



Club du Sahel  
Organisation for Economic Co-operation and Development

**OLIS : 20-Nov-2000**  
**Dist. : 20-Nov-2000**

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**CLUB DU SAHEL**

**Ministerial Lobby Group**

**IMPROVING DEVELOPMENT AID APPROACHES AND PRACTICES**

**Special Meeting with the Ministerial Lobby Group (GMAP) and Development Agencies, Members of the Club du Sahel, on the Occasion of the Bamako 2000 Meetings of the CILSS -- Bamako, 23-24 November 2000.**

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## IMPROVING DEVELOPMENT AID APPROACHES AND PRACTICES

*"The key to the future of development Cupertino in the Sahel is rather to what extent Sahelian institutions can take on the responsibility for managing aid. Will actors continue to be passive beneficiaries or will they seek to become active users of aid resources to advance their own strategies?"*

*The responsible management of aid depends on the detailed monitoring of development co-operation operations that are part of an overall strategy, subsumed in a wider development purpose. It depends on the ability to refuse, choose and adapt the actions proposed, and to formulate one's own requests."*

***Finding Problems to Fit the Solutions: Twenty Years of Aid to the Sahel***  
***J.D. Naudet, OECD/Club du Sahel, 1999***

### **Background**

Despite the large volume of aid to sub-Saharan African countries, its recent performance in terms of impact on living conditions of the poor has been disappointing. In view of this, and in order to meet the demands of their public opinion, development partners must re-assess and reform their development co-operation, especially traditional aid execution and management approaches and practices. This re-assessment is all the more opportune since most West African countries have decided to develop national poverty reduction strategies which should lead to more efficient use of available resources.

It is widely agreed that the future of development aid depends on greater ownership by African actors. That means they must get much more involved at several levels: in developing strategies and defining objectives and benchmarks, in implementing actions, and in their monitoring and evaluation. Up to now, the debate has taken place primarily in Northern fora: the Strategic Partnership with Africa (SPA), the Development Assistance Committee (DAC), etc. Even if this imbalance is unfortunate, it does reflect aid agencies' collective concern to find solutions to the dysfunctions in the aid system (the Co-operation 21 exercise was a good example).

Nonetheless, the lack of African participation in these debates is a major constraint. The only attempts made at this level have been in a national context which has not fostered a common regional strategy.

The critical questions now are how to encourage greater regional involvement in the aid debate and how to establish a North-South partnership on a sound and balanced basis that will help to restore mutual trust.

The response to these concerns pre-supposes that a certain number of principles providing the basis for a new partnership, including actions that increase aid effectiveness, have been adopted.

## 1. The Principles

### 1.1. *A North-South Partnership Framework*

The GMAP has examined these issues a number of times. With Club du Sahel Secretariat support, the African Ministers have discussed a possible framework for North-South partnership that would be based on principles for improving development aid approaches and practices.

For the North, this means:

- (1) accepting the principle of using national procedures as a benchmark;
- (2) harmonising and simplifying donor procedures;
- (3) transferring aid management to Southern partners, with active participation from local field offices;
- (4) assessing the risks of transferring aid management;
- (5) investing in local capacity building at all levels;
- (6) accepting the use of standards for procurement of goods and services;
- (7) taking part in management training programmes for African aid managers;
- (8) facilitating Southern partners' access to information on all types of aid; and
- (9) accepting the principle of aid untying.

For the South, it means:

- (1) agreeing on one co-ordinating ministry for capacity building in each country;
- (2) accepting an evaluation of local capacities where necessary;
- (3) participating in training sessions;
- (4) agreeing to take full responsibility for aid management;
- (5) providing all actors concerned with all necessary information on all forms of aid;
- (6) supporting the establishment of an observatory for transparent management practices; and
- (7) accepting open, wider debate with civil society networks on the subject of aid practices.

Both parties will jointly:

- (1) assess the impact of aid;
- (2) accept transparency in aid management; and
- (3) accept decentralising aid.

This framework should be agreed up-front among development partners. The mechanisms and instruments for implementation will be developed by an experts' group including actors from the North (with preference to field staff) and actors from the South (from technical ministries, civil society, etc.).

### 1.2. *Southern actors' participation in the international debate on improving development aid approaches and practices*

Improving development aid approaches and practices requires strong political will and commitment from development actors. Participation by Southern actors would be encouraged at several levels (which are not mutually exclusive):

- civil society in developing countries, to make the development aid debate more democratic;
- some international forums where North-South exchanges of view could be encouraged;
- aid managers in developing countries.

*At the Civil Society Level*

For the concept of ownership to become a reality, the development co-operation debate on development priorities and the utilisation of aid needs to be more democratic. Wherever possible, this means involving the various components of civil society, by whatever arrangements best meet the needs of the groups and individuals concerned (parliamentarians, media, professional and business organisations, political parties, local elected officials etc.). Nor should the aid debate leave out those groups that are generally least heard and largely ignored by the system, but are the ultimate beneficiaries. The assessments and opinions of the poor in rural or urban areas can be a powerful political lever in the debate on how to improve aid practices. This lever has thus far been underestimated and little used, but this should change in the future.

Local elected officials and civil society actors often emphasise the legitimacy of their demands and the contribution they can bring to the aid debate. They have several times expressed the desire to manage development co-operation activities and the need to support their representatives capable of influencing development policy and actions.

*At the Level of International Fora*

It is necessary at this level to promote a wider debate on regional proposals. In consultation with West African actors, the GMAP proposes to work out common positions on development co-operation approaches and practices. The idea is to identify each party's responsibilities, the constraints to be addressed and recommendations to be implemented. It is important that Africans be able to express their views in forums where Northern actors are virtually the only ones represented. For example, the GMAP's proposals could be discussed at a round table jointly organised with the DAC. The resulting recommendations could be implemented, across the board or in certain sectors or countries, on the basis of agreement on both sides.

*At the Level of Aid Managers*

The countries of the South need to "reassure" their Northern partners, particularly by using effective financial verification procedures that meet international standards. The aid agencies for their part should contribute to well-designed and well-targeted capacity-building programmes for accounting and financial management. These issues should be handled by a network of African aid managers, open to all the countries of West Africa.

What needs to be done is to shift from an approach based on accounting for aid expenditure, to one that focuses on the actual effectiveness of development co-operation. To achieve this, aid agencies should gradually simplify and make their norms and procedures more flexible so that they take account of the realities of the South. Local management of aid also raises the problem of giving responsibility to partners for directing, managing and utilising aid. At this point, the following questions come to mind: How, in practical terms, can local expertise and financial transparency in development management and implementation be promoted? Is it possible to harmonise procedures for procurement of goods and services? Is it possible to accept national procedures (certified by development agencies) as a starting point for shifting aid management to the Southern partners?

Another series of questions which the aid managers' network is to address would take into account the following concerns:

- identifying the most serious obstacles in existing procedures in a limited number of countries;
- working to relieve these constraints, case by case and agency by agency if necessary;
- preparing the framework for a new approach accepting more delegated management to Southern partners and common principles for transparent management and reporting;

- accepting the principle of joint management of funds using the principles of the programme approach.

### **1.3. *Improving Access to and Dissemination of Information on Development Co-operation***

A *sine qua non* condition for better aid management is to establish and use information and information exchange systems. Even if there is an abundance of information, as far as we know there is no overall perspective on the aid system. The real challenge is to structure information, disseminate it and transform it into an instrument for decision-making. An operational information system should function at three levels:

- national bodies capable of producing, storing, structuring and integrating information on external financing flows and development co-operation activities. This requires concerted effort by national administrations but also aid agencies' commitment to make available comprehensive information in digestible form;
- systematised exchange of information, analysis, experiences and evaluations among partners and between national bodies;
- use of information for decision making.

The GMAP would like the Club du Sahel Secretariat to support these discussions, especially those on the aid managers' network, by contributing well-researched technical analyses that will enable the GMAP to make clearly relevant and concrete proposals. Some possibilities can already be identified<sup>1</sup>. The countries in the region would, of course, determine the topics for which they would like such support.

## **2. Concrete Actions**

The process of reforming aid requires a gradual and flexible approach. It will also be necessary to define actions at regional and national levels.

These actions will be implemented in the short term (one year) and will be evaluated at the end of 2001.

### **2.1. *Establishing the Aid Managers' Network***

The GMAP, based on a critical assessment of the situation, has concluded that a West African network to reflect on aid issues needs to be established. Such a network will be comprised of government and civil society representatives, including farmers' organisations. It should be autonomous and the objective will be to strengthen aid management by African governments.

Governments will be asked to acknowledge the utility of these networks, and to give them the necessary political and material support, as well as involve them at a high level with the aid reform process. A similar commitment would be asked from donors.

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1. Research into accounting methods for aid flows is under way, with a study already carried out in Mali. Some general or sectoral topics can be envisaged, e.g. information systems, the impact of different forms of aid on local economies, conditionality, public procurement, the cost of making aid available, and certification of procedures.

## **2.2. National-Level Actions**

The establishment of national networks on aid management should be completed by March 2001. Flexibility in the implementation by these networks is essential to allow each country to move according to its own pace.

The implementation of the initial national networks programme will provide the basis for discussion with a view to establishing a regional network.

In particular, this implies:

- mapping aid flows;
- establishing an inventory of good practices;
- identifying innovative approaches to conditionality;
- developing and monitoring the implementation of procurement norms;
- experimenting with the principles of aid management (including commitments) in four countries.

## **2.3. Regional-Level Actions**

The establishment of a regional network should take place by September 2001, at the latest. It will provide an opportunity for exchange of experiences and lessons learned.

The countries able to establish national networks in the first semester will meet to establish the regional network. The other countries will join the regional network as their national networks are established.

An initiative to experiment with good aid management practices will be launched in at least four test countries.

## **2.4. Joint Evaluation**

A joint evaluation will take place in December 2001. Lessons learned will be identified in order to:

- develop the second-year programme; and
- make recommendations on aid management to governments, donors and civil society actors.