

French budget for 2015 fails to set a credible path to 0.7%

2014
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Development Initiatives exists to end absolute poverty by 2030



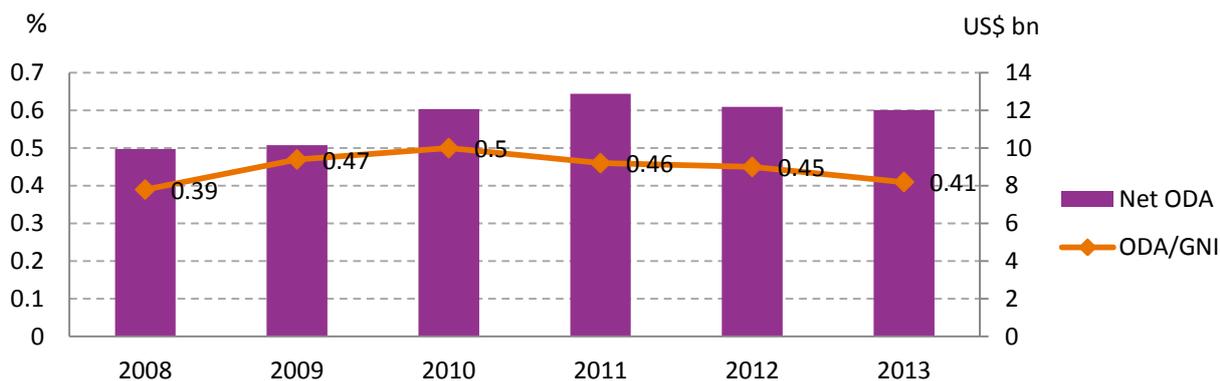
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2015 will be a crucial year for France in the international arena marking the deadline for the Millennium Development Goals and the mid-point of President Hollande's term, while Paris will play host to the [2015 Summit on Climate Change](#) in December. The 2015 national budget published on the October 1 2014 includes some positive actions, with efforts to improve aid transparency, intervene in spiralling conflict situations and lead on innovative finance. But the reduction in development assistance leaves France further away from meeting the 0.7% target by 2015.

A 2.8% reduction in the core French aid budget is in line with previous trends

As France aims to reduce its national deficit, the overseas development budget did not see the largest reductions (down 2.8%), compared to local authorities (down 6.4%) and defence (down 1.7%). In absolute values the cut means that the core aid budget will be just under €2.8 billion, some €0.1 billion lower than in 2014. This continues the downward trend in French official development assistance (ODA) since 2011.¹

Figure 1. ODA from France has been falling since 2011



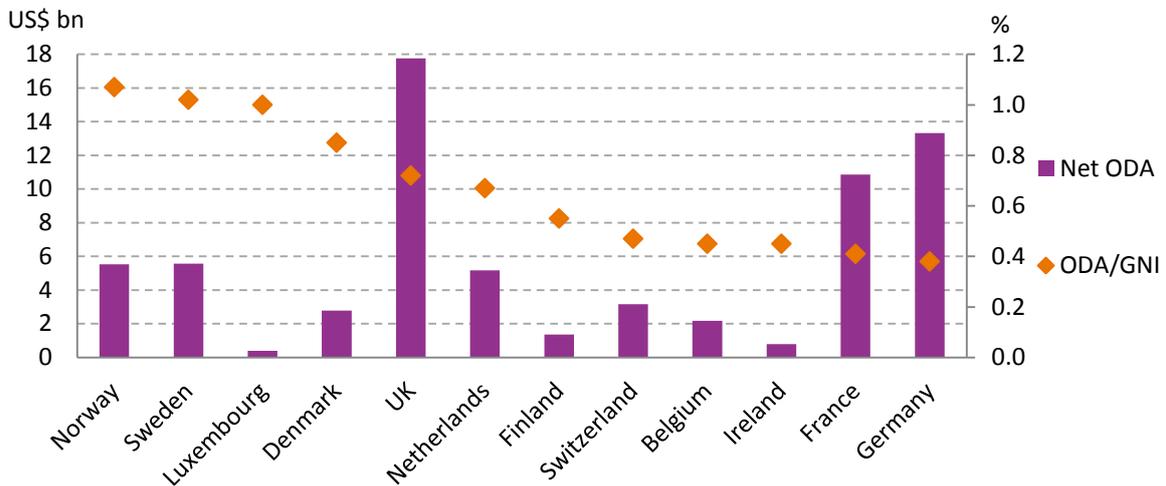
Net ODA in US\$ billions and ODA as a share of gross national income (GNI), 2008-2013. Source: OECD DAC

¹ The "overseas development budget" refers to the budget line "Crédits de paiement: Mission aide publique au développement". Other budget lines will contribute to the total ODA contributions from France.

The fifth largest aid donor is off-track to meet the 0.7% target by 2015

During his 2012 Presidential campaign, President Hollande committed to a progressive, credible path to providing 0.7% of GNI as ODA. While in 2013 France was the fifth largest ODA donor, providing 0.4% of its GNI as aid, unless GNI was to fall then it is now unlikely that France will meet 0.7% in 2015.

Figure 2. The fifth largest donor in 2013, France ranked 11th on national income as aid



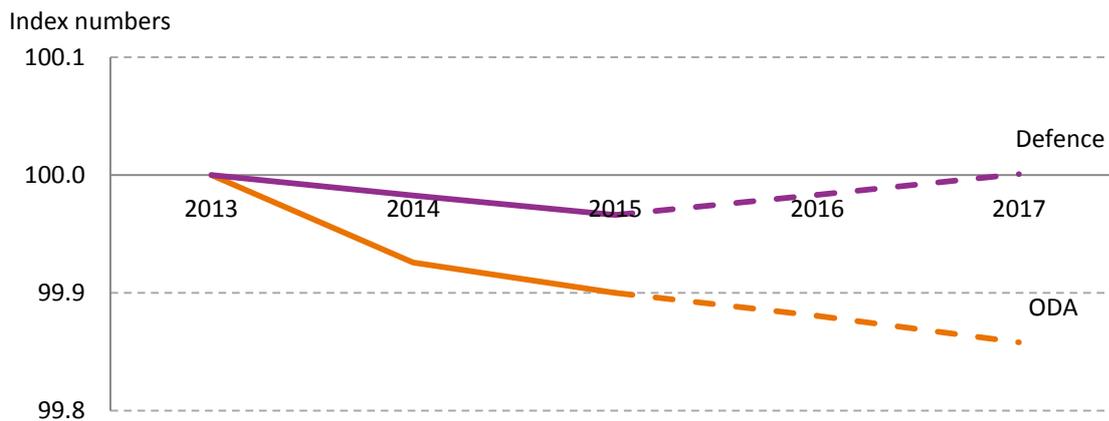
Net ODA in US\$ billions and ODA as a share of GNI in 2013. Source: OECD DAC

Aid reductions mean less support for fragile and post-conflict situations, despite increasingly interventionist stance

While the 2015 defence budget is being reduced by 1.7%, increases in 2016 and 2017 will mean the defence budget will increase by 4% over the three-year period. By comparison, the aid budget will decline over the same period.

French aid policy states that development and security are interrelated because an unstable environment does not allow for a State to exercise its functions. However, the 2013 French-led military interventions in Mali and the Central African Republic (CAR) each cost an estimated €400-500 million (although costs for the latter are likely to be shared with the EU and UN). Meanwhile, state-building activities key in fragile situations such as those in Mali and CAR, largely financed through ODA grants, are likely to be affected by the 2015 budget cuts.

Figure 3. Aid budget to 2017 falls while defence budget rises



Budget allocated for aid and defence, including projections for 2015 to 2017, in million Euros. Source: Ministère des Finances et des Comptes Publics, Projet de Loi de finances pour 2015.

Enhanced access to information on aid spending will be increasingly important to better understand the impact and importance of ODA

In 2014, France adopted its [first policy on aid strategy and programming](#); previously only the budget was discussed and voted on by Parliament. This new process is likely to enhance access to information on (and therefore monitoring and scrutiny of) French aid. A Chief Data Officer was appointed, whose role includes the development of the [open data platform](#) and ensuring that government-wide policy making is data driven and evidence based. This, along with the [aid transparency portal](#) – a key tool for understanding how, when and where French ODA is being spent – is an important step.

Mobilising all resources to meet needs

The 2015 budget reaffirmed France’s commitment to [lead on innovative finance](#) for development, particularly on a financial transaction tax (FTT). So far this generates €600 million per year, below half of the expected €1.6 billion a year. The proportion of revenue raised by France’s FTT allocated to development will rise from 15% to 25% in 2015. This will allow France, as hosts of the 2015 Summit on Climate Change, to honour its commitment to provide US\$1 billion over four years to the [Green Climate Fund](#), which aims to assist developing countries to address climate change. A further opportunity to develop innovative finance was missed, as other solutions (such as returning profits made by the French Development Agency group as grants, a suggestion made by some French parliamentarians during the debate on the policy on aid strategy and programming) were not addressed in the budget document.

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