DEVELOPMENT ASSISTANCE COMMITTEE

DAC AND OECD PUBLIC POLICY STATEMENTS ON PARTICIPATORY DEVELOPMENT/GOOD GOVERNANCE

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Paris 1992
The attached note brings together relevant excerpts on participatory development and good governance from recent DAC and OECD Communiqués.
1. It is the essential conclusion of DAC’s work on Development Co-operation in the 1990s that the vicious circle of underdevelopment that links high population growth, poverty, malnutrition, illiteracy and environmental degradation can be broken only through economic and developmental strategies and policies which integrate the objectives and requirements of

   -- promoting sustainable economic growth;

   -- enabling broader participation of all the people in the productive processes and a more equitable sharing of their benefits;

   -- ensuring environmental sustainability and slowing population growth in those many countries where it is too high to permit sustainable development.

A new emphasis on stimulating productive energies through investing in people and participatory development

2. Stimulating the productive energies of people, encouraging broader participation of all the people in the productive processes and a more equitable sharing of their benefits, must become more central elements in development strategies and development co-operation.

3. Investing in people is essential for economic growth and greater equity:

   -- Higher priority is needed for making available, on the widest possible scale, sustainable and effective education and training, basic health care, and credit and advice for small farmers and entrepreneurs including women.

   -- Improved food security and adequate nutrition through broad-based agricultural and rural development, creating increased production and incomes, remain an elementary development co-operation objective.

   -- More active participation of women in the process of development at all levels is an essential element of sustainable, participatory development.

   -- The drug problem must be tackled decisively to prevent human potential in developing countries from being destroyed or directed into illicit activities.
4. We will seek opportunities to work with developing countries towards promoting conditions for a dynamic productive sector, strengthening the role of individual initiative, private enterprise and the market system, and more generally, drawing the whole population into the active life of their countries. The transition from an economy which is stifled by over-regulation, and by powerful state and private monopolies, to an economy where the productive energies of people are motivated and can find legitimate expression is a complex challenge.

-- There is a vital connection, now more widely appreciated, between open, democratic and accountable political systems, individual rights and the effective and equitable operation of economic systems.

-- Participatory development implies more democracy, a greater role for local organisations and self-government, respect of human rights including effective and accessible legal systems, competitive markets and dynamic private enterprise.

-- More open competitive systems will improve effective resource use, growth and employment, and will create more favourable conditions for a more equitable income distribution.

5. New emphasis on participatory development does not imply by-passing governments. Indeed, effective development requires strong and competent governments and public services. At the same time, a more determined emphasis on individual initiative and private sector promotion will require less "governmentalised" channels of aid, building on national and local non-governmental institutions, as a part of government-to-government co-operation. Forms of development co-operation which contribute to more participatory decision-making processes include:

-- associating users through appropriate organisations with the design and implementation of aid financed projects;

-- promoting co-operatives and similar associations and NGOs;

-- co-operation in strengthening legal and judicial systems and democratic institutions of government.

{OECD MINISTERIAL COUNCIL OF JUNE 1991}  
[SG/PRESS(91)31, paragraph 44]

6. The economic, political and social situations of the developing countries have tended to diverge, with some promising developments, but conditions in many developing countries remain a matter of concern. Difficult structural adjustment and policy reforms have been set in train by a number of developing countries in Asia, Latin America and Africa, and are beginning to bear fruit. But in many other developing countries economic and social conditions have been consistently deteriorating. While effective development depends primarily upon the developing countries themselves implementing appropriate policies, OECD countries have nevertheless to enhance, along the
lines described in the 1990 Ministerial Communiqué, their support to these countries, and in particular, to the least developed among them, and to those which are adopting effective policies to meet the challenges they face. This support must aim to assist developing regions to surmount the difficulties they encounter in the adjustment of their economies, but equally to support actively the process of democratisation, respect for human rights and the transition towards competitive market economies which is proceeding in a growing number of developing countries. This co-operative effort with developing countries will focus on policies which integrate the shared objective of:

-- promoting sustainable economic growth and integration in the world economy, particularly of those developing countries which face the prospect of declining participation in it;

-- reducing excessive military expenditures;

-- enabling broader participation both by men and by women in productive economic activities and enabling markets and private initiative to play their full role, and encouraging a more equitable sharing of the benefits;

-- promoting human rights, democratisation, open and accountable government institutions and the rule of law;

-- ensuring environmental sustainability, and slowing population growth where it is too high for sustainable development;

-- combating the illicit production, trafficking and consumption of narcotics.  

{DAC PRINCIPLES FOR PROGRAMME ASSISTANCE}
[OCDE/GD(91)215, paragraphs 6(12), 11 and 21]

7. Programme assistance, as other government-to-government aid, is inappropriate in situations of gross violations of internationally recognised human rights.

8. Since programme assistance, especially large-scale macroeconomic programme assistance, is a particularly fungible form of assistance, donors need to assure themselves that the recipient country’s overall resource and budget allocation priorities are consistent with development aims, paying attention also to expensive prestige projects and large military expenditures. Carefully appraised and prioritised public expenditure programmes are fundamental in this respect. They also provide a link between planning for programme assistance and project assistance.

Concern with social and gender impacts

9. Social and political risks must be taken into account in programme design and special efforts must be made to counter them. This does not provide
a justification for delaying essential economic reforms, but does mean that structural adjustment efforts and related policy reform efforts must take distributional factors adequately into account. An important instrument for doing this is the public expenditure review, which needs to ensure that public expenditure gives adequate priority to social objectives, eschewing urban bias, and minimising military and other unproductive expenditures. Both the IMF and the World Bank are paying increased attention to these problems and have been strongly encouraged by DAC Members to do so. While the re-targeting of social programmes is a long and politically difficult process, evidence shows that in a range of developing countries such efforts are indeed beginning to reduce biases against the poor in the education sector and the health sector, and can redeploy displaced workers through special employment programmes. Even greater emphasis on such programmes, including social safety nets in conformity with adjustment and reform efforts and focused on those who need protection, is required by both recipient countries and donors.

(Conclusions of the DAC 1990 High-Level Meeting)
[SG/PRESS(90)76, paragraphs 11 and 12]

Participatory development: a lead theme for development co-operation in the 1990s

10. DAC Members reaffirm their conviction that there is a vital connection between open, democratic and accountable political systems, individual rights and the effective and equitable operation of economic systems with substantial reductions in poverty. Participatory development requires strategies and approaches which combine effective economic policies, equitable access to the basic social and economic services and broader popular participation in decision-making on the orientation of government policies and programmes. DAC Members are encouraged to note that there is a large consensus on these values and orientations as is evidenced inter alia by the recent Conference on the Least Developed Countries.

11. DAC Members will work with their developing country partners to achieve more participatory development, in particular in the following areas:

-- priority for programmes providing affordable, effective and sustainable services, such as for education, training and health, for the masses of the people, including the poor, and broad participation in selection, administration and financing of these services;

-- promoting conditions for a dynamic productive sector, strengthening the role of individual and community-based initiatives, private enterprise and the market system, and facilitating broad access to productive assets;

-- establishing an enabling policy environment and the necessary support for the microenterprise and informal sectors;

-- establishing appropriate boundaries for the role of central government and a greater role for local organisations and NGOs;
-- associating users through appropriate organisations with the design and implementation of aid-financed projects;

-- enabling active participation of women in the processes of development as decision-makers, producers and providers of basic care;

-- assisting developing countries in strengthening institutions, policies and practices leading to good government at central and local level;

-- respect of human rights, including effective and accessible legal systems;

-- strengthening the fight against corruption.

The High-Level Meeting asked the DAC to consider in more detail the operational implications of incorporating issues of participatory development into programme planning and management; and also the best ways of carrying out donor co-ordination, and dialogue with recipients on this issue.

{CONCLUSIONS OF THE DAC 1991 HIGH-LEVEL MEETING}
[SG/PRESS(91)72, paragraphs 10-14]

Participatory development, democratisation, human rights and good governance

12. Participatory development, including democratisation, respect of human rights and good governance are basic conditions for broad-based sustainable economic and social development. DAC Members recognise that their achievement will be a difficult long-haul process. Sustained and determined action by developing countries is therefore required which DAC Members will encourage and support.

13. DAC Members reaffirm their support for development co-operation strategies based on participatory development as set out in the DAC Statement on Development Co-operation in the 1990s. At this meeting they pursued the discussion of implications for aid particularly in the following areas:

-- encouraging democratisation and respect of human rights;

-- supporting structural adjustment and policy reform efforts that promote broad-based development, taking due account of the effects on vulnerable population groups;

-- greater emphasis on human resources development with priority for programmes providing affordable, effective and sustainable services for education, training and health for the poor, with equal access for women, and broad popular participation in the selection, administration and financing of these services;
-- providing voluntary family planning programmes within overall population policies;
-- contributing to the improved functioning of governments and civil services, also at the local level, emphasising accountability and transparency;
-- strengthening the private sector;
-- attacking corruption;
-- working towards reduction in excessive military expenditures.

14. DAC Members have become increasingly affirmative in discussions with their developing country partners on the importance of the central participatory development issues outlined above. DAC Members see these issues as central to their aid relationship and very important to their own constituencies. While DAC Members acknowledge the complexities of the issues involved, progress in these areas is bound to become an increasingly important consideration in aid allocations.

15. DAC Members warmly welcome the trend towards democratisation in many developing countries throughout the world. They will further encourage this process through appropriate development assistance activities and the policy dialogue, and particularly respect for human rights, representative government accountable to its citizens, and good governance within a framework of law. They recognise that there can be a wide variation of institutional arrangements and practices which manifest these democratic values, based on the specificity of each country’s political, economic, social and cultural conditions. They intend to continue their exchange of views and experience in this regard in the DAC, and to build on and strengthen their common efforts in encouraging respect for human rights.

16. Reduction in excessive military expenditures is a key element in sound economic policy and good governance and frees scarce resources for sustainable economic and social development. DAC Members welcome the growing attention paid by the multilateral institutions, such as the World Bank, IMF and UNDP, in monitoring public expenditure programmes for opportunities to reduce unproductive expenditures, especially excessive military expenditures. They note that several DAC Members take the size and trends in military expenditures increasingly into account in their aid allocation decisions. They will also exchange views and experience in this regard in the DAC.