A woman ironing a face mask and garment manufacturing factory.

SOURCE: International Labour Organization

FRANCE: A KEY PLAYER IN THE FUTURE OF AID, DESPITE AN INADEQUATE RESPONSE TO THE CRISIS?

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INTRODUCTION

When the 2018 *Reality of Aid Report* was released, Emmanuel Macron had been President for only a few months. In France, civil society was wondering about the future of Official Development Assistance (ODA) under his Presidency. At that time, many elements seemed positive, starting with the government's intention to quantitatively strengthen the French aid budget, a first since 2010. But an analysis of the strategy developed around that increase in ODA has been less positive than hoped for, primarily because it has mainly focused on France's national interests. More than two years later, the situation remains basically the same, except that the international context has clearly deteriorated, making France's ODA practices even more problematic.

WEAK ODA IN THE CONTEXT OF THE CRISIS

France's ODA is largely inadequate for the crises the world is currently facing. On the positive side, Emmanuel Macron's promise when he came to power to dedicate 0.55%

of France's Gross National Income (GNI) to ODA has been very much welcomed. ODA has again become a central component of France's international political priorities. However, with the present crisis, this target is becoming disconnected from new needs emerging because of the pandemic. Instead, pre-existing needs have been merged with needs caused by the pandemic.

In April 2020 the United Nations, through the United Nations Conference on Trade and Development (UNCTAD), called for the creation of a $500 billion emergency aid fund to respond to the health and social crisis. According to Oxfam's calculations, the DAC donor countries' fair share of this response would be close to $300 billion. This is a reasonable and feasible amount, given what rich countries have pledged for their own stimulus packages. To meet UNCTAD's estimate and contribute its fair share in line with its rank in the world economy, France would have to increase its ODA by nearly $16.5 billion from current levels. This is a particularly small amount compared to the $320 billion of the budget envelope devoted to the fight against the crisis and is in addition to a public guarantee package of $370 billion.[1]

France's current 0.55% ODA target is not sufficient to fund the necessary response to the many negative consequences of the pandemic in developing countries. This is complicated by the economic crisis that is likely to result in a drastic drop in France's GNI in 2020, 2021. As a result, France will reach the 0.55% target this year without any additional funds. This is not acceptable – significant additional funds must be mobilized to support developing countries during this pandemic.

At their March 2020 meeting the G7 Member States declared their desire to "design and promptly implement the international assistance needed to help countries, particularly emerging and developing countries, deal with the health and economic shock caused by COVID-19."[2] France must therefore be more ambitious.

Developing countries, particularly in Sub-Saharan African, have been particularly affected by the Covid-19 crisis. The resulting consequences for millions of vulnerable people are having an impact on the modest progress to date towards achieving the Sustainable Development Goals. In West Africa, for example, the fight against poverty could be set back 30 years.[3] It is estimated that the financing gap from 2019-2030 to achieve the 17 SDGs in the world's 59 low-income countries is 4.3 trillion euros.[4] Achieving the SDGs worldwide by 2030 will require ambitious international development policies.

This pandemic is a brutal reminder of the "cost of inaction". A recent study by Oxfam shows that in the past 50 years $5.7 trillion promised to developing countries were never allocated, if donors had respected their commitment to the UN 0.7% of GNI target for aid.[5] By not respecting France's 1970 commitment to the 0.7% target for ODA, France has had a shortfall of about $230 billion for the poorest countries, including $68 billion over the last 10 years alone - an amount that would have made it possible to cancel all of West Africa's external debt while at the same time financing one year's anti-retroviral treatment for more than 300 million people.

The current crisis is having a major impact on all the world's countries. Budgets in Northern countries have been significantly revamped. France is currently allocating more than €690 billion to revive its economy and companies. Its development aid must also be strengthened by reaching and maintaining at least 0.7% of its GNI.

FRENCH AID INAPPROPRIATE TO A SCENARIO OF HEALTH AND SOCIAL CRISIS

In addition to the quantitative debate, French aid has not been doing enough to address this crisis and to strengthen the resilience of the poorest countries to deal with the effects of the pandemic. Aid is a powerful tool for justice, but if misdirected, it can sometimes worsen inequalities and the situation for poverty. In the case of France, there have been certain worrying tendencies whereby aid has been oriented to specific interests and the domestic priorities of France.

The current economic crisis has hit developing countries hard and greatly exacerbated the debt crisis. Even before the pandemic, 46 developing countries were spending an average of four times as much money on debt repayment as on public health services. Ghana has been spending 11 times more on debt repayment than on public health. The increased indebtedness of countries due to the coronavirus crisis has the potential to exacerbate inequalities as debt service obligations will reduce the flexibility of states in public spending on health, education and social protection.

Debt repayment is becoming one of the main sources of government spending in an increasing number of developing countries. In this context, the choice of modalities and instruments through which donors provide aid is not neutral, and recourse to loans can increase countries' debt. In terms of its ODA loan-to-grant ratio, France is in the top three "creditors " behind Japan and South Korea. On the other hand, countries such as Denmark and Australia provide ODA exclusively as grants. According to the OECD database, in 2018, nearly 50% of France's gross bilateral ODA was in the form of loans, compared to an average of 16% for DAC countries as a group.

The pandemic exposes another failure in France’s ODA. Its aid does not sufficiently target the world's poorest countries - known as the Least Developed Countries (LDCs). The COVID-19 crisis has served as a reminder of the alarming situation in which these countries find themselves. For example, Mali has only three respirators per one million people; the Sahel region has less than one doctor per 10,000 citizens (compared to 15 times this number globally and 32 times more in Europe). These numbers reveal deep global inequalities. In 2018, France allocated only 14.8% of its bilateral aid to LDCs, 36.2% to Lower-Middle-Income Countries[6] and 22.8% to Upper-Middle-Income Countries. Thus, France dedicated only 0.12% of its national wealth to the Least Developed Countries, failing to meet the United Nation’s target of allocating at least 0.15% to 0.2% of GNI to these countries. The same observation applies to the so-called "fragile" countries.

In 2018, France gave ten times more to non-fragile contexts than to "extremely fragile" countries through its bilateral aid, with only $455 million for the second category.[7] This geographic distribution of French aid is largely due to the importance of loans.

The share of loans in France’s bilateral aid has been constantly increasing over the past decade. In the 2018 DAC Peer Review of France, the DAC peers closely examined the operations of L’Agence Française de Développement (AFD), the main implementor of French aid. It concluded that the AFD's growth model, based on increased loans, encourages it to invest in potentially profitable sectors to the detriment of social sectors, and Middle-Income Countries to the detriment of LDCs.[8]

The coronavirus pandemic has demonstrated the fragility of a world where more than half of the world's population has no access to the most essential health services or safe drinking water sources. For France, despite the political rhetoric, adopted sector strategies and international leadership, a significant gap remains between political commitments and the reality of the country's aid funding. While France's total ODA has been increasing since 2015, this increase has not benefited these social sectors as their share in total ODA has stagnated or decreased.

At the same time, the share allocated to "infrastructure" and "economic services" continues to increase. In 2018, basic social services represented less than 20% of total ODA. While this figure is already problematic, it is even more so because a growing share of aid does not leave French territory and thus does not contribute to the reduction of inequalities and poverty in priority countries. For example, the government's expenditures for receiving refugees on French territory represented 9.8% of ODA in 2019, a figure that has been rising steadily since 2015.[9] Scholarships for foreign students and school fees (expenses for the reception and formation of foreign students on French territory) now represent as much as 75% of France's bilateral aid to education.[10]

By excessive use of loans in its ODA instead of grants, France is aggravating the debt situation of developing countries and is providing insufficient aid to the poorest countries. This emphasis on loans does not contribute to the strengthening of basic social services. France's aid has therefore not been supporting the resilience of poor countries. Unfortunately, the current pandemic only highlights these failings.

INCOHERENCE BETWEEN A STRONG PRESENCE ON THE INTERNATIONAL STAGE AND FRANCE'S ACTUAL RESPONSE

Without drastic measures to consolidate the economies of developing countries, the present crisis could push half a billion people into poverty, leading to a major set-back of perhaps a decade in the fight against poverty, and as much as 30 years in some cases.[11] In this context, it will be impossible to achieve the SDGs by 2030.

France has had a major presence at the international level, insisting on the importance of multilateralism at a time when the temptation of nationalism is growing. This has been an important position, but unfortunately one that lacks action.

From the beginning of the pandemic, France has positioned itself in favor of debt relief for developing countries in order to prevent their economic collapse. In his April 2020 presidential address Emmanuel Macron came out in favor of cancelling the debt of some of its African partners. France has had a strong role in leading G20 countries in negotiations on the debt relief. The French investment on this issue is positive and crucial given the extent of growing debt and its implications for resolving the crisis.

But the ambition for debt cancellation is far from achieved. The world's largest economies have only agreed to a "small" suspension of debt repayment for developing countries. For 2020, the suspensions granted to date represent only 1.6% of the repayments due by developing countries.[12] Indeed, only 46 countries have benefited from the moratorium, with a postponement of only $ 5.3 billion.

This temporary suspension initiative is very limited, both in terms of the amount of debt suspended and the beneficiary countries or creditors concerned, especially when one takes into account the severity of the current crisis in developing countries.

France must ensure coherence between its international commitment to debt cancellation and its development policy and practice. To date, France’s only aid initiative that specifically responds to the consequences of the pandemic has been the €1.2 billion "Covid-19 - Santé en commun (Common Health)" initiative to support the fight against the virus in Africa. This response is disconnected from real needs and does not involve additional money but a redirection of existing aid budgets. France is thus side-lining pre-existing needs and thinking outside the framework of the SDGs. Moreover, most of this initiative is delivered in the form of loans (more than 80%), which is an inappropriate solution given as is noted above, the excessive indebtedness of a large number of developing countries.

TOMORROW'S ODA: FRANCE WANTS TO PROGRESS

The crisis facing the global community provides an opportunity for Europe to think about the "world of tomorrow." So far, this debate has not reached discussions on ODA, an important and unique tool for catalyzing change and structuring this new world.

When Emmanuel Macron became President, he promised a program law for international development and a fight against global inequalities, which would include a budgetary trajectory for ODA until 2022. This law had the potential to be an important tool to participate in the constitution of this "ODA of tomorrow." After two years of repeated postponements, the law was finally presented in December 2020 and discussed for the first time in Parliament in February 2021. It has a number of important positive points.

Since the beginning of the crisis, the French government has maintained that the budget program initially planned for 2018 would remain the same.[13] In practice this means that, despite the consequences of the pandemic, the government believes that its budget projections made before the crisis are sufficient. As noted above, this projection targets no more than 0.55% of GNI for development aid. In 2019 it achieved only 0.44%. However, the members of parliament have now decided “to strive to reach 0.7% by 2025.” Even if the wording is not perfect, it is a major step forward that ensures a continuous strengthening of French development aid by 2025.

With inequalities increasing around the world due to the pandemic, France has decided to make the fight against inequalities the priority of its development aid. This focus has yet to be operationalized, but the French presidency of the G7 in 2019 introduced it and the law confirms it. It includes a greater focus of its ODA on social sectors and the fight against climate change, as well as an increase in its humanitarian funding.

It is nevertheless important to remain vigilant, as France risks artificially inflating its development aid. As already mentioned, France is the largest country-recipient of its own ODA (schooling, migrants' health costs, and In-donor refugee costs, etc.). If the current situation worsens, the coming years' implementation of debt relief will permit France to potentially account for billions in ODA. The Ministry of Finance has already planned to record $4 billion in debt cancellation as ODA in 2021. While debt cancellation is welcome, the focus is on the cancellation of Sudan’s unpaid interest and defaults over the past 30 years. How can we think that such money has served the development of this country and should be considered as ODA?

President Macron has played a central and positive role in the debt debate and France remains a key player on issues such as ensuring that the COVID-19 vaccine is a global public good. Unfortunately, these declarations are too rarely accompanied by actual policy measures by France. There has been no additional funding announced to deal with the pandemic. There has been no change in the structure of France’s ODA, which has aggravated the indebtedness of developing countries and does not help improve the resilience of the world’s poorest countries. This is the time to be ambitious quantitatively but also to redesign the workings of our ODA if France wants to maintain its position as a defender of multilateralism and a major player in the "world of tomorrow" on the international arena.

With its new development law, France is trying to revive its ODA to really address global inequalities. The Sahel region, which is the priority of France's international policy, can become a test case to demonstrate the relevance of this new policy. For too long, France has looked at the region exclusively through the prism of its own interests (commercial interests, the fight against migratory flows) and has limited itself to a purely security-based response to the challenges in that region. It is now time to massively increase its development and humanitarian aid while ensuring that it focuses on reducing inequalities and strengthens good governance, which are France's written priorities but not yet realities.

ENDNOTES

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