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French Aid Policies for Poverty Reduction

Lionel de Boisdeffre

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Foreword

This paper is one of a series on the experiences of European donors with the use of aid for poverty reduction and is the product of a major research programme involving ten European development research institutes. This programme breaks new ground in its intention to compare and to draw from the collective experience of donors of the European Union and also perhaps in the degree of collaboration involved by European development research centres. Each Institute is funding its own participation, with ODI playing a co-ordinating role. The institutes involved are:

Asociación de Investigación y Especialización sobre Temas Iberoamericanos (AIETI), Madrid;

Centre for Development Research (CDR), Copenhagen;

Centro Studi di Politica Internazionale (CeSPI), Rome;

Deutsches Institut für Entwicklungspolitik/German Development Institute, Berlin;

Développement et insertion internationale (DIAL), Paris;

European Centre for Development Policy Management (ECDPM), Maastricht;

Institute of Development Studies (IDS), Helsinki;

Nordiska Afrikainstitutet/Nordic Africa Institute, Uppsala;

Overseas Development Institute, London;

Third World Centre, Catholic University of Nijmegen.

The objective of the first stage of this research programme is to describe and assess each donor's goals as they relate to bringing the benefits of aid to poor people, and to review each donor's organisation and management to implement this objective. The ten donor agencies are those of Denmark, the European Commission, Finland, France, Germany, Italy, the Netherlands, Spain, Sweden and the UK. A matrix summarising the comparative donor positions will appear later in this series and will include some observations from the donor studies on the differences and similarities of the various approaches.

The other papers in this series published to date are:

Danish Aid Policies for Poverty Reduction by Lars Udsholt (WP 100, May 1997);
German Aid Policies for Poverty Reduction by Eva Weidnitzer (WP 101, June 1997);
Italian Aid Policies for Poverty Reduction by José Luis Rhi-Sausi and Marco Zupi (WP 102, September 1997); and
Spanish Aid Policies for Poverty Reduction by Christian Freres and Jesús Corral (WP 104, September 1997).

The second stage of the research consists of a series of seven in-country studies to examine the operations of the European donors in pursuit of poverty reduction in Bolivia, Burkina Faso, India, Nepal, Tanzania, Zambia and Zimbabwe. An important part of this work will be to evaluate the effectiveness of different types of poverty-related donor interventions. Special attention will be paid to the nature of the processes involved. Collective and comparative experience of poverty reduction effectiveness will be explored, including any 'best practices', and the main determinants of effectiveness will be examined. These studies will be undertaken during 1997/98 and will also be published as *ODI Working Papers*.

I am most grateful for the co-operation of each Institute in this endeavour and for the help of all those donor officials and advisers who have responded to enquiries and interviews by the collaborating researchers. I would like to acknowledge the financial support provided by the Department for International Development in the UK which has made possible ODI's contribution to the programme. However, neither they nor any others who have assisted in this programme necessarily agree with the facts presented and the inferences drawn.

John Healey
Overseas Development Institute

Summary

French aid volume has traditionally ranked among the top three among DAC countries. It is split, according to recipients and aid instruments, between various public institutions, including the Ministries of Finance, Foreign Affairs, Co-operation and the French Development Fund. For 'sphere countries' (Ministry for Co-operation and French Development Fund), aid management is driven centrally by *sector policies* and implemented through a network of decentralised missions enjoying close relations with recipient authorities. For 'non-sphere countries' (other Ministries), no clearly defined guidelines appear. However, none of these aid organisations has explicit poverty objectives: fundamentally, poverty is not considered as a phenomenon in itself but as a consequence of underdevelopment in general. Therefore, all aid is seen as meeting the goal of reducing poverty through its targeted impact on development. As a matter of fact, there is no concept of an identifiable economic or social group termed the poor; there is no defined mechanism, procedure or assessment for orienting projects, no conditions for block funds, designed to serve poverty objectives.

However, the French do recognise some *forms of poverty*, which call for targeted actions and have received targeted co-operation. These include: support for rural and urban micro-enterprises; local credit and saving systems benefiting poor households; and, since 1994, the Social Development Fund, financing labour-intensive activities targeted on most vulnerable groups in urban areas and small-scale participatory projects. Other means of combating poverty in recent years can be seen in the increasing support going to NGOs and a wide-ranging programme for decentralisation, likely to enhance participation of the poor in local development and more democratic systems, through community institutions with elected councils.

Acronyms

ACP	African, Caribbean and Pacific [countries]
bn	billion (1,000 million)
CFD	La Caisse Française de Développement (French Development Fund)
DAC	Development Assistance Committee (of the OECD)
DGR CST	Directorate-General for Cultural, Scientific and Technical Relations
FAC	Aid and Co-operation Fund
GDP	Gross Domestic Product
LLDC	Least Developed Country
MC	Ministry for Co-operation
MF	Ministry of Finance
MFA	Ministry of Foreign Affairs
MIC	Middle-Income Country
NGO	Non-Governmental Organisation
oda	official development assistance
OECD	Organisation for Economic Co-operation and Development
PRAOC	Regional programme to support decentralised savings credit operations
SDF	Social Development Fund
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund

1. France's poverty reduction strategy

French aid is distinguished by its broad-based nature. It does not appear to be guided by a clearly defined global approach, and the institutions that manage it intervene in a fragmented way. No specific strategy has yet been developed with regard to poverty reduction. To understand the reasons for this, it is appropriate to mention briefly the quantitative (section 1.1) and institutional (section 1.2) characteristics of French aid, before identifying its main orientations (section 1.3).

1.1 The position of French aid within the DAC countries

Ranking third among the donor countries belonging to the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), France bases its aid on its historical links with recipient countries. This explains the priority given to Africa, on the one hand, and the importance of bilateral aid and technical co-operation, on the other.

In 1994, French aid amounted to US\$8.45 billion, behind that of Japan (\$13 bn) and the United States (\$10 bn). In terms of percentage of GDP (at 0.64%), it was fifth highest worldwide, behind Norway, Denmark, Sweden and the Netherlands. Of its 36.7 bn francs of bilateral aid, Africa received a total of 22.1 bn.

Although the proportion of aid allocated to technical co-operation is declining (27% of official development assistance (oda) in 1992 compared with 37% in 1986/7), it remains above the DAC average (21% in 1992) and should reflect the priority accorded to education and culture in French co-operation. As with the other DAC countries, sectoral aid is diminishing in favour of programme aid and debt restructuring.

The percentage of French aid allocated to the United Nations system (2% in 1992) and, more generally, to multilateral aid (23%), is well below the DAC average (respectively 7.7% and 30%). As a percentage of GDP, French multilateral aid is, however, on a level with the average of DAC countries. French official development assistance is less concessional (70% consists of grants as against 80%, on average, for the DAC), channelled less through non-governmental organisations and more tied than that of the main donors (52% of aid is tied as against an average of 33% for the DAC). A breakdown of the French bilateral aid programme for the period 1981/2–91/2 according to sector and instruments is set out in Table 1.

Table 1 Breakdown of French aid by sector and by instrument (%)

	1981/82	1991/92	DAC average (1990/91)
Social infrastructure and services	49.5	33.1	20.6
educational investment and services	27.1	23.6	9.2
health	10.1	3.0	2.6
Economic infrastructure and services	13.2	14.0	17.6
Production sectors	21.4	12.6	12.1
agriculture	7.8	7.7	7.1
Multi-sector aid	3.7	6.0	3.0
Programme aid	5.4	15.0	11.7
Debt restructuring	2.0	7.8	18.1
Food aid	0.4	0.5	3.2
Emergency aid	0.5	0.4	3.3
Assistance to private charities	–	0.2	1.2
Other	3.9	10.4	9.3
Total	100.0	100.0	100.0

Source: DAC, 1994.

1.2 Institutional organisation of French aid

The institutional organisation of French aid has three components: the recipients, the tools and the actors.

Apart from the French Overseas Territories, the recipients are divided into the 'sphere' countries which are the responsibility of the Ministry for Co-operation (MC), of which there are traditionally 37 mainly in francophone Africa, and the 'non-sphere' countries, which are outside this Ministry's remit. The Ministry for Co-operation's remit was extended in May 1995 to cover all the African, Caribbean and Pacific (ACP) signatories of the Lomé Conventions at the same time as the Ministry came under the supervision of the Ministry of Foreign Affairs (MFA), and was further extended to cover South Africa in 1996. The sphere of intervention of La Caisse Française de Développement (French Development Fund/CFD) was enlarged in the same way but extends beyond the ACP countries (see below).

The three main tools of French aid are (i) technical co-operation, (ii) investment project funding and (iii) non-project funding, or 'economic and financial support' – namely, balance-of-payments support, debt consolidation and cancellation, food aid, structural adjustment aid, etc.

Lastly, those involved in co-operation are, in addition to the relevant technical Ministries, the Ministry for Co-operation, the Ministry of Foreign Affairs, the Ministry of Finance (MF), the Ministry for Overseas Departments and Territories and the CFD.

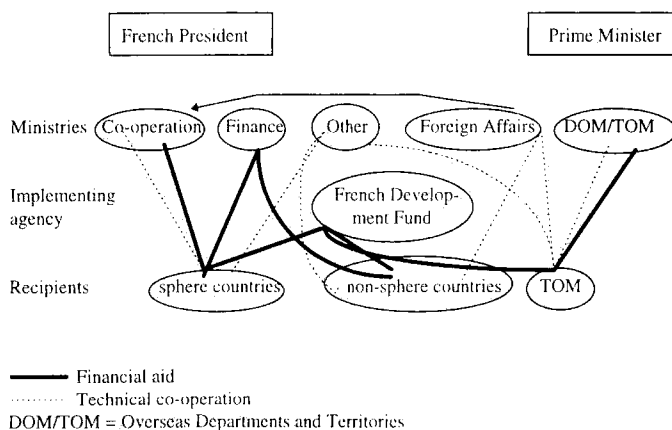
Prior to the reorganisation of 1995/96, the distribution of aid allocations according to these three elements was described as follows by the OECD:

The MC is responsible for financial and technical co-operation with the 'sphere' countries where it is represented by Co-operation and Cultural Action Missions attached to the French Embassies. Financial non-project aid for these countries, especially for the structural adjustment of their economies, is managed jointly by the MC and the MF, the latter being represented by the Treasury Department. The CFD also intervenes in the 'sphere' countries, where it is represented by its agencies, and finances productive investment projects, while the MC finances economic and social infrastructure projects through the Aid and Co-operation Fund (FAC). Other specialised Ministries are involved in technical co-operation initiatives in 'sphere' countries, often through intermediary specialist institutes under their supervision.

As for the 'non-sphere countries', the DGR CST (Directorate-General for Cultural, Scientific and Technical Relations) of the MFA is responsible for technical co-operation (the programmes are drawn up and managed by the Co-operation Department within the DGR CST). Financial assistance to 'non-sphere' countries is administered by the Treasury Department at the MF. The CFD has recently been authorised to intervene in some 'non-sphere' countries (Indochina, Ethiopia, Eritrea) to finance productive projects, as well as countries in the Maghreb where it is already established as an aid institution. Other Ministries also intervene in 'non-sphere' countries, providing technical co-operation according to their specialist field.

Support for Overseas Territories is managed and co-ordinated by the Ministry for Overseas Departments and Territories; the CFD and the specialist Ministries intervene in these territories as well (OECD, 1994).

Table 2 shows the aid distributed by the different French ministries and agencies. Chart 1 shows their overall political structure.

Chart 1 Organisation of the French public aid system**Table 2 Breakdown of aid, excluding Overseas Territories, by financing body, 1991 (%)**

	<i>Total aid (incl. multilateral)</i>	<i>Bilateral aid</i>
Ministry of Finance	55	42
Ministry for Co-operation	15	21
French Development Fund	9	12
Ministry of Foreign Affairs	9	9
Other	12	16

Source: Duffaure, 1993.

The large number of bodies involved leads to a certain complexity, which hampers the development and implementation of an overall policy responding to clearly defined needs. An effort is therefore being made to harmonise this system:

- i. through the creation, following the La Baule Franco-African Summit in 1990, of a Policy and Programming Committee which brings together, under the chairmanship of the Minister for Co-operation, representatives of the Ministries of Co-operation, Finance, and Foreign Affairs and of the CFD, with the aim of

co-ordinating aid and ensuring the overall cohesion of co-operation policy in the 'sphere' countries;

- ii. through permanent consultation between representatives of the CFD and the Ministry for Co-operation in these countries, who jointly draw up rolling three-year policies (called 'medium-term policies') for their country programmes. In the 'non-sphere' countries, the co-ordination is led on a case-by-case basis by the relevant administration, in particular the Treasury and the Ministry of Foreign Affairs;
- iii. through the creation (agreed in February 1996) of an Interministerial Committee for Development Aid which must bring together all the relevant Ministers at least once a year, under the chairmanship of the Prime Minister, to define the official development assistance policies, both bilateral and multilateral, and to approve an annual report on the evaluation and efficiency of oda. This interministerial co-ordination will be extended to the relevant government departments.

These measures are part of the reorganisation of the aid system begun after the presidential election in 1995. This reorganisation aims to make French aid a priority component of foreign policy (which is why the Ministry for Co-operation has been brought under the supervision of the Ministry of Foreign Affairs), and to harmonise, clarify and rationalise operations by reinforcing collaboration and the efficiency of the system. Although it is still too soon to evaluate its impact and unifying effect, this reform, which appears to be hampered by institutional obstacles, does not seem to have been finalised either in its implementation or in its orientation. Evidence of this is the incomplete enlargement of the remit of the Ministry for Co-operation: only the *Minister* currently has responsibility for the ACP countries, to the exclusion of the Ministry's departments. What is more, the Aid and Co-operation Fund (FAC), the Ministry's chief instrument for financing investments, is not at present authorised to intervene in ACP countries outside the 37 traditional 'sphere' countries.

1.3 The main orientations of French aid

The orientation of French aid is general in character. The focus is on three traditional areas – human development, productive development and cultural development – to which have been added, according to France's memorandum to the DAC for 1992, three new priorities: the environment, institutional development and combating poverty. The report states:

Our co-operation in combating poverty is based on an approach that prioritises aid to the poorest countries – the least developed African countries, to be precise. It mainly supports initiatives which help to increase the capacity of the poorest to promote their

own development (education, health, access to credit and land, etc.). There is also an emphasis on initiatives to promote political as well as economic democratisation (participatory development, decentralisation, the participation of women in development).

In any event, all the projects launched and supported through French official development assistance contribute in one way or another to poverty reduction (MC, 1992).

But beyond these general comments, the reduction of poverty is a stated aim in only a few disparate programmes, ranging from local co-operation to the setting up of new financial instruments (see Chapters 4 and 5). These programmes do not constitute in themselves either a global approach or a strategy. On the contrary, an examination of the mechanisms and procedures for aid allocation reveals that no institution managing French aid – the Ministries of Co-operation, Finance and Foreign Affairs, or the CFD – has made poverty reduction an objective in its own right, and that the ‘poor’ themselves have not been identified as a social group or economic concept. Only *forms* of poverty are identified, calling for targeted actions.

The declared priority regarding poverty, which is not really confirmed by the available statistics, reflects a form of ‘labelling’ rather than a new orientation with clearly defined objectives, methods and means of action. Neither a defined concept, nor the objective of an organised strategy, nor a criterion for allocation or even a means of measuring aid, poverty, as a specific problem, remains largely unrecognised by the French institutions. Thus it does not appear as one of the determining factors of their aid policy, which is organised more along macroeconomic or sectoral lines and implemented through decentralised programmes. More specifically:

- in terms of strategy, poverty reduction is only one aspect of a global approach to development, which encompasses economic efficiency and social justice as well as external relations and institutional development (the possible reasons for this specifically French approach are outlined in Chapter 6);
- in terms of geographical breakdown, sub-Saharan Africa receives some 60% of official bilateral assistance. The proportion of aid going to low-income countries is close to 40%. But this proportion is lower than that for the DAC countries as a whole (57.5% in 1993/4), and the geographical breakdown of French aid doubtless depends more on considerations of a historical and diplomatic nature than on the poverty criterion;
- in terms of sectoral breakdown, the comparative analysis of DAC aid flows does not show poverty to be a French priority. It must be recognised, however, that the statistical categories used by the national institutions do not generally take this

problem into account and therefore do not permit precise measurement of the flows allocated to poverty reduction.

It is therefore on the basis of estimates – disputed by the French administration – that the UNDP in its *Human Development Report 1991* has calculated France's contribution to priority human development needs (primary education, basic health care, etc.) at 25.1% – the lowest level, after Italy (22.4%), of the industrialised countries, where the average is 36.6%. In terms of percentage of GDP, however, French aid allocated to these priority needs appears to exceed substantially the average of these countries (around 0.05% as against an average of less than 0.03%).

2. The management of poverty reduction initiatives by means of country programmes

In terms of the French aid programme, poverty reduction is treated as part of economic development and not as a separate organised strategy. It does not appear as a determining factor of French aid, and combating poverty is evident in only a few targeted actions, described in Chapters 4 and 5. This and the following chapters deal with programming and financial assistance, which are not governed by an explicit poverty objective and therefore do not require substantial elaboration beyond the outline of a few essential characteristics.

Programming is characterised by the disparate nature of the operations, a feature linked to the institutional fragmentation of the French development aid system. It is carried out separately by each institution involved, within a budget voted by Parliament. Budgeting extends over several years for investment aid (via the FAC and the Treasury protocols), but technical co-operation is subject to an annual budget.

For the 'sphere' countries, the means of ensuring coherence between the aid programmes derives from the central administration's sector-based policies (on water, forests, local development and the struggle against desertification). These are not organised around the issue of poverty but around changing technical orientations (concerning the environment, institutional reform, and economic and social effectiveness) applied to a precise field of action. These sector-based policies thus generate the body of experience from which are drawn the particular principles and recommendations of any given moment, which must be respected by local missions in their programming and preparation of proposals. They are a new factor affecting the orientation of aid, which was previously based on the nature of the projects, and then of the programmes. The mixed bilateral commissions, where the orientation of French aid in a given country is defined by common agreement, have become less frequent (they now take place every three or four years rather than annually). They also tend to focus on the sectoral strategies used by the local representatives of the CFD and the Ministry for Co-operation in drawing up the medium-term policies, the framework for coherence between the programmes of these institutions.

At the Ministry for Co-operation, a specific department is responsible for drawing up the 'country programming' (representing 55% of the FAC in 1990), which determines the budgets of the field missions. Within these budgets, the missions establish, in regular consultation with the central administration on budgetary matters, but in a generally decentralised way as regards the instigation and implementation of projects, their annual programmes according to the agreed medium-term policies. Government-to-government programmes and those of general interest (representing respectively

12% and 23% of the FAC in 1990) are implemented by the central administration itself.

For the 'non-sphere' countries, programming for investment operations is based on proposals by the Ministry of Finance (known as Treasury protocols), while technical co-operation programming is based on a global budget. At the Ministry of Finance, it is the Economic Expansion desks of the Department of External Economic Relations which implement and monitor at local level the projects financed under Treasury protocols. The global budget is approved by Parliament and its allocation between different countries changes little from one year to the next; in 1995, half went to Asia and only 3–4% to Latin America and Africa. In reality, the management of projects between the Treasury and the Department of External Economic Relations becomes bogged down by institutional complications, in addition to economic, social, financial or diplomatic considerations in determining the geographic and sectoral allocation of funds. It is not, therefore, part of any defined poverty reduction strategy. French food aid, for instance, which comes within the remit of the Minister of Finance, does not appear to be neutral either economically or politically when managed by the Treasury. On the one hand, this aid is often seen as a means of enhancing diplomatic or commercial presence in countries with a food deficit; on the other, it is sometimes earmarked for preferred regimes to the exclusion of others. French food aid destined for local markets is not, therefore, aimed solely at meeting the needs of the poor, but is bound up with relations between states.

In the same way, downstream from the projects, each of the aid institutions has its own evaluation system. At the Ministry for Co-operation, a 'mission responsible for studies, evaluations and prospective analysis' organises three different types of annual evaluations according to sector, geography and funding policies. These are not confined to technical and financial controls, but analyse the effects of the audited operations in terms of development. These evaluations do not include a systematic poverty component, whereas elsewhere there are frameworks for issues such as the environment or the role of women within projects.

At the Ministry of Foreign Affairs, there is an 'Evaluation Committee' within the DGRST. At the CFD, a 'retrospective evaluation department' audits operational projects and programmes. At the Ministry of Finance, the 'evaluation unit' of the Treasury instructs external experts to carry out audits on a sector basis, by type of aid, by recipient country and by project. This unit also supervises a working group comprising representatives of the evaluation departments of the Ministry for Co-operation, the Ministry of Foreign Affairs and the CFD, which facilitates the exchange of information and the co-ordination of efforts. But none of these structures has the remit of carrying out impact analyses in terms of poverty.

3. Combating poverty by means of financial assistance

'Economic and financial support', which comes under government-to-government relations, is aimed more at restoring the macroeconomic balance rather than protecting vulnerable populations. Apart from a priority given generally to people-centred expenditure, notably in the areas of health and education, in the allocation of budgetary aid (or of counterpart funds), France has no defined active or incentive policy to reduce poverty by means of financial instruments. This is all the more true in that, until fairly recently, this type of aid was chiefly linked to an allocation approach and not one of conditionality, and since 1993 has been part of adjustment programmes, along the lines of the conditionalities of the International Monetary Fund and the World Bank. French financial assistance is divided mainly between the treatment of debt (as agreed by the Paris Club of official creditors, which concentrates on the situation of the poorest *countries* and not of the poorest *individuals*) representing up to 40% of the total in 1992, budgetary aid (25%), granted in an *ad hoc* manner by the French authorities and generally outside any agreements, and assistance with structural adjustment (20%). None of these three instruments employs conditionality with regard to combating poverty.

Aid for structural adjustment, in addition to the cofinancing of multilateral programmes, sustains some bilateral adjustment programmes drawn up on a tripartite basis by the Ministry of Finance, the Ministry for Co-operation and the CFD, and executed within the framework of an agreement with the recipient country. Until September 1993, this assistance (generally coming under budgetary expenditure or programme support) rarely led to conditionality other than technical. Since then, it has been confined to countries entering into an agreement with the Bretton Woods institutions, which increases the macroeconomic conditionality, but not the social dimension. Apart from reviews of public expenditure, this support does not undergo regular evaluation of its results. Its impact on poverty thus goes unrecorded.

4. Poverty reduction through project aid

There is no general mechanism, either in the conception or execution or in the evaluation of projects, which seeks to establish the objective of poverty reduction as an objective in its own right. French aid does, however, have targeted programmes aimed at vulnerable groups, such as the CFD's decentralised funding of small businesses and poor households, or the Social Development Fund. These programmes deserve mention insofar as they are actually aimed at target groups and vulnerable people and they are the only ones to have been singled out by the CFD as being explicitly concerned with combating poverty.

4.1 Aid for basic productive initiatives

Set up in 1986 by the CFD, this programme does not have poverty reduction as its sole objective, but it does respond effectively to the needs of urban and rural micro-businesses – sources of employment and of the small and medium industries of tomorrow – which are unable to obtain financing from the banks because they belong to the informal sector. It is a highly decentralised system, which attempts to adapt to specific local conditions, and provides loans over a period of 2–7 years at favourable rates and for amounts varying between 20,000 and 400,000 francs. It experienced a marked growth in 1994, financing 243 projects as against 169 in 1993, for a total approaching 48 million francs, an increase of 25% over 1993.

Although very much in vogue in recent years, the initial difficulties and the cost of monitoring so many projects by CFD agencies, together with the low levels of repayment (65%), have led the CFD to seek support structures for monitoring operations, which were too time-consuming for its local agencies, and then to question the continuation of this programme.

4.2 Decentralised financial systems

Faced with the weakness and collapse of the domestic development banks, the reluctance of local banks to extend credit and the widespread system of tontines and usury, the Ministry for Co-operation and the CFD have set up, especially in rural areas, systems of local financing for poor households with the help of local operators. Between 1987 and 1994 they committed some 330 million francs to funding around 20 projects in this way. More recently, the experience gained in the rural environment has been used to combat urban poverty with the help of loans to poor urban households. Two types of system have been developed: mutual credit, based on prior

savings, and joint credit where several people borrow jointly. With the support of NGO offices and local branches of French credit institutions, the CFD has successfully developed this formula in Africa. But the spread of these still fragile systems is currently facing institutional obstacles (such as banking laws) and practices (e.g. high rates of interest for very small short-term loans) related to this type of credit. The Ministry for Co-operation is seeking to consolidate the projects by means of management instruments to make them independent and financially viable in the long term. To this end it introduced, jointly with the CFD, an instrument called PRAOC (regional programme to support decentralised saving credit operations) in 1991, designed to promote consultation and institutional support.

4.3 The Social Development Fund (SDF)

Set up in 1994 as a 'Social Development Fund' to provide support for the social effects of devaluation (a safety net), this programme was endowed, for the first year, with a budget of 400 million francs from the Ministry for Co-operation and the CFD. The 1994/5 annual report of the Ministry for Co-operation reviews this first phase as follows:

Designed to alleviate the immediate negative effects of devaluation – the rising cost of imported products, of energy and transport, and the fall in household purchasing power – the SDF is primarily aimed at the most vulnerable groups of people.

Within six months, the impact of this economic operation has been considerable. It has permitted the implementation of new co-operation initiatives to provide immediate income for the groups worst hit by devaluation, notably in urban districts. The SDF system itself, which comes under the remit both of the Aid and Co-operation Fund and of the French Development Fund, has been innovative in establishing a management committee that brings together donors (missions and agencies) and representatives of the recipient country. This emergency fund, for immediate use, is allocated in the form of a grant to associations, local authorities, or non-governmental economic partners which put forward projects with a budget of less than 2 million francs.

In 1994, the operators intervened in two main sectors: urban development and basic training and health needs. Strongly encouraged, the creation of labour-intensive public works made it possible to generate temporary income, in particular among the urban unemployed. The other groups assisted by the SDF were the underprivileged, young people, single women, immigrants, the sick, AIDS orphans and the inhabitants of the poorest districts in the cities. But this local co-operation was also aimed at parent-teacher associations and groups with economic potential: craft workers, micro-businesses and women's groups (MC, 1996).

The country and sectoral allocations of SDF finance are shown in Tables 3 and 4.

Table 3 Totals and geographical breakdown of the SDF in 1994
(first and second stage), million francs

<i>Least developed countries (LLDC)</i>	<i>SDF-1</i>	<i>FAC</i>	<i>CFD</i>	<i>SDF-2</i>	<i>FAC</i>	<i>CFD</i>	<i>Total</i>
Senegal	50	—	50	10	—	10	60
Mali	20	—	20	10	10	—	30
Burkina Faso	25	10	15	10	10	—	35
Niger	20	5	15	5	—	5	25
Chad	10	5	5	6	6	—	16
Central African Republic	5	—	5	3	—	3	8
Benin	15	6	10	5	—	5	20
Togo	4	—	4	15	7.5	7.5	19
Equatorial Guinea	5	5	—	2	2	—	7
Comoros	3	—	3	2	2	—	5
Total LLDC	157	30	127	68	37.5	30.5	225
<i>Middle-income countries (MIC)</i>	<i>SDF-1</i>	<i>FAC</i>	<i>CFD^a</i>	<i>SDF-2</i>	<i>FAC</i>	<i>CFD^a</i>	<i>Total</i>
Cameroon	40	40	—	10	10	—	50
Congo	20	20	—	10	10	—	30
Côte d'Ivoire	42	42	—	10	10	—	52
Gabon	15	15	—	5	5	—	20
Total MIC	117	117	—	35	35	—	152
<i>Misc.</i>	<i>3</i>	<i>3</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>3</i>
Overall total (LLDC + MIC + Misc.)	277	150	127	103	72.5	30.5	380

Note: ^a The allocation of resources by the FAC and the CFD is linked to their specific remits, especially in the case of the CFD which cannot make donations to MIC. The grants division favours countries with large urban populations, which are more dependent on imports for consumption.

Source: MC, 1996.

Table 4 **Breakdown of SDF allocations by sector in 1994**

<i>Sector</i>	<i>Amount in millions of francs</i>	<i>% of the total</i>
Rural	4.9	2.0
Economic activities	23.3	9.7
Urban	109.9	45.7
Education	39.1	16.3
Health/medicines – social activities	62.0	25.8
Total	239.5	99.5

Source: MC, 1996.

A 'testing ground' for a new type of local co-operation benefiting people by means of concrete, rapid actions involving both civil society and local institutions, the SDF was extended into 1995 and has since been made permanent. Local missions have been instructed to dedicate 15% of the total for country programmes to the SDF and can go above this ceiling with the agreement of the central administration. This illustrates an awareness that aid must evolve towards participatory projects, which have a learning effect and directly fulfil the needs of the poorest sectors of the population. This awareness does not seem to have fully influenced the use of the devolved intervention credits made available to local missions in the 1970s for financing operations of less than 1 million francs (up to the equivalent of 10% of the country programmes).

5. Other channels for combating poverty

In a broad sense, local development, support for decentralisation, decentralised co-operation and support for NGO activities are all part of combating poverty when they affect the situation of the most impoverished, even though their objectives and priorities may be wider and combating poverty is not necessarily the prime concern.

5.1 Local development

Local development, in trying to develop the resources of a locality through the organisation of infrastructure, markets and the agricultural or craft sectors, implements a participatory form of co-operation for poor communities. The above-mentioned annual report of the Ministry for Co-operation retraces the process, through its own experience in the rural environment:

Rural development strategies, which until now favoured the 'locality management' approach based on development of the natural heritage (agriculture, animal husbandry, forestry), have shifted in recent years towards a more global approach in favour of 'local development'. This attempts to involve rural communities in the development of their entire region.

In response to this new orientation, the Ministry for Co-operation supports the structuring of rural society in Africa by assisting, in particular, the management of village projects (land development, social facilities ...). It also helps set up decentralised financing systems, enabling management and decision-making to operate at the local level (MC, 1996).

Local development, therefore, seeks the participation of the populations concerned in the conception and implementation of projects that affect their future. This participatory form of co-operation could usefully be organised on the basis of local authorities with elected representatives – as both operators and interfaces between the donors and the local population – within the framework of an administrative decentralisation of African institutions.

5.2 Decentralisation

Since 1993, the Ministry for Co-operation has given local development an institutional dimension by launching an innovative and ambitious programme of decentralisation for Africa. This programme aims to give communities new, decentralised, territorial institutions that are elected and given financial independence

with the help of fiscal reform. These accountable, elected institutions are intended to act as catalysts for promoting local development, respect for human rights, consideration of the interests of minority groups and, consequently, the reduction of poverty.

Now a major institutional issue in French thinking on development in Africa, decentralisation is currently perceived by the Ministry for Co-operation as a response to the need to redefine the role of the state, to establish democracy on solid foundations and to increase citizens' participation in the development process. Having devoted human resources and a budget of about 6 million francs to decentralisation in 1994, the Ministry sums up as follows the challenges of municipal development, in the annual report cited above:

Decentralisation should then make it possible to stimulate local economic development. Despite the current crisis situation, which demonstrates the failure of an economic model that made the state a prime mover, the African municipalities have become one of the key operators in local development.

They could have a positive influence on the region's economic future by opening up new markets and levying taxes and duties as well as through their ability to mobilise local actors and their borrowing capacity. However, it is not a question of imposing a 'top-down' model, of transferring state-level management practices to local level, or of espousing Western patterns.

Support for the decentralisation process places emphasis on a 'grassroots' vision which poses the question of local needs (what services are required, what human and financial resources are needed to organise them?) and of the taking over of local authorities by African societies (*ibid.*).

In order to develop a true 'community culture' in Africa by means of training initiatives, exchanges of experience and networking among African actors, the Ministry for Co-operation would like to base its actions on decentralised co-operation, with the French territorial authorities giving aid directly to their partners in developing countries.

5.3 Decentralised co-operation

Decentralised co-operation appears, in fact, to be one of the means of encouraging decentralisation, by means of training initiatives, expertise, and assistance in developing and setting up projects by authorities from the Northern hemisphere and their African partners or counterparts. These French local authorities also support economic revival in Africa through industrial partnership, organisational support, the management or maintenance of businesses and the promotion of technical tools,

notably services. Thus they can come to play a not insignificant role in the reduction of poverty at the local level. Three main forms of co-operation have been developed: (i) the twinning of towns, which involves exchanges and the forming of human relationships, (ii) urban co-operation, which offers, above all, support for the management of services and infrastructure, and (iii) co-operation in the development of economic activities, which is primarily based on finding common interests, such as the establishment of local businesses or industrial partnerships.

The Ministry for Co-operation and the Ministry of Foreign Affairs give financial support of up to 50% to these different projects, totalling 28 and 25 million francs respectively in 1995. The Ministry for Co-operation also supports the action of French territorial authorities in Africa through programme contracts, framework conventions and government-to-government dialogue.

5.4 Support for NGOs

Despite its still limited nature, support for NGOs must be mentioned because of the role of these institutions in combating poverty. The proportion of French aid given to subsidising NGOs (ranging from 0.2% to 0.4%, compared with an average of between 1.2% and 2% for DAC countries) puts France in fifteenth position among the eighteen countries of the OECD. However, there is a discernible trend towards strengthening this support: in 1995, an increase of 30% in finance allocated to NGOs was programmed by the Ministry for Co-operation, which announced a target of 10% of the FAC to be executed by NGOs (as against 5.9% currently for *direct* support to NGOs). Furthermore, collaboration between NGOs and the government authorities is becoming stronger, through the participation of NGOs in joint commissions and the creation, in 1983, of a 'Co-operation Development Commission' with a remit to ensure an ongoing dialogue between institutions, and including, since 1995, a 'joint programming committee' for the purpose of implementing joint programming of NGO operations. Out of a total of 49.1 million francs in 1994, education, health, the social sectors and rural development – prime means of reducing poverty – amounted to 60% of FAC funding to NGOs, as illustrated in Table 5.

Table 5 Breakdown of cofinancing to NGOs through the FAC in 1994 (%)

Development education	12.4
Health	15.9
Social	5.1
Economic (trade, crafts, businesses, energy)	13.4
Rural (agriculture, fisheries, forests, environment)	26.5
Vocational training – teaching	17.0
Other	10.7

Source: MC, 1996.

6. Conclusion

French aid policy with respect to poverty has particular characteristics. Poverty is not defined as a concrete priority in any aid institution; it is not integrated into programming or evaluation processes; it is not the goal of any specific strategy or policy; it does not appear either as a development concept, or as a statistical concern, or as a criterion for aid allocation. Finally, according to the international institutions, the total amount of French aid allocated to the priority needs of human development is low. The reasons for these characteristics are threefold.

The first reason is of a *'philosophical' or semantic nature*. In effect, the French conception of 'poverty' often associates it with *'indigence'* (need/destitution). Thus the poor become those who have to be helped out of a duty of solidarity, irrespective of the specific circumstances which explain their precarious situation and the possibilities for individual development which would enable them to improve their situation on a lasting basis. According to this concept, which today rests more on a notion of admitted 'evidence' than on in-depth consideration and verification, poverty is not perceived as a phenomenon in its own right subject to specific laws, that evolves and on which one can act directly, but rather as a state which is relatively lasting, and which is rooted in 'underdevelopment' in general and originates from a number of causes. There is therefore no call, in this approach, to work out a specific strategy (comparable to that on child survival implemented in another domain by James P. Grant of UNICEF and based on four priority programmes) to halt clearly identified mechanisms of poverty. Such a strategy would appear, if not utopian, at least inoperable in terms of economic and social effectiveness and not very sound from the strategic point of view because it would act as a palliative, by working on the symptoms of poverty and not on its many causes associated with underdevelopment. The French approach, therefore, leads to a limited sector-based response – to act on certain well-known forms of poverty through targeted programmes that have been proved to be effective – and encourages horizontal development initiatives, which alone are considered capable of rising to the challenge of poverty, to the exclusion of any organised strategy. This is how the French position, as set out in the memorandum presented to the DAC for the financial year 1992, should be understood:

At all events, all the projects launched and supported by French official development assistance contribute, in one way or another, to poverty reduction (MC, 1992).

Therefore, the idea, elaborated notably by the World Bank, according to which the development of the productive capacity of the poor would enable them to meet the

dual challenges of combating poverty and of growth, seems generally absent from French thinking.

The second reason is linked to *history*. French aid remains primarily dominated by government-to-government relations, which account for more than three-quarters of bilateral official development assistance. These special ties nullify the question of the geographical distribution of aid according to a poverty criterion: the priority given to Africa *ipso facto* permits the allocation of a large proportion to the least developed countries. Furthermore, they have left French aid with a legacy of 'substitution co-operation' – born out of independence and marked by a high level of technical assistance and disparate operations where the national capacity was lacking – which has not completed its shift to 'partnership co-operation', based on self-reliance and the transfer of responsibility to the recipient countries with the emphasis on national capacity-building.

The lack of clear priorities, of strategy in general, of co-ordination with other donors in the field with a view to achieving a joint definition and management of decentralised policies and programmes, together with the fragmented nature of operations and a co-operation where the cultural aspect is strong and bilateral relations are preferred, thus appear to be the effect of history and of these special government-to-government relations. However, poverty reduction goes beyond national approaches. People-centred, it clearly calls for the active involvement of public authorities, but also requires a co-ordinated strategy on the part of the actors in development, a participatory initiative by civil society involving local operators, which will generate structural changes and learning effects given time. The growth of French awareness of the need for 'local co-operation' is clear evidence of a shift in thinking and a move towards this participatory approach. But this movement is very gradual and is still limited: according to the international organisations, poverty reduction mobilises only a small proportion of total aid – and of aid thinking – in France.

One last reason for the lack of focus on the issue of poverty is *of a statistical nature*. The geographical orientation of French aid makes it more difficult for the institutions which manage this aid to identify and measure poverty. In effect, the elaboration of a strategy and the monitoring of poverty would imply the identification of target groups, and the construction of social indicators and of income and redistribution indicators. Reliable, relevant and regular statistical data would be needed on the various aspects of poverty. But, in addition to the frequent isolation of vulnerable groups, the ACP countries that are the recipients of the majority of French aid have information systems that are seriously defective. It has been estimated that regular, reliable information on the distribution of income in Africa is available for only 6% of the population (as against 55% in Latin America and 95% in Asia), which would appear to exclude for the time being any analysis or relevant monitoring of poverty

and its mechanisms, apart from utilising and reviving the work carried out for this purpose within the framework of the Social Dimensions of Adjustment programme. However, this joint UNDP/World Bank programme, in which France has not been particularly involved in recent years, does not appear so far to have produced any conclusive findings. In these circumstances, a real strengthening of the information base on poverty would seem to be a prior objective for the implementation of effective, ongoing strategies to reduce poverty in Africa and, thereafter, a change in the position of the French Government on this major development issue. For the West African Economic and Monetary Union countries at least, it is to be hoped that the establishment of the multilateral system for monitoring macroeconomic policies provided under the Union treaty, which will cover income distribution in particular, will eventually make it possible to achieve this goal.

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