ODA data. It is

57. For the preliminary ODA reporting, data requests are made in January. The data are consolidated and verified in February, and transmitted in early March to the Treasury, which carries out additional data quality checks (on markers, sectors, etc.)

\(^9\) For instance, the Treasury, jointly with the MEFA, will release France’s Strategic Investment Plan for Development 2020-2022 on public domestic resources mobilisation. Similar work has been done on digital financial inclusion of women in Africa since 2019.
58. For the definitive ODA reporting, an information and awareness meeting with all directorates contributing in ODA within the MEFA takes place in early April. Data requests are made mid-April, followed by a data consolidation and verification period (including transformation into CRS format) during May and June. In mid-June, data are transmitted to the Treasury, which undertakes final verifications from June to August.

59. It takes one to two months to consolidate each data submission (preliminary and final) to the OECD. The definitive reporting (main DAC/CRS questionnaire) is the most time-consuming with its activity-level lines.

3.2. Quality assurance process and DAC Reporting

60. The creation of a dedicated collaborative platform (Sharepoint) in 2013 has made it possible to improve the quality of ODA statistics as well as the speed of their transmission, by limiting the human error linked to the collection of data and adapting the form to each contributor with pre-filled columns and automatic controls. The final figures are compiled from the CRS activity level data; however, there is no statistical database as such. The DAC 1 table is produced using pivot tables. Sometimes coherence issues are encountered, especially regarding OOF.

61. For the reporting on 2016 flows, France was included in the “fair” category in the Secretariat’s ranking on the quality of members’ reporting. This was mainly because of the additional data reported after the main transmission of the questionnaire. France made efforts to send a complete data set on 2017 flows.

62. The final reporting is sent to OECD in mid-July. First feedback by the Secretariat is usually provided in October. Some coherence issues between reported DAC1 and DAC aggregates generated from CRS have been identified, mainly due to negative amounts. Feedback on the 2017 data highlighted eight elements (Figure 3.1).

Figure 3.1. DAC Feedback on 2017 reporting

![DAC Feedback on 2017 France reporting](image)

Source: Information provided by the Ministry of Economy and Finance
63. In data collection by the Treasury, a list of frequent past errors is updated and provided to contributors every year. The Treasury also implements various quality checks for all contributors including:

- Checks on channel codes, purpose codes and types of aid.
- Checking and re-calculation of the grant equivalent, checking the application of correct discount rates e.g. on loans to regional banks.

64. Each contributor is responsible for checking its own data on ODA eligibility. The Statistics Unit only receives a few comments on ODA eligibility, which are generally very easy to answer. The reporting by the contributors is usually timely, even if some late contributions are encountered every year.

3.3. CRS Reporting of other Government agencies

3.3.1. AFD

65. The AFD group is composed of AFD and Proparco. Expertise France will join the AFD group by 2021. AFD is the main implementing agency of the French government’s development policy. Its commitments (ODA and OOF) amounted to EUR 11.5 billion in 2018.

66. AFD is categorised as an “industrial and commercial public institution (EPIC)” and a financing company. It is under the supervision of the French Prudential Supervision Resolution Authority (ACPR) and subject to compliance with prudential banking rules. As a public institution, it has public governance (representatives of the State on the Board of Directors) and reports to supervisory ministries (MEFA and MEF).

67. AFD’s financial offer includes sovereign and non-sovereign loans, grants, guarantees and equity investments. Non-sovereign activities include loans to the private sector or local authorities or to public institutions not guaranteed by the State. Its operations are of non-profit character, although “AFD must generate the necessary result to consolidate its own funds in order to carry out its growth”\(^\text{10}\) (Even if the objective is not lucrative, it must make profits to have sufficient funds to meet the bank regulations – this is usually not the case for DFIs or development agencies.) AFD does not receive operating subsidies from the state, except for managing grants and subsidies for multilateral loans; the budget resources received from the state are used for other purposes (subsidies for concessional loans). AFD’s resources mainly come from the financial markets. It also gets resources from third parties (EU).

Key figures for 2018

- Market borrowings: EUR 6.4 billion
- Loans from the State: EUR 0.5 billion
- Budgetary resources: EUR 0.8 billion
- Resources from third parties: EUR 0.4 billion (EUR 0.3 billion from the EU)
- Balance sheet: EUR 45 billion

68. Out of the annual profits, about 20% (EUR 29 million in 2018) goes to the state (sole shareholder) and the rest strengthens the equity capital. AFD was recapitalised in 2017 in response to tighter international regulations (Basel III) on banks’ own resources.

Reporting to the DAC

\(^{10}\) Information provided by AFD.
69. AFD’s reporting to the DAC encompasses:

- Operations of AFD and, since 2018, Proparco, including loans, grants (project grants and “C2D” Debt Reduction-Development Contracts refinancing), equity investments and guarantees.
- Grants to NGOs.
- Bilateral and multilateral flows
- French Facility for Global Environment (FFEM)
- Administrative costs

70. Assistance financed from third-party resources (EU or other donors) and activities in French overseas territories (except Wallis & Futuna) are excluded.

71. AFD has a separate budget line for grants (of which one part covers administrative costs) and for subsidies for loans. NGOs also receive some financing from AFD (about EUR 100 million per year), some of which is used to enrich the dialogue with NGOs.

72. AFD has increased its volume of loans recently and expressed its plans to also increase the volume of grants (or the percentage grants vs. loans). In 2017, grants from AFD represented 22.54% of gross bilateral ODA.

73. AFD loan subsidies reflect the difference between the interest rate applicable to borrowing from financial markets and the interest rate used for lending. It is not possible to know in advance what the difference will be, so AFD makes estimations and reserves money from programme 110 for the subsidies needed to accompany AFD loans. At certain points during the year, AFD compares forecasting with actual disbursements.

74. Regarding IT and information systems, AFD has a database that allows reporting on ODA. It is called Système d'Information de Restitution et Pilotable (SIRP); it is the primary source of data for reporting and is fed by two software applications:

- Système d'Information Opérationnel (SIOP), which centralises project information and provides for portfolio reviews and a common space for various indicators and accountability, including in relation to climate finance. The system includes data on loans and grants. SIOP is a multi-functional operational tool, which allows the extraction of data from the accounting system for reporting purposes. For the ODA reporting, AFD waits until it has closed the accounts. The system serves the entire AFD Group, including Proparco, although Proparco’s application is slightly different.

- Management of Financial Assistance (GCF), which is an interface for back office-services and accounting.

Limitations

75. AFD’s CRS file is only partially fed automatically. The necessary financial and qualitative data are extracted from the SIRP using the BusinessObject tool. However, this database is incomplete as some operations, such as guarantees or equity participations, are tracked outside the system or on non-interfaced applications. For these instruments, manual compilation of the CRS file is therefore necessary. In addition, some data must be collected manually regardless of the instrument because not all necessary details are provided in the systems, in particular, the data needed to calculate the flows mobilised from the private sector (data on co-investors, for example). In summary, an information systems upgrade is needed to integrate the latest reforms in DAC statistics.
76. In terms of data quality, AFD identified the following areas of improvement:
   - Accuracy of the CRS report depends on the quality of SIOP and GCF data.
   - Data on climate finance, guarantees, equity investments and flows mobilised from the private sector are not included in the SIRP database, but stored in an Excel file, which implies manual reprocessing.
   - Information on multi-country loans could be broken down by recipient.
   - Information on the financing plans for the Forward Spending Survey is currently collected manually consulting different units.
   - In general, work could be further coordinated between AFD and Proparco.
77. The future Data Warehouse project (SDSI) could be a solution for these issues.
78. AFD also has a department of sustainability, which does the analysis of sustainability of the projects and reports on impact based on the Corporate Policy Project Rating methodology known by its German acronym GPR (a tool developed by the German co-operation that is used by many other countries and international organisations and has been adapted to AFD operations).

### 3.3.2. Proparco

79. Proparco is a subsidiary of AFD, with a mission to: “Finance socially responsible entrepreneurs in developing and emerging economies and boost their contribution to the achievement of the sustainable development goals (SDGs)”. Proparco follows the same development objectives as AFD. The particularity of Proparco is that its shareholders include institutions from both the public and private sector across the world as follows:

- **74.2 % Agence Française de Développement**
- **12.5 % French financial organisations** (BNP Paribas, BPCE IOM, CDC Entreprises LAN PME (BPI France), Crédit Agricole SA, Société Générale)
- **11 % International financial organisations** (Aga Khan Fund for Economic development (AKFED), Banque marocaine du commerce extérieur (BMCE), Bank of Africa Group (BoA Group SA), Banque ouest-africaine de développement (BOAD), Corporación Andina de Fomento (CAF), Development Bank of Southern Africa (DBSA), DEG)
- **1.7 % Companies** (Bolloré Africa Logistics, ENGIE, Groupe Bouygues, Saur International, SIPH, Socotec International, Somdiaa)
- **0.6 % Funds and Foundations** (Amundi AFD Avenirs durables, Natixis Solidaire, Jean-Pierre Gonon)

80. Proparco uses the following instruments for its operations: loans, equity investments, quasi-equity investments, investment funds, guarantees, technical assistance and delegated funds. The strongest sectors in terms of volume of commitments are the financial sector (38%) and energy infrastructure (26%). Proparco works jointly and cofinances projects with other DFIs (e.g. DEG or FMO). It has strong links with the European Commission, the IFC and the World Bank.

81. Key figures in 2018:
   - EUR 1.6 billion in financing approvals
   - EUR 1.4 billion in signatures (new commitments)
   - EUR 5 billion amounts outstanding on their balance sheet, at 31/12/2018
82. As regards the areas of improvement in reporting, the statistics team at Proparco identified, in addition to the points signalled by AFD above, the automatisation of the calculation of the fixed rate equivalent for loans with variable interest rates, which are necessary to calculate the grant element of loans.

83. Proparco has started reporting on guarantees as requested by the OECD for statistics on amounts mobilised by the private sector. It also intends to report as ODA any guarantees that have been called, in line with the DAC provisional reporting methods on PSI.

3.3.3. Expertise France

84. Expertise France is co-managed by the Treasury and the MEFA but will be integrated in 2020 within the AFD group. Following the integration, it will report its activities as part of the AFD group.

85. Expertise France brings together civil servants from different ministries and assigns them to various technical co-operation activities. The funds are embedded in budget programmes 110 (“Economic and financial development assistance”), 155 (“Conception, management and evaluation of employment and labour policies”), 124 (“Management and support of health, social, sport, youth and associative life policies”) and 209 (“Solidarity with developing countries”). Total ODA by Expertise France amounted to EUR 27.3 million in 2018, of which EUR 15.1 million were for project-type operations and EUR 5.4 million for experts and other forms of technical assistance.

86. For CRS reporting, Expertise France collects the information using a tool called Atlas (see: Figure 3.3).

Figure 3.2. ATLAS

Source: Information provided by Expertise France

87. Expertise France signalled that the main reporting challenges had to do with the fact that they do not have disaggregated information on the type of aid, sector or the gender equality marker: these are not available in the accounting or budgetary data, so reporting is based on criteria determined at the programme level. Moreover, information on recipient country/region was not systematically provided by the person travelling or by the accounting service.
3.3.4. Natixis

Natixis is a French bank that manages a portion of French tied aid. In particular, “Natixis Institutional Activities” manages the French Treasury grants and loans, acting as the back office of the Treasury. All the aid managed by Natixis is tied and is implemented by French companies. While AFD’s portfolio is growing, the portfolio of Natixis is decreasing: in recent years reimbursements exceeded disbursements.

Natixis acts as intermediary between France and the partner country, but it is not involved in the negotiations. It rather applies the instructions from the French government and implements the agreements negotiated between France and the recipient country’s government. (This is different from AFD which has an active role in the negotiation of the operations.)

When reporting in the CRS, Natixis conducts the following quality checks:

- There are no duplicates in the reporting (checks CRS identification codes).
- There are no empty cells in the file that is uploaded in the French Treasury platform.
- The rows in the Excel file are the same as the rows in the French Treasury platform.

3.3.5. Local governments

France is one of the 13 DAC members that provide data on ODA by local governments (OECD, 2019[8]). However, contrary to Spain, Germany and Belgium, among others, France does not provide information on which local governments provide ODA. This information is easily available and the name of the local government will be added in the description of the project from ODA reporting on 2019 flows.

Since 2015, local governments are required by law to report on ODA as a prerequisite for obtaining co-financing from the MEFA. In 2017, 482 local governments answered the questionnaire for ODA reporting.

The local government data are not systematically checked for ODA eligibility. However, at MEFA random checks are carried out based on titles and subtitles, including in relation to correspondence with the policy markers (10 000 lines). Local governments expressed their wish to receive training to improve their reporting.

Observation by the peer review team:

- The peer review team was impressed by the advanced and detailed data collection of local governments that also included an SDG focus field but also surprised that these detailed data were not included in the CRS reporting.

3.3.6. Reporting on ODA through CSOs

France faces challenges in the reporting on ODA through CSOs. The MEFA believes these figures are underreported. For example, the current methodology does not allow identifying exhaustively spending that was going through CSOs. A change in the reporting of embassies should make it possible from 2018 to provide more comprehensive information on ODA through CSOs.
3.4. Policy Markers

95. The reporting process of policy markers differs by reporting agency, the AFD group and MEFA on the one hand and other contributors on the other hand. The DAC policy markers used to be filled out manually by the Statistics Unit in the Treasury, e.g. through key word search, which France thought led to under reporting of screened and marked ODA (see Figure 3.4). MEFA and the AFD group assign their own policy markers. For the 2016 ODA reporting, France launched an awareness campaign on the importance of markers, with a special focus on embassies. In 2019, France implemented an awareness campaign for RMNCH and Nutrition markers for the departments concerned. Keyword search is still used for reporting on the biodiversity and PDGG markers. Regarding data from all contributors except the AFD group and MEFA, some markers and flags are pre-filled (e.g. PD/GG and FTC for in-kind technical cooperation by the police). The data are checked for coherency using the CRS Reporting Check-List and the macro in the CRS template.

96. Regarding the AFD group and MEFA, these two contributors are responsible for fulfilling policy markers in their own contribution. The Statistics Unit in the Treasury handles coherence checks with sector codes.

Figure 3.3. Policy Markers

<table>
<thead>
<tr>
<th></th>
<th>Bilateral ODA (no adm. costs)</th>
<th>screened</th>
<th>1 or 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>2016</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>99%</td>
<td>72%</td>
</tr>
<tr>
<td>Rio markers</td>
<td>2016</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>99%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Information provided by the Ministry for Europe and Foreign Affairs (2019)

97. The MEFA’s reporting on markers is based on the information available at the project level depending on the data collection from other directorates and the embassies. The Statistics unit completes this information manually ex-post with key word searches on policy makers and for purpose codes.

3.4.1. Climate

98. The Multilateral Development Banks (MDBs) and Climate finance unit at the Treasury produces aggregate reporting on climate finance for France. The main data provider is AFD, who reports directly to this unit based on the concept of co-benefits. AFD does not use Rio Markers and the Treasury does not check the projects against the Rio markers either.

99. France is an important shareholder of several MDBs that undertake climate finance activities. It also contributes to climatic funds such as the GCF (most important in terms of volume) and the GEF and has announced a smaller contribution to the Adaptation Fund and the LDC Fund (EUR 20 million).

100. France has made EUR 5 billion commitment annually for climate change by 2020, of which EUR 1.5 billion is for adaptation. AFD pursues an ambitious target of 50% of climate co-benefits in its portfolio (ODA and OOF). In 2018, France contributed a total of EUR 5.08 billion of climate finance and has therefore reached its overall volume target. Most of the concessional climate finance is focused on the poorest countries and adaptation projects.
101. The reporting by France to the UNFCCC does not include export credits or guarantees, but does cover some non-concessional loans from the Treasury. The French Export Credit Agency (ECA) only recently started to work on renewable energy projects. The issue of sustainability was discussed in this context, as it is not always easy to assess whether official support is needed in this area. For example, in the case of new technologies it is not clear whether the activities would be profitable, so the state might need to provide concessional financing. However, this is not necessary for every activity. The issue is important, as public concessional financing should be used to address market failures and not allocated if the private sector is able to fund it (this could lead to a crowding out effect and result in an inefficient use of public money).

102. France highlighted that the role of the OECD is key in the field of climate finance and underlined that the OECD has an important role to play in order to ensure a sound reporting of climate finance flows.

### 3.4.2. Gender and governance

103. For the 2017 ODA reporting, the Statistics Unit in MEFA continued to offer the awareness campaign and simplified identification of markers by use of an “options table”. As a result, more than 90% of their bilateral ODA was screened for the gender marker, compared to less than 50% in 2016 (because of embassy survey).

104. France feels the information on markers (for example, the "gender" marker) can be bettered, both through an improvement of certain definitions by the DAC and specific training for contributors.

### 3.5. Proposed Recommendations – Dimension 3

- AFD and Expertise France are encouraged exchange information to ensure ODA-eligibility of reported activities. The merge of the two agencies may facilitate this.
- France needs to ensure that the right mechanisms and quality controls are in place to guarantee the ODA-eligibility of equity investments and other private sector operations reported by Proparco.
- The peer review team welcomes that France is among the 13 DAC members that include data from local governments in ODA. France is encouraged to include its disaggregated data that are already available from local governments in its CRS reporting.
- France is encouraged to continue raising awareness, providing training to programme officers on a regular basis and involving thematic experts in the quality assurance on policy markers so as to improve compliance of its reporting with the Reporting Directives and to avoid an ex-post estimation.
- Proparco is encouraged to identify climate-related flows that may be relevant in the context of TOSSD.
- France is encouraged to keep Natixis informed of any changes in the reporting classifications approved by the WP-STAT.
4. How to better monitor recommendations and commitments, for example the DAC Recommendations on Untying ODA and on the Terms and Conditions of Aid, and the commitment on increasing aid to countries most in need?

4.1. Untying aid

105. France focuses its aid on a limited number of priority countries, particularly in sub-Saharan Africa. The CICID confirmed in February 2018 the concentration of French aid in grants to 19 priority countries. These countries receive the bulk of concessional financing from France (half of the subsidies of the State and two-thirds of the subsidies implemented by AFD are focused on these countries).

106. Although France’s ODA is less concentrated on LDCs than the DAC average (see Figure 4.1), the share to the poorest countries is increasing. France perceives increasing tensions around the commitment of donors to untie aid to LDCs, given that some other members do not pay due attention to this commitment. France is a good reporter on untying. It is one of the few countries that submit ex-ante notifications, and its reporting on ex-post contract awards is of good quality.

107. There has been an increase in the share of contracts awarded to French suppliers in the last years, from 36.8% in 2014 to more than 50% in 2015, 2016 and 2017. It is important to note that despite this increase, the performance of France is better than that of the DAC as a group (63.5% of contracts awarded to suppliers from the donor countries in 2015-16). In theory, procurement should be done through competitive bidding and the general rule is a call for tenders. The main exceptions concern services provided by public institutions and associations, for which over-the-counter agreements are possible, and are sometimes used, particularly in countries with high-risk portfolios.
Figure 4.1. Aid by income group in 2016

108. France’s development co-operation has been 96% untied since 2015. AFD finance is 100% untied. It complies with the provisions for tied aid of the Arrangement on officially-supported export credits including the ex-ante transparency requirements. AFD has robust procurement procedures. The small share of French suppliers in contracts financed by AFD is a recurring theme in political discussions and could weaken public support for French ODA. More systematic information on the nature of AFD’s activities has been made available in recent years to French companies, with positive results in terms of participation in calls for tenders.

109. Proparco has no origin criteria in its purchase processes but cannot affirm that its loans and equities are not tied. Proparco explained that DFIs work differently – usually it is the clients that approach DFIs and there is no specific procurement process for private sector operations. Proparco’s operations are therefore not included in the ex-ante notifications sent to the DAC.

110. Contributions to NGOs are usually earmarked for specific programmes or projects and formal open tender procedures are in place. However, informal consultations beforehand could lead to some of this aid being de facto tied.

111. As indicated in Dimension 3, the loans administered by Natixis are tied. France does not extend any tied aid loans to the least developed countries, in line with the 2001 DAC recommendation. The few tied aid loans committed in 2017 were for middle-income countries.

112. A few activities of non project-type aid from MEFA are also reported as tied:

- French employees’ salaries in French schools abroad (AEFE)
- French International Technical Experts (ETI)

Request to the Secretariat:
France asked the Secretariat to investigate the costs and benefits of maintaining data on the bulletin board on untied aid, as it is one of the few countries sending these data. France has the impression that not all DAC Members realise the importance of this reporting.

Observation by the peer review team:

- The Peer Review team noted that France places high importance on the reporting on contract awards and encourages France to continue reporting the data and invite other countries to do the same. Spain highlighted that the topic recently gained importance in the debate of export credits.

4.2. DAC recommendation for LDCs

113. France relies heavily on its loan instrument, which accounted for 36% of its total gross ODA in 2017 (and 50% of gross bilateral ODA). In 2017, 33% of AFD’s total bilateral gross ODA portfolio consisted of loans. Over the period 2012-18, 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 had already been identified as a weakness of French co-operation during the previous last DAC Peer Review in 2018.

4.3. Implementation of the 2030 Agenda and TOSSD

114. France is fully committed to the implementation of the 2030 Agenda and the Paris Agreement. It focuses its action on a few sectors where it has a high added-value - crisis areas, education, climate, gender equality and health. France believes ODA remains at the core and represents the bulk of development finance in most vulnerable countries such as LDCs, but other sources of financing for the development agenda are required too and the private sector will be key for implementing the SDGs.

115. France is a strong supporter of TOSSD, which is a complementary measure to ODA. It is a member of the International Task Force that has developed the TOSSD methodology and has provided strong political support for TOSSD through its G7 presidency (August 2019) and at the UN including in the IAEG-SDGs.

France participated in the TOSSD data survey undertaken in 2019 and intends to release TOSSD data annually while improving its TOSSD reporting based on the gained experience.

France also participated in the TOSSD pilot on Peace and Security to bring the donor perspective and provided first estimates of French TOSSD expenditures in the field of peace and security. The pilot demonstrated in particular that data from the General Directorate for Political Affairs and Security could fit well in TOSSD. Data from the Ministry of Economy included, for instance, technical assistance and financing of international organisations for combatting terrorism and reducing illicit financial flows.

116. In the TOSSD data survey, France covered:

Data already reported to CRS:
- Gross ODA EUR 12 113 million
- Non concessional loans EUR 860 million
Additional data include:

- Non concessional loans from Natixis: one project
- Private sector instrument from Proparco: equity
- Contributions to international organisations

117. Other areas of expenditures that could be explored for inclusion in TOSSD are: i) refugee costs in relation to asylum seekers beyond the first 12 months and until a work permit is provided (may not be applicable to France as refugees obtain working permits); ii) export credits under the Arrangement (the data are required by France’s Public Investment Bank (BPI) in order to reflect French exposure); iii) Research (a survey will be launched to identify what data could be included in TOSSD); iv) Climate finance: link with UN reporting; v) Tax expenditures: a part of the EUR 1.5 billion; and vi) parliamentary reserve for NGOs: approximately EUR 1.5 million.

**SDG field**

118. Since 2018, the introduction of a voluntary SDG field in the CRS allows members to report on the SDGs by activity. For CRS and TOSSD, France will use a mapping between SDGs and purpose codes, at least for the beginning.

### 4.4. Proposed Recommendations – Dimension 4

#### 4.4.1. Untying aid:

- Proparco is encouraged to ensure that its aid is untied and to report ex-ante.
- France is encouraged to continue progress on its planned data warehouse project to improve data quality of co-financed projects between AFD and Proparco.
- France is encouraged to use the same Donor Project Number in the contract awards and the CRS databases to allow the Secretariat to link both data sets.

#### 4.4.2. LDCs

- France is encouraged to fix a target to increase the grant element of its aid to LDCs so as to comply with the DAC recommendation in this area.

#### 4.4.3. TOSSD/SDGs:

- France is encouraged to identify flows beyond ODA that could be included in TOSSD and to continue its support for TOSSD.
- France is encouraged to link its aid budget with the SDGs to facilitate reporting on SDG focus field in the CRS and TOSSD.
5. How to improve transparency and the related performance on transparency indicators and indices?

5.1. Transparency and IATI

119. For France, the CRS database remains the benchmark for aid transparency, given the comprehensiveness, quality and level of detail of the data transmitted by DAC members.

120. France has defined a national action plan 2018-19 for open data, under the Open Government Partnership (which France joined in 2014). It has made a specific commitment to aid transparency, the implementation of which will be evaluated by an external consultant.

121. In 2016, France also joined the IATI initiative and has set up an open data site. This site lists the bilateral development projects of the MEFA and AFD as implementing agency in partner countries. Project information is published according to open data and IATI standards. They are also available on the single government portal: www.data.gouv.fr. Data from contributors other than the MEFA and the AFD are not available in this portal.

122. The MEFA and AFD also feature in the transparency exercise by Publish What You Fund (PWYF) which is based on publishing the data on IATI. PWYF compiles a ranking of about 40 bilateral and multilateral donors, only taking into account data published under the IATI standards and based on a number of criteria, such as the existence of Freedom of Information legislation or disclosure policies. In this index France (MEFA and AFD) moved from "very poor" in 2013 to "fair" in 2018.
5.2. Proposed Recommendations – Dimension 5

- France is encouraged to expand beyond AFD\textsuperscript{11} and MEFA the publication of ODA data in transparency initiatives so as to provide a complete and transparent picture of France’s development co-operation activities.

\textsuperscript{11} See les données de l’aide au développement (AFD, n.d.[14]).
6. Are the data fit for purpose?

6.1. An external user perspective

123. French ODA data are used in various reports and in the press. The Statistics Unit at the Treasury is requested regularly to extract ODA data, particularly by country. France highlighted that methodological changes in ODA reporting as well as a high degree of disaggregation of information make it difficult to communicate around ODA data. For example, the change to the grant equivalent methodology requires specific communication to explain why, despite a significant increase in resources deployed, French ODA remained at 0.43% of GNI in 2017 and 2018.

124. Despite many available public sources of information, France acknowledges that aid data may not meet the expectations of the users. In particular, the extent to which French aid contributes to the financing of the Sustainable Development Goals and aligns with the political priorities defined by the CICID could be made more transparent.

125. About 80% of the French population supports international co-operation and ODA. During the review, the peer review team had the chance to meet with several CSOs, namely: IDDRI, Coordination Sud, Global Health advocates, Oxfam and the ONE campaign.

Specific points discussed:

- The CSOs raised concerns about the new development law and related communication.
- For reporting on the gender equality marker, the CSOs noted that 70% of the aid data was not screened.\(^{12}\) As a result they raised doubts on the quality of reporting.
- CSOs would like to have more information on the methodology France is applying to the reporting on the climate-related policy markers.
- In-donor refugee costs: CSOs mentioned that there is a need for better data, in particular on what costs are covered, the number of refugees and their countries of origin. Otherwise, ODA eligibility may be questionable in their view.
- Imputed student costs: CSOs requested clarification on who finances what, for what sector and the origin of the students.
- Debt-relief: CSOs would like to be more involved in the discussion. They would also appreciate more information on the number and amount of outstanding loans, details on the beneficiaries and the relationship between risks and debt distress. If these data were more accessible, it would be easier to contribute to the discussions.
- Project descriptions do not provide sufficient details on activities.

\(^{12}\) France clarified that the vast majority of projects is screened (less than 25% in terms of number of projects were not screened).
• Funding to multilateral organisations: CSOs highlighted the difficulty to identify how the funds were spent and in what sector.

• Strategy: CSOs find it challenging to identify whether France actually aligns the budget with its strategies, due to a lack of easy accessible information on how funds are spent (information is spread between different ministries and budgetary documents).

• Proparco loans: CSOs would appreciate information on the beneficiaries of these loans.

• SDG field: CSOs encourage France to use the SDG field.

126. CSOs highlighted that since France does not have a public repository or database of French development co-operation, their work is much more difficult than that of CSOs from other countries. For inquiries, they consult the CRS data on stats.oecd.org, IATI and various government websites. CSOs mentioned that the CRS is sometimes difficult to understand for users that are not familiar with the website. CSOs highlighted that AFD’s website is sophisticated, user-friendly and provides good information. They would welcome a similar website covering all French ODA.

127. The Secretariat inquired whether there is a regular exchange between the CSOs and the French Government on the new development law. The CSOs confirmed that they have a regular exchange with the government and are consulted on this.

128. CSOs use ODA data to investigate whether France is attaining its ODA target and G7 pledges, and whether its strategies are verifiable with underlying data.

Requests from the CSOs to the Secretariat:

• The Secretariat could provide a training for CSOs on how to use CRS.

6.2. Proposed Recommendations – Dimension 6

• France is encouraged to set up a data portal with ODA statistics for collecting, collating and disseminating data from all reporting agencies.
7. How are data disseminated?

7.1. Communication and Dissemination

129. As soon as the data of the advance questionnaire are communicated by the DAC, the data are published on the website of the General Directorate of the Treasury. These data are also the subject of a joint press release by the MEFA and the MEF. All the data and articles relating to French ODA are centralised on a specific page of the Treasury that is available in French, as well as on the MEFA website (MEF, n.d.[9]).

130. Information is also provided through the publication of the "Cross-Cutting Policy Document" (MEFA, 2019, p. 91[6]) ("Document de politique transversale" - Politique française en faveur du développement) on French ODA, which is annexed each year to the draft budget law and also includes data from local governments. This document presents the main focus of French development policy, and provides guidance on ODA data (the document and all source data are available online).

131. The Treasury is also considering setting up a new website that expands the publication of development co-operation data to include information on Proparco’s non-sovereign projects but also reporting on results e.g. from MEFA’s activities.

7.2 Proposed Recommendations – Dimension 7

- France is encouraged to make information on its ODA available to the public in a database, and develop data visualisation tools.
- France is also encouraged to use social media to raise awareness about its development co-operation and disseminate its ODA figures.
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