

## ***France: Will Emmanuel Macron Make French Aid Great Again?***

Michael Siegel, Oxfam France

### **Introduction**

Some might argue that since the election of Emmanuel Macron as President, France is back in the game of development cooperation. In Oxfam's view, this might just be a smokescreen. With 10.08 billion Euros allocated to Official Development Assistance (ODA) in 2017, France is proud to state that it is the fifth largest donor in volume. But let us not forget that at 0.43% of its Gross National Income (GNI) in 2017, France remains the tenth contributor in terms of its ODA performance, well behind its European neighbors.

In September 2018, Emmanuel Macron's commitment to allocate 0.55% of French GNI to ODA by 2022 generated considerable applause within the UN General Assembly. It would seem that the UN had forgotten France's 1970 commitment to allocate 0.7% of GNI to ODA, a pledge that was not realized. Nonetheless, the fact that Emmanuel Macron is willing to increase French aid could be seen as positive news if only he would not systematically link aid to the need to promote French security, migration management and economics interests abroad.

### **Macron: The new champion of development aid?**

Prior to the election of Emmanuel Macron development cooperation had fallen off the political agenda in France. But with France's new president there is renewed political interest with President Macron committing to "escalate ODA" and reach 0.55% of GNI for ODA by 2022, up from 0.43% in 2017. His Government has made it clear that 0.55% is only an intermediary target towards achieving the 0.7% international norm by 2025.<sup>1</sup>The Government has also promised to adopt a new Development Cooperation Law that would set out a roadmap to achieve this 0.7% target.<sup>2</sup>Although French civil society would prefer that the 0.7% target be reached by 2022, the expected increase in French aid has been positively welcomed, particularly since aid had been systematically cut since 2010.

The new Government has also committed to target French aid towards Least Developed Countries (LDCs), in particular 19 "Priority Countries", primarily francophone LDCs. This is positive news.<sup>3</sup> During his electoral campaign, Mr. Macron promised to fulfill the Addis Ababa commitment of allocating 0.15% of GNI to LDCs by 2022,<sup>4</sup> up from 0.10% in 2016. Two months after his election, he launched the Sahel Alliance and committed to intensifying development efforts in Mali, Niger, Chad, Burkina Faso and Mauritania –some of the poorest countries in the world.

The new French Government has also clarified its priorities for French development aid policy in the next 5 years. These include health, education, climate change, gender equality, and humanitarian aid - all key sectors to reduce poverty and fight inequality. On the international scene, Emmanuel Macron likes to portray himself as a political leader on these issues. He hosted the One Planet Summit in Paris (December 2017)during which he announced an extra 300 million Euros for climate change adaptation, in addition to the 1.2 billion Euros promised by François Hollande during the 2015 Paris Climate Summit(COP 21). At the Global Partnership for Education (GPE) Replenishment Conference in Dakar (February 2018), he stated that France would multiply by 10 its contribution to the GPE between 2018 and 2020. And a few months later, Mr. Macron's office announced that

France would host the Global Fund Fifth Replenishment Conference in 2019. But despite all these rosy declarations, the reality of French aid is complicated by many troubling aspects.

### **Profitable loans, at the expense of the poorest**

Emmanuel Macron is excellent at making commitments in favor of development aid. But in practice, it's a very different story. The reality is that his beautiful speeches are often filled with empty words and little money. Only two months after his election, the Government announced a cut of 136 million Euros in the development aid budget that had been adopted by the previous Parliament in 2017. The aid budget introduced by Emmanuel Macron's Government for 2018 was only increased by 100 million Euros when 1 billion Euros were actually needed for France to be on the right track to achieve the 0.55% target by 2022. The new Government has also decided to reduce the scope of the French Financial Transaction Tax that could have generated between 2 to 4 billion Euros for development aid in 2018.

Although the French Government committed to increase aid to social services in LDCs, current trends reveal a very different picture. French aid to LDCs has shrunk from 26% in 2015 to 22% in 2016. Only one LDC (Senegal) is amongst the top 10 recipients of French aid, alongside emerging economies such as China, South Africa and Brazil. Furthermore, French bilateral aid to basic social services dropped from 37% in 2014 to 31% in 2015. These figures are actually inflated since 72% of the ODA that was reported for the education sector in 2017 never reached developing countries and was in fact spent on school fees for students who come to study in France.

The decreasing share of French aid to essential services in LDCs is mainly due to the increase of loans in French ODA. These loans are generally directed towards productive sectors (primarily extractive industries, finance, and infrastructure) in emerging economies. In 2016, the grant element of French aid was 81.4%, down from 85.6% in 2015. The grant element of French aid therefore stands below the OECD norm of 86% and is far from the DAC average of 94.4%.<sup>5</sup> With loans comprising 50% of its bilateral aid France is the OECD DAC country with the second worst grants / loans ratio. Furthermore, the level of concessionality of French loans is extremely low (at 53.8%).

As a matter of fact, the spectacular increase of almost 15% in French ODA in 2017 was in fact mainly due to a rise in bilateral and multilateral loans.<sup>6</sup> Furthermore, the expected increase in French ODA in 2018 needs to be taken with a pinch of salt as it will likely be the result of further increases in bilateral and multilateral loans combined with the implementation of the new OECD reform on the way loans are reported as ODA. Given these trends in the structure and nature of French aid, the poorest countries are unlikely to reap the benefits of the 0.55% commitment.

### **Protecting national interests, the new goal of French aid**

Since Emmanuel Macron's election there has been a strong push from the Government to link aid with France's economic, security and migration management interests. In his election pledge, Emmanuel Macron indicated that development policies were central to "the role of France in the world, its influence and its companies". A few months later, in Ouagadougou, he called upon private insurance companies to help fill the gap in strengthening health systems in Africa. Similarly, a report from the Finance Commission of the French Parliament specifically recommended that ODA should "benefit the French economy and its companies."<sup>7</sup> Blending public finance with private finance is increasingly being portrayed by French policy makers as innovative funding for development.

Such a move could threaten France's strong track record on formally untying aid. In 2016 96% of French aid was untied, well above the OECD DAC average of 80%.<sup>8</sup> The increasing use of public funds to support the private sector risks diverting more development funds from essential services. Whilst AFD's activities in support of the private sector grew from 14% to 19% between 2016 and 2017, its support for the health and education sectors shrank from 7% to 4% during the same period.<sup>9</sup>

The OECD is contemplating the inclusion of private sector instruments in ODA reporting. Such a reform would artificially inflate French ODA at the expense of the poorest. For example, the reform would allow France to report part of the 1.4 billion Euros portfolio handled by the French Development Finance Institution, Proparco, as ODA. But given its mandate to support the private sector, only 2% of Proparco's activities are directed to the health and education sector.<sup>10</sup> Moreover, Proparco does not have an accountability mechanism, unlike the French Development Agency. Without sufficient safeguards on blending finance, the privatization of aid could widen inequalities and threaten the basic social, economic and environmental rights of the poorest people in developing countries.

The rise of the 3D policy (Diplomacy, Defense and Development) since Emmanuel Macron's election risks further diverting precious ODA funds from access to social services in LDCs to French geopolitical interests. During the first inter-ministerial meeting on development cooperation (February 2018), the French Government endorsed a securitized approach to migration. This aims to use ODA to fund border control management and the return of migrants to their countries of origin. Emmanuel Macron has been actively promoting the security-development nexus through his Sahel Alliance initiative, which puts forward development projects with security objectives, including the fight against terrorism, transnational organized crime and human trafficking. French operators such as the AFD or Expertise France have already started to implement the 3D policy through projects funded by the EU Emergency Trust Fund for Africa. The overall objective of these projects is to contain migration and prevent violent extremism. As the foundation for these initiatives France needs to champion better governance, accountability and human rights by supporting internal/external checks and balances in the G5 Sahel countries, working with parliaments, independent media, civil society organisations and judiciary bodies. Otherwise, the nexus security-development promoted by the Sahel Alliance risks further destabilizing the Sahel region.

## **Conclusion**

In the current global context of rising nationalism, France's President Emmanuel Macron might seem like an obvious leader for development cooperation. But one must dig deeper behind the President's public pronouncements and speeches. Whilst France continues to fail to uphold its commitments on aid quantity, it is pushing the international community in the wrong direction in terms of aid effectiveness. By systematically promoting development cooperation approaches that benefit national interests at the expense of essential services in Least Developed Countries, France is undermining the very essence of aid.

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<sup>1</sup> Response of Emmanuel Macron to ONE's survey during the 2017 Presidential Election (page 2) : <https://s3-eu-central-1.amazonaws.com/one-vote-france-2017/wp-content/uploads/2017/04/20164102/PDF-EM-R%C3%A9ponseAnalyse-ONE.pdf>

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<sup>2</sup> Response of Emmanuel Macron to Coordination SUD's survey during the 2017 Presidential Election (page 9) : <https://s3-eu-central-1.amazonaws.com/one-vote-france-2017/wp-content/uploads/2017/04/20164102/PDF-EM-R%C3%A9ponseAnalyse-ONE.pdf>

<sup>3</sup> Conclusions of the French Inter-ministerial Meeting on Development Cooperation, 8 February 2018 : [https://www.diplomatie.gouv.fr/IMG/pdf/releve\\_de\\_conclusions\\_du\\_comite\\_interministeriel\\_de\\_cooperation\\_internationale\\_et\\_du\\_developpement\\_-\\_08.02.2018\\_cle4ea6e2-2.pdf](https://www.diplomatie.gouv.fr/IMG/pdf/releve_de_conclusions_du_comite_interministeriel_de_cooperation_internationale_et_du_developpement_-_08.02.2018_cle4ea6e2-2.pdf)

<sup>4</sup> Response of Emmanuel Macron to Coordination SUD's survey during the 2017 Presidential Election (page 9) : <https://s3-eu-central-1.amazonaws.com/one-vote-france-2017/wp-content/uploads/2017/04/20164102/PDF-EM-R%C3%A9ponseAnalyse-ONE.pdf>

<sup>5</sup> OECD DAC Development Cooperation Report 2017 (page 198) <http://www.oecd.org/dac/development-cooperation-report-20747721.htm>

<sup>6</sup> Transversal Policy Document 2018, [https://www.performance-publique.budget.gouv.fr/sites/performance\\_publique/files/farandole/ressources/2018/pap/pdf/DPT/DPT2018\\_politique\\_developpement.pdf](https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2018/pap/pdf/DPT/DPT2018_politique_developpement.pdf) (p.12)

<sup>7</sup> National Assembly, Finance Commission Report on the ODA Mission: <http://www.assemblee-nationale.fr/15/pdf/budget/plf2018/b0273-tIII-a6.pdf> (page 6)

<sup>8</sup> According to the 2018 DAC report – Table 14 - [http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DCD-DAC\(2018\)12-REV2.en.pdf](http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DCD-DAC(2018)12-REV2.en.pdf).

<sup>9</sup> Groupe AFD, Résultats 2017 <https://www.afd.fr/sites/afd/files/2018-04-02-28-29/groupe-afd-resultats-2017.pdf>

<sup>10</sup> Proparco, Key Statistics on 2017 Activities : <https://www.proparco.fr/fr/chiffres-cles-sur-lactivite-de-proparco-2017>