

Director

Director's Office

DEVELOPMENT CO-OPERATION DIRECTORATE

14 February 2022

To: DAC Delegates and Observers

France Mid-Term Review (Paris, 1-2 December 2021)

Dear colleagues,

On 1-2 December 2021, I conducted the mid-term review of French development co-operation in Paris with Emily Bosch and Renwick Irvine. I would like to thank Cyrille Pierre, Deputy Director General of Globalisation, Development and Partnerships (DGM), Christophe Bories, Deputy Director of Multilateral Financial Affairs and Development at the General Directorate of the Treasury (DGT), and Jérémie Daussin-Charpentier, Deputy Executive Director for Strategy, Partnerships and Communication at the French Development Agency (AFD), as well as all their colleagues, for the information they shared with us over those productive days. I would also like to thank Eric David, OECD DAC Delegate, and Laure Serra, responsible for OECD/DAC follow-up at DGM. We were also able to talk to parliamentarians from both chambers, as well as members of civil society. The team and I thank them for the honest and open discussions.

We reviewed the efforts made by France to address the recommendations made in the 2018 DAC Peer Review as well as changes in the area of development co-operation. In 2017, France initiated a process to renew its development aid policy that culminated in the unanimous adoption by parliament on 20 July 2021 of a new programming [Act No. 2021-1031](#) on inclusive development and combating global inequalities. At the same time, after several years of decreasing French official development assistance (ODA), the country managed to increase its ODA starting in 2019 both in terms of volume and share of gross national income (GNI). In 2022, it will reach 0.56%, with France aiming to reach 0.7% in 2025 according to the roadmap in the newly adopted Act.

In addition to increasing its ODA, I was happy to see that France had already taken measures to address the 13 ambitious recommendations established by DAC in 2018, including:

- Improved steering at partner country level, with the ambassador chairing a local development council,
- More efficient AFD procedures to reduce the time before implementation,
- Closer collaboration with civil society and an increase in the assistance channelled through NGOs.

Political consensus on an upward trajectory for ODA and a new Commission

We commend France on the increase in ODA in terms of both share of GNI and volume. This increase in French aid is all the more important given the growing demand for financing and the downturn in ODA from other DAC members. In 2020, French ODA stood at EUR 12.4 billion or 0.53% of GNI, mainly through bilateral loans, and should have risen to EUR 17.3 billion or 0.7% of GNI in 2021 with EUR 4.4 billion in debt relief for Sudan, which has now been put on hold given the current situation in the country. The Act of 4 August 2021 confirms the President's commitment to increasing France's ODA to 0.55% of national wealth by 2022. Moreover, it provides that France "will aim to reach 0.7% in 2025 and, to this end, is setting, by way of indication, the following intermediate targets: 0.61% in 2023, 0.66% in 2024, 0.70% in 2025".

This increase in ODA will also result in tighter and more thorough monitoring by members of parliament, the National Council for Development and International Solidarity (CNDSI), and ultimately taxpayers. The single database that will collate all the data on French ODA will make commitments more transparent and comprehensible, and in this respect is eagerly anticipated. The database will be available by the summer of 2022. We welcome France's intention to increase not only the quantity of its ODA, but also the quality thereof, including through the creation of an Independent Evaluation Commission for ODA, attached to the *Cour des comptes* (National Audit Office) and which will report to parliament. Increasing the transparency of French aid and making

it easier to understand the means it has can only be encouraged, all the while ensuring that this work complements (and does not replace) the evaluations already carried out by ministries and operators.

France's geographic approach challenged by a mismatch of priorities and instruments

The volume of ODA grants to the 19 priority countries confirmed in the new Act – all of which are in the “least-developed” category and located in sub-Saharan Africa, except Haiti – was USD 775.6 million in 2019 (EUR 692.8 million), i.e. an increase of 5% compared to 2018. Over the same period, the volume of loans to the same 19 countries increased by 92% to USD 576.3 million in 2019. On average over the two-year period of 2018-19, 62% of ODA to the priority countries was in the form of grants and 36% in loans (and 2% was debt relief). France has introduced the Lagarde doctrine, which limits sovereign lending to countries considered by the International Monetary Fund (IMF) to be at high or moderate risk of debt distress. Nevertheless, exemptions are possible thus allowing AFD to continue to grant sovereign loans to these countries. These exemptions, based on countries' individual situations and the quality and significance of the projects concerned, have increased significantly during the current crisis, and are expected to continue in this vein in 2022. France remains one of the DAC donors that fails to respect the 1978 recommendation on Terms and Conditions of Aid, in particular with regard to the average grant element in its commitments to least-developed countries (LDCs) and low-income countries (LICs).

The Act set a new objective of contributing to the implementation of Sustainable Development Goals (SDGs) by strengthening the bilateral component and focussing assistance on the priority countries. As a result, on the basis of loans granted by the Ministry for Europe and Foreign Affairs (MEAE), AFD has been able to increase the proportion of grants in its portfolio; an increase in grants to the 19 priority countries and an improvement in the average grant element is expected in 2021/22. France has maintained its effort in terms of the ODA/GNI ratio allocated to the least-developed countries category through both multilateral and bilateral channels, at 0.11% in 2019. The highest proportion of France's bilateral ODA goes to countries in the middle-income category, and only one priority country, Senegal, was among the top 15 recipients in 2018-19. As a result, it is unclear whether the loan-grant adjustment is enough to ensure that the prioritisation of priority countries in the Act is reflected in ODA flows.

Closer co-ordination between ministries and between operators, requiring sustained political and strategic steering

The new Act sets out the strengthened steering framework and the means for implementing these strategic guidelines, which are provided by the Presidential Development Council and the Inter-ministerial Committee for International Cooperation and Development (CICID). The Presidential Development Council comprises the President of the Republic, the Minister for Europe and Foreign Affairs, and the Minister of the Economy, Finance and the Recovery, and establishes the main strategic lines of French development policy at the highest level of the state. However, despite this political interest at the highest level, there is still a need to improve visibility and capacities within ministries to address development co-operation issues and so allow for more strategic steering.

On the matter of policy consistency, we take note of the forthcoming report by the Member of Parliament, Florence Provendier, on this subject and its recommendations on the systems and approach that France should put in place to gain a better understanding of the impact of its policies beyond its borders. France plays a key role in aligning and ensuring the consistency of its development co-operation with the objectives of the Paris Agreement and the fight against climate change. This is at the heart of its development policy and has led it to develop a French Strategy on Energy in Multilateral Development Banks.

Stronger steering at partner country level and a more results-oriented framework

In accordance with [Act No. 2021-1031](#), a new system of local development councils chaired by the ambassador in each partner country and bringing together all stakeholders interested in development will soon be put in place in all the priority countries. These councils will be tasked with preparing country strategies, which can also help to strengthen dialogue and transparency with national authorities and provide clear guidance on how to address situations of fragility and crisis. This is also an opportunity to reinforce training efforts of the various actors so that, starting now, they can take a more unified approach to achieve more coherent and consistent action as “Team France” at the international level.

The country strategies are also eagerly awaited as a means of better identifying the outcomes to which France is contributing at the country level, and of knowing to what extent all of France's interventions are in line with the partner countries' results frameworks. We also welcome the efforts made to include a results framework in the

[Annex](#) of the new Act for both bilateral and multilateral aid, with an annual report on indicators presented to parliament. AFD uses results-based management tools (results framework, theory of change, logical framework) mainly at project level and in some cases at sector/thematic level. In the absence of such tools at the level of both the country strategies and AFD as a whole, it is difficult to report at an aggregated level and to use these results for AFD's strategic planning. The European Union has developed a new Global Europe Results Framework that uses SDG indicators as often as possible, which France could refer to more closely. We encourage France and AFD to participate in the DAC Results Community to also benefit from the work of other DAC members in this area. The next review of France will be able to measure whether, as the Act states, "France is striving to give priority to steering by results over steering by financial commitments".

AFD's Means and Objectives Contract, a document that is not publicly available, includes 47 indicators, relating to sector, geographic and instrumental steering objectives. Five of these indicators already encompass Expertise France, whose business model is now clear depending on whether operations are bilateral or third-party. The integration of Expertise France holds great potential for AFD Group in terms of synergies between the networks and the speed with which projects are set up. However, a Senate report notes that there are no indicators on synergies between AFD and Expertise France. The integration of the activities of third-party donors and the inclusion of Expertise France in AFD or MEAE projects will be monitored during the next review.

Room to improve closer links with civil society, and an increase in allocated ODA

As far back as 2018, civil society played a key role in preparing the Act (some even talk of co-constructing). The Act provides for the right of initiative of civil society organisations in the presentation of development projects that receive public funding. Civil society is strongly involved in monitoring the implementation of the mechanism for the restitution of ill-gotten gains, as stipulated in Article 2 of the programming Act and in line with the consistency of its development policies. We also welcome the closer association of Southern civil society partners, including via new mechanisms, and the increase in assistance channelled through NGOs, although this remains well below the DAC average. The next review will assess France's progress against the [DAC Recommendation on Enabling Civil Society](#) in Development Co-operation and Humanitarian Assistance.

Political support in fragile countries and for gender equality, but resources that need to be strengthened

In light of the high-level political leadership in promoting gender equality and human rights through feminist diplomacy, it is a positive development that gender and gender equality have a more central place in France's development and co-operation policy. Activities are now almost 100% screened for OECD gender markers, and the creation of the [Support Fund for Feminist Organisations](#) is a significant step forward. Since the last peer review, France has increased the share of its commitments that target gender equality: in 2019, 39.5% of France's commitments had gender as a main or significant objective and 6% as a main objective, in line with DAC averages. However, to achieve its own ambitious targets set out in the Act (85% as a main or significant objective and 20% as a main objective), AFD in particular will need to ensure a gender perspective in all its grants and the integration of gender in a larger proportion of its loans; this will also require adequate human resources, notably at the MEAE.

Fragility is one of the five priorities of French development aid, as defined in the strategy on [Prevention, Resilience and Sustainable Peace \(2018-2022\)](#). France identifies clear comparative benefits in this area by bringing together all stakeholders in the fields of security, diplomacy, development, humanitarian aid and stabilisation. The example of the Sahel is a powerful test for the co-ordination of these different actions. Efforts to set up mechanisms to support integration are welcome, such as an inter-ministerial working group and staff exchanges across the system and in the field. However, challenges in terms of timing and objectives, notably short-term military and political objectives versus longer-term development objectives – in particular the building of democratic states and the return of authority in contested areas – remain a key issue recognised by France.

One of the key aspects of this strategy will be to blur the boundaries between stabilisation led by the Crisis and Support Centre and other ways of addressing fragility – notably AFD's [Minka Fund](#), which mobilised EUR 318 million between 2017 and 2020, but also the increase in bilateral and multilateral humanitarian aid, which is set to increase to EUR 500 million by 2022. Thanks to simplified procedures and flexibility in the choice of partners, the commitment and disbursement of the Minka Fund is very satisfactory. Its evaluation will be an opportunity to assess the effectiveness of interventions in fragile areas and should also be an opportunity to reflect on how simplified procedures could be extended more widely to all of AFD's programming and not just in fragile contexts.

More generally, since the 2018 review, AFD has managed to reduce the time between the granting of funds and the approval by over a month. In response to the Covid-19 crisis, AFD also demonstrated flexibility and timeliness with the "Health in Common" initiative, which was able to use loans and grants to respond quickly to the needs of partner countries.

Lastly, the most recent review observed that France's allocations largely reflected the demands of the partner countries, but that it could do more to concentrate its bilateral sector aid. The next review will look at how the local development councils and Team Europe can help France focus on areas where it has added value to offer. It might also assess the development of France's thematic priorities and the extent to which the priority given to investments in global public goods would have led to a shift away from country programming to more thematic programming.

France is committed to multilateral solutions

France has continuously advocated a multilateral and European approach, both in the context of its G7 presidency in 2019 and through its leadership on climate change and its response to the Covid-19 crisis for a sustainable recovery. France organised the "Finance in Common" summit on 11 November 2020, which brought together public development banks for the first time around the theme of sustainable recovery. The summit was held within the framework of the [Paris Peace Forum](#), an annual initiative that aims to bring together and build commitment to multilateralism among all global governance stakeholders. On 18 May 2021, the President of the Republic hosted the Summit on Financing African Economies in Paris, in the presence of some thirty heads of state and government and representatives of international organisations. As part of its feminist diplomacy, France co-chaired with Mexico (from 29 to 31 March and 30 June to 2 July 2021) the Generation Equality Forum, the largest global gathering for equality between women and men since the 1995 Beijing Conference on Women's Rights.

France continues to focus the majority of its aid on a limited number of institutions, including four funds in particular that represent a significant share of France's multilateral funding (excluding European contributions): the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), the Green Climate Fund (GCF), the World Bank's International Development Association (IDA), and the African Development Fund (ADF). The [Multilateral Strategy 2017-2021](#) calls on France to support 14 priority actions, including climate change and Africa, where it has a proven added value. France advocates a pragmatic approach to the use of the multilateral channel. For example, France recommends reallocating to the most vulnerable countries any Special Drawing Rights received by G20 countries that do not need them at the time of the general allocation in August 2021. This recycling could take place within the IMF, via the Poverty Reduction and Growth Trust (PRGT), but also with the new Resilience and Sustainability Trust Fund. Another possible channel is multilateral development banks. The next review could look at whether or not the fact that the bilateral component of French ODA should reach, on average 65% of the total over the period 2022-25 prevents a more flexible and predictable approach to bilateral-multilateral allocation based on the most appropriate channel for achieving the desired results. The new multilateral strategy will also be an opportunity to promote a less compartmentalised approach by ministry and by operators in France's multilateral commitment, including humanitarian. The steering committee for voluntary contributions to United Nations agencies can provide greater coherence in this regard. France is encouraged to continue its participation in the Multilateral Organisation Performance Assessment Network (MOPAN) to share its knowledge.

Conclusion

I was pleased to see the progress made by France's and its follow-up on all the recommendations made by DAC in 2018. The next peer review will come at a crucial time, the year when France will be seeking to hit the 0.7% ODA/GNI target, and also when the new programming Act, the new schemes and country programmes have had time to take root. I look forward to seeing how France continues to take the lead on important issues and how it continues to work in areas where it faces ongoing challenges.

Yours sincerely,



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