

For Official Use

SAH/GMAP(2000)7



Club du Sahel
Organisation for Economic Co-operation and Development

OLIS : 02-Nov-2000
Dist. : 07-Nov-2000

Or. Fre.

CLUB DU SAHEL

Ministerial Lobby Group

CODE OF GOOD CONDUCT

**4th Meeting of the Ministerial Lobby Group (GMAP)
Dakar, 24-25 May 2000**

Contact: Michel Leblanc, Tel 01 45 24 17 98; michel.leblanc@oecd.org

97387

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format

SAH/GMAP(2000)7
For Official Use

Or. Fre.

CODE OF GOOD CONDUCT
(Part of the Draft Reform of Development Aid)

1. Principles and Aims of Development Co-operation and Aid

Whereas the growing interdependence of States and peoples, a major feature of the turn of the millennium, requires a definition of new principles for development aid, a refocusing of its objectives, and a close, rigorous assessment of its manner of implementation;

Whereas the dysfunctions observed in the development aid system and aid's relative ineffectiveness in advancing genuine development in the beneficiary countries require a radical reform of the development aid system;

Whereas responsibility for the dysfunctions of the aid system and its past aberrations is shared between the involved parties;

Whereas the new development co-operation policy requires the respect of values such as the rule of law, human rights, and a democratic society;

Whereas the involved parties should share a common vision of development and collective well-being, and devise a partnership based on a clear allocation of the parties' responsibilities, capacity-building, and the participation of the beneficiaries;

Whereas genuine partnership requires a commitment from the donors ultimately to reduce the dependency of the countries benefiting from aid flows, and a commitment from the beneficiaries to accept full responsibility for managing and co-ordinating aid;

Whereas the new aid policy should be coherent and effective at the structural level and the functional level;

Whereas this requirement presupposes a genuine partnership based on a new common vision of development, new principles shared by States and citizens, and new agreed rules of conduct;

Whereas the donors should not only encourage the beneficiary countries to define their own strategies, with the participation of civil society and citizens, but should also strive to co-ordinate their programmes so that these respect the priorities of the beneficiary countries;

Whereas the development partners and the beneficiary countries should respect the priorities defined at local level, and the donors should encourage the beneficiaries to take over the co-ordination of activities, and should help them build their capacities and set up procedures compliant with international standards; and

Whereas the new vision of development should put the emphasis on the formation of human capital, poverty reduction, conservation of the environment, gender equality and equity between generations;

The signatory countries undertake to comply with the clauses of this Code of Good Conduct.

2. Aid More Integrated into Economic and Social Development

1. All development programmes eligible for Official Development Assistance must be based on an *overall vision* of development, expressed in an *integrated strategic planning* framework. In particular, perspective analysis should be used to identify priorities for economic and social development.
2. Investment priorities shall be defined and programmed within a *multi-year plan* validated by an overall poverty reduction strategy.
3. National, sectoral and local *priorities* shall be made consistent with current *strategies* and *policies*, particularly those selected as part of the poverty reduction framework.
4. Growth policies shall be directed towards achieving *quality growth*, meaning growth that ensures the most effective *transfer* of wealth to the most disadvantaged groups, while guaranteeing a *wider social base* for economic development. The wealth creation process shall therefore be based on concepts of sectoral diversification and *long-term viability*. In particular, current growth models shall avoid passing the burden of development to *future generations*.
5. To maximise their impact on development and citizens' well-being, the *social return* of investment financed by Official Development Assistance is a major criterion. This return shall be measured by *social welfare indicators* agreed by the signatories to this Code.
6. Progress shall be assessed on a range of indicators that reflects the plurality of the objectives pursued. The "*working set of core indicators*" published by the World Bank and adopted by the OECD shall be a minimum framework of assessment. Work to improve the set of indicators is to be strongly encouraged in the framework of the assessment structures created by countries in North and South.
7. When *ex ante* assessment for investment is made, the priority must go to projects that disseminate *technological and social innovations*, *reproduce the positive effects* of investment, are *sustainable* and *redistribute* these effects geographically, between generations and towards the most vulnerable groups in the population.

3. Improved Co-ordination of Development Aid

8. While retaining a concern for decentralisation, the aid management system shall avoid the multiplication of parallel aid management structures. However many structures there are, *aid management procedures* need to be *harmonised and integrated*.

9. The *considerable resources* that need to be invested to harmonise procedures shall now be an integral part of development aid.

10. A *Conference* of aid managers in countries of North and South and development co-operation agencies shall be established in order to select the best aid management procedures and standardise aid information systems. This Conference may invite experts from North and South, with members of civil society networks as observers.

11. To optimise the functioning of the aid system, *national aid management systems* shall be given priority, and tripartite steering systems encouraged, comprising development aid agencies, local and central authorities, and citizens of the beneficiary countries.

12. To co-ordinate development programmes both internally and externally, *Steering Committees* shall be established to implement and monitor programmes and projects, and *Policy Committees* to decide on programmes and projects, with members from public authorities, civil society and the development agencies. The Steering Committees, as executive bodies, may co-opt representatives of NGO collectives and local consultants.

13. The *accounting and administrative procedures* for managing development aid resources shall be laid down in a handbook of procedures and brought to the partner's attention. Where systems differ, the procedures shall be harmonised.

4. Good Governance of Development Co-operation and Aid

14. These "quality growth" policies shall give priority to *concerted grassroots action*, involving local communities, NGOs, the private sector and civil society. These development actors shall negotiate and participate in the development process at every stage from policy formulation to the steering of projects and programmes.

15. This broader contractual base for development should help avoid the *dispersal of action and resources* both at State level and lower down in the beneficiary countries. A permanent dialogue between States, aid agencies and citizens shall be maintained to achieve maximum rationalisation of the institutional framework for development.

16. Aid mechanisms and procedures shall favour *capacity-building* so that public authorities in the South, NGOs and local experts are better equipped to formulate and implement good public policy.

17. To that end, development programmes financed by Official Development Assistance shall *in every case comprise a capacity-building component* for local public administration and the local private expertise required to support public policies. These specific programmes are to be integral parts of the whole project/programme and assessed as such.

18. *Ownership of policies* by Southern States and aid beneficiary groups shall be ensured when the programmes are being formulated and implemented. Procedures for participation and negotiation processes shall be clearly stipulated at the programme design stage. These procedures shall be part of the eligibility criteria for programmes.

19. The ownership of public policies and programmes requires high-level commitment to providing *genuine leadership*; debate among grassroots development actors, local and central executive bodies, parliaments and local authorities, and clearly defined structures representing civil society shall be encouraged.

20. Actors at both national and local levels must be *accountable* within the development aid management system. Clear allocation of responsibilities is a precondition for transparency and effectiveness.

21. The donor and beneficiary countries recognise the urgent need to manage development aid resources in complete *transparency*. They consequently undertake to make a database available to the general public, and to make periodical audits and systematic activity reports.

22. *National Investment Selection Committees*, comprising sectoral ministries, local authorities, the private sector and development partners, shall be formed to ensure greater transparency in the system for selecting investments eligible for external financing.

23. An adequate, harmonised information system, designed by agreement, shall be *accessible to the general public*. In particular, the *ex post* impact analyses of programmes financed, the findings of periodical evaluations, good practices and failures shall be recorded in a public database.

24. *NGO actions* shall be monitored on behalf of public and local authorities in the areas where they operate. Information on sources and applications of development aid shall be made public according to agreed procedures.

25. The fight against corruption is one of the keys to achieving integrity and effectiveness in the aid system. An *International Council to Combat Corruption* shall be formed to investigate dubious transactions and cases of corruption relating to aid resources. The Council shall comprise members of civil societies, experts from countries in North and South and aid agencies; it will be chaired in rotation by eminent persons from countries in North and South.

26. The Council shall make use of the abundant corpus of current doctrine on combating international corruption, and of the international institutions and information networks involved in the fight against corruption.

27. The Council shall also ensure *transparency in the contracts* involved in development aid, and integrity in the competitive bid process for operations financed by development aid. In particular, it will work progressively towards the complete "*untying*" of development aid.

28. This "untying" shall be achieved by laying down concerted procedures for *affirmative action* in favour of local enterprises and consultants in the beneficiary countries.

29. *Sanctions for corruption*, judged as such after examination by the Council, shall however be determined on the basis of a Code formulated and approved jointly by donors and beneficiaries.

5. Decentralisation and Regionalisation of Development Aid

30. Local initiatives shall be managed within a framework for planning, programming and financing. The *administrative region* would appear to be the best local authority for planning and development. Via its Development Agency on which all grassroots communities are represented, the region may receive all requests from other local authorities and *preselect local initiative projects/programmes* before applying for Official Development Assistance.

31. Projects and programmes that are local or sub-regional initiatives shall in future be handled by the political authorities responsible for seeking development financing. Each country shall define a procedure for deciding which local initiatives are eligible for national public investment, and for enabling *sub-regional initiative programmes* to be jointly programmed by States in the sub-region.

32. Multi-year sub-regional programmes shall be defined as *proposed jointly by States*. These shall give priority to infrastructure, education and land-use planning programmes that have sub-regional effects.

33. The fight against bureaucracy is another dimension of the fight against corruption and inefficiency. *Plan-contracts* between local authorities and beneficiary States shall be encouraged in order to ensure that the development programmes receiving aid are executed locally. Where local authorities' capacities for execution are inadequate, they shall be supported by local experts from consultancies and NGOs in neighbouring areas.

34. This Code of Good Conduct is an integral part of the arrangements for reforming development aid. The signatories to this Code of Good Conduct hereby decide to form a *Monitoring Unit of Official Development Assistance Reform* to monitor the enforcement of this Code and propose any modifications thought necessary. The Unit may undertake studies and analyses of a general nature to measure the long-term impact of development aid.

GANTT CHART FOR NEGOTIATION OF THE CODE OF GOOD CONDUCT

(May-November 2000)

Stages	May	June	July	August- September	October	November
Discussions within the GMAP						
Discussions within the SPG						
Alerting Prime Ministers in the South						
Alerting Civil Society, North and South						
Alerting governments in the North						
Discussion within Governments in the South						
Discussion within Aid Agencies						
Negotiations between beneficiaries and donors						
Presentation of draft to Heads of State						
Signing of the Code Bamako 2000						