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Improving the Aid Effectiveness of Europe's Largest Donor Country

The OECD Development Assistance Committee's (DAC) review of French aid policies and programmes commended the rise in the volume of French official development assistance (ODA) to USD 7.3 billion, or 0.41% of gross national income (GNI), in 2003 from USD 4.2 billion, or 0.32% of GNI, in 2001. France is the most generous G7 country in terms of ODA/GNI ratio.

France has pledged to increase its official development assistance (ODA) to 0.5% of GNI by 2007, equivalent to around USD 9 billion, and then to 0.7% by 2012, with at least half of the money going to Africa to help achieve the Millennium Development Goals (MDGs).

However, in the course of the review presided by DAC Chair Richard Manning on 26 May 2004, it became apparent that this will not be a straightforward task, given the government's current budgetary constraints. In addition, most of the ODA increase derives from debt relief for heavily indebted poor countries. This debt relief will peak in the near future, at which point the French government will have to continue to increase its official development assistance while at the same time mobilising additional budgetary resources to compensate for the gradual reduction of the debt relief effort. It would be in the interests of the French authorities to make provision now for a multi-year planning process and to adjust their instruments and the management of their human resources so that they can meet the challenge of overseeing this major growth in ODA.

French aid is guided by a number of key principles: priority to Africa; global public goods and the regulation of globalisation; sustainable development and democratic governance; cultural diversity and La Francophonie. The task of managing this aid is divided between three bodies, each with its own distinctive characteristics: the Ministry of Foreign Affairs; the Ministry of Economic Affairs, Finance and Industry; and the operator for these two ministries, the French Development Agency. This can lead to duplication in Paris as well as in the field and requires a greater co-ordination effort.

The DAC recommends that France issue a policy statement that sets out strategic directions for the entire co-operation system, on the basis of MDGs, and French support for the New Partnership for Africa's Development (NEPAD), and that makes reference to the national poverty reduction strategies of partner countries. Such a statement, combined with a multi-year planning process to set out goals and associated performance indicators, geographical and sectoral priorities, implementation and task-assignment procedures, would help make French ODA more transparent, strategic and effective. It would also help to raise public awareness and attract support from civil society. This approach would be consistent with implementation of the LOLF (Institutional Act on Finance Legislation), which provides for the drafting of a cross-cutting policy document for interministerial missions by as early as 2005.

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France plays a leading role in international efforts to harmonise aid procedures and practices. In 2005, France will host the follow-up meeting to the high-level forum held in Rome in 2003. The implementation of principles aimed at facilitating aid management in developing countries is still at a very early stage. The DAC invites France to adopt a more active approach towards implementation and encourages the French authorities to pursue the work of adjusting the instruments and procedures used for French co-operation to make them more effective, especially at the field level.

Seeking to promote fairer and more democratic globalisation, France has made a commitment to secure the better integration of African countries into the world economy. In this respect, France was a major force behind the European Union plan to create fairer trading conditions for African cotton producing countries. France's action in this area could be expanded to the pursuit of reforms which would assist developing countries' exports in sectors where they have a comparative advantage. To ensure that the interests of developing countries are taken into account more systematically in decisions taken by the French government, the DAC recommends that the French government make policy coherence for development a more explicit goal and that the government strengthen interministerial co-ordination mechanisms in this respect.

The French Delegation was led by Mme Odile Renaud-Basso, Head of the European and International Affairs Service in the Treasury Directorate (Ministry of Economic Affairs, Finance and Industry). The countries designated as examiners for the peer review of France's development co-operation policies and programmes were Canada and the Netherlands. A member of the Executive Secretariat of NEPAD was invited by the French government to take part in this exercise.

The main conclusions and recommendations of the DAC regarding this review will be published on the OECD web site, at www.oecd.org/dac, by the end of next week.

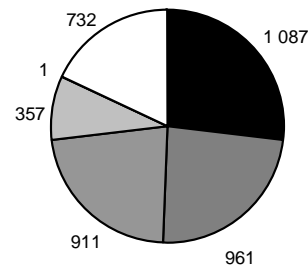
France's Aid at a glance

FRANCE

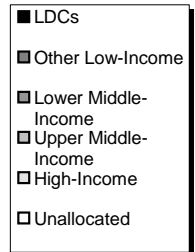
Gross Bilateral ODA, 2001-02 average, unless otherwise shown

Net ODA	2001	2002	Change 2001/02
Current (USD m)	4 198	5 486	30.7%
Constant (2001 USD m)	4 198	5 125	22.1%
In Euro (million)	4 688	5 821	24.2%
ODA/GNI	0.32%	0.38%	
Bilateral share	62%	66%	
Net Official Aid (OA)			
Current (USD m)	1 334	1 464	9.8%

By Income Group (USD m)

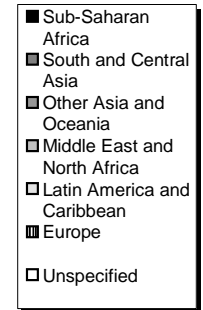
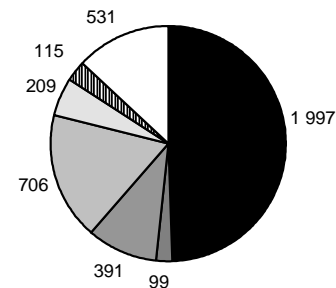


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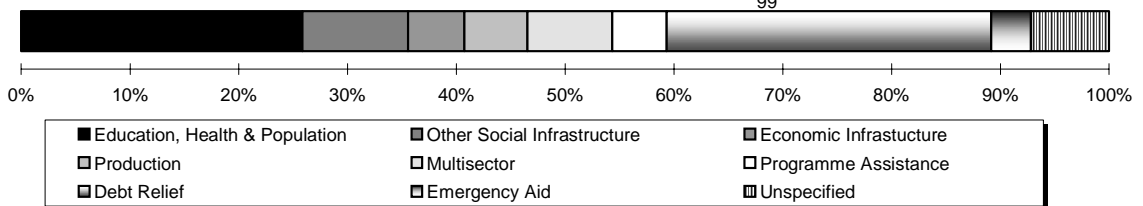


Top Ten Recipients of Gross ODA/OA (USD million)	
1 Côte D'Ivoire	432
2 French Polynesia (OA)	425
3 New Caledonia (OA)	342
4 Mozambique	239
5 Morocco	222
6 Egypt	184
7 Poland (OA)	176
8 Cameroon	144
9 Senegal	139
10 Mayotte	125

By Region (USD m)

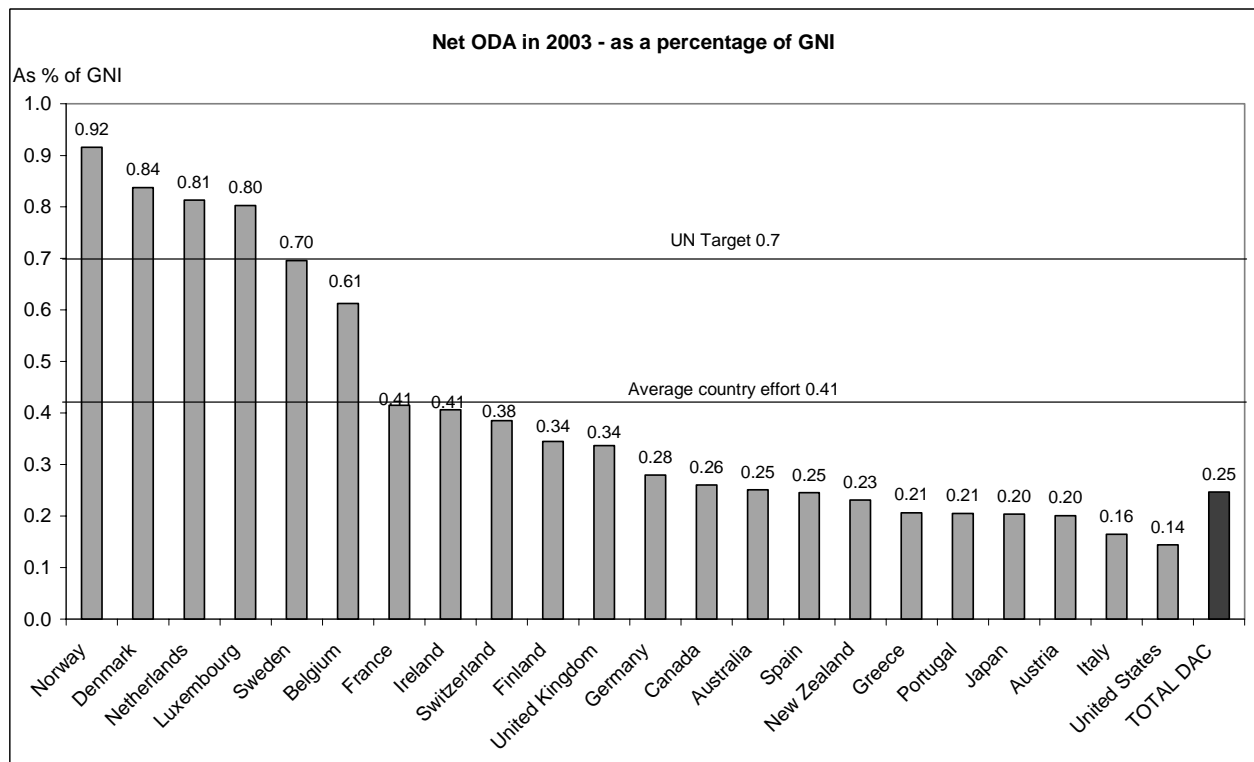
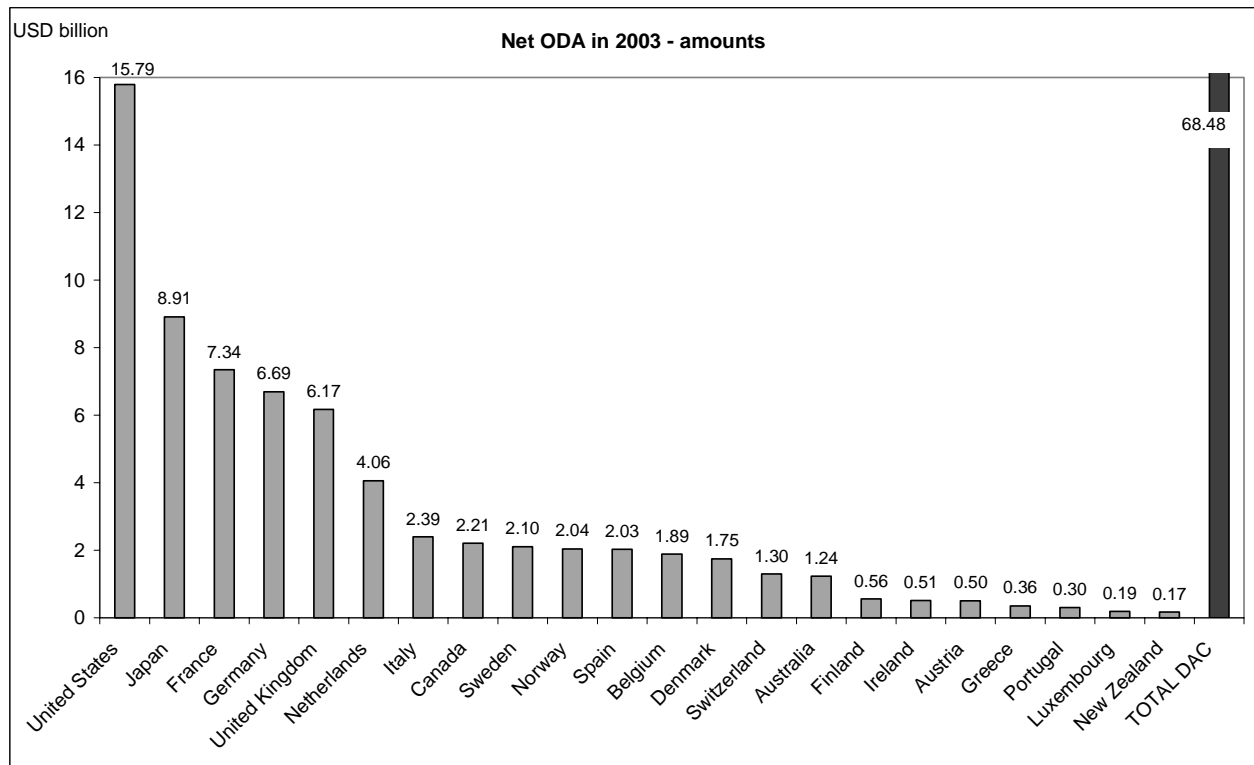


By Sector



Source: OECD

NET OFFICIAL DEVELOPMENT ASSISTANCE IN 2003



Source: OECD, 16 April 2004.