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CODESA DEVELOPMENT FUND

GSIA'S PLATFORM FOR PUBLIC/PRIVATE PARTNERSHIPS

CREATED BY

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CODESA Development Fund

Chapter 1 — Preamble and Legal Basis

1.1 Establishment

This Charter establishes the CODESA Development Fund (“CDF”) as a ring-fenced, multi-donor financing mechanism under the authority of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA Treaty) and the CODESA Charter. The CDF’s purpose is to provide a predictable, rules-based regional financing platform to support COMESA’s strategic priorities in digitalisation, education, and social development, fully aligned with the Agenda for Social Equity 2074 and COMESA integration objectives.

1.2 Legal Foundations and Hierarchy

The CDF derives its authority from the COMESA Treaty, the CODESA Charter, and resolutions of the COMESA Council of Ministers. In the event of inconsistency, the following order of precedence shall apply: (i) COMESA Treaty; (ii) CODESA Charter; (iii) this CDF Charter; and (iv) Donor Committee-approved operational policies and templates.

1.3 Standards and Compliance

Financial reporting and internal control for the CDF shall conform to International Public Sector Accounting Standards (IPSAS); environmental and social risk management shall conform to the African Development Bank Integrated Safeguards System (ISS) and/or the World Bank Environmental and Social Framework (ESF); procurement disclosure shall conform to the Open Contracting Data Standard (OCDS); and cybersecurity, data governance, and incident management shall follow profiles under the NIST Cybersecurity Framework 2.0 and the roadmap of ISO/IEC 27001:2022. These standards are incorporated by reference for purposes of interpretation and implementation.

1.4 Scope of Application

The CDF applies to all regional programs, projects, and activities financed from its ring-fenced resources, including but not limited to digital public infrastructure, education and skills development, social equity initiatives, and institutional capacity-building, provided that such activities satisfy the conditions precedent and ongoing covenants in this Charter.

1.5 Duration and Survival

This Charter shall remain in force for the duration of the CODESA mandate unless amended or terminated by the Donor Committee in accordance with Chapter 15. Survival clauses shall apply to audit, disclosure, data retention, and remedies.

1.6 Privileges and Immunities

Nothing in this Charter shall be construed as a waiver of any privileges and immunities conferred under the COMESA Treaty or applicable law.

Chapter 2 — Definitions and Interpretation

2.1 Definitions

For the purposes of this Charter:

- **“Charter”** means this CODESA Development Fund Charter and Operating Manual, as amended from time to time.
- **“CDF”** means the CODESA Development Fund established herein.



- **“Donor Committee”** means the governing body composed of contributing partners responsible for strategic decisions on the Fund.
- **“Secretariat”** means the administrative unit of CODESA responsible for day-to-day management of the Fund.
- **“Mobilized Resources”** means all resources committed to or through the CDF for eligible activities, including grants, concessional loans, aligned trust funds, and qualifying PPP proceeds.
- **“Agenda 2074 Integration Allocation”** means the fixed percentage (currently 1%) of all project budgets financed under COMESA auspices, credited to the CDF for Agenda 2074 integration activities.
- **“Eligible Use”** means an application of CDF resources consistent with Chapter 5, applicable safeguards (AfDB ISS/World Bank ESF), and disclosure requirements (OCDS).
- **“OCDS Publication”** means end-to-end publication of procurement data and documents across planning, tender, award, contract, and implementation stages in conformance with the latest OCDS version and guidance.
- **“IFR”** means a quarterly Interim Financial Report prepared in accordance with IPSAS and CDF templates.
- **“External Auditor”** means an independent auditor appointed under CDF procedures and performing audits in accordance with ISA and public-sector assurance principles of INTOSAI ISSAI 100.
- **“ESG Instruments”** means environmental and social risk management instruments required under AfDB ISS and/or World Bank ESF (e.g., ESIA, ESMP, SEP, LMP, RAP).
- **“MEL”** means the unified Monitoring, Evaluation, and Learning system aligned with Agenda 2074, including ROI indicators and public dashboards.

2.2 Interpretation

Headings are for convenience only and do not affect interpretation. Unless the context otherwise requires, words in the singular include the plural and vice versa; references to statutes or standards include their successors and amendments; and references to “including” mean “including without limitation.”

2.3 Incorporation by Reference

The COMESA Treaty, CODESA Charter, applicable procurement regulations, and the Disclosure Policy are incorporated herein by reference to the extent not inconsistent with this Charter.

Chapter 3 — Purpose and Scope

The CDF exists to provide a **predictable, rules-based regional financing mechanism** to support COMESA’s strategic objectives in digitalisation, education, and social development, while embedding fiduciary integrity, safeguards compliance, and transparency obligations recognized by development partners.

The objectives of the CDF are to:

- Mobilize multi-donor resources under a unified fiduciary and safeguards framework, reducing transaction costs and duplication;
- Ensure that allocations occur only after compliance with fiduciary, procurement, and safeguards requirements;
- Generate measurable development impact and return on investment (ROI) through improved digital connectivity, institutional capacity, and social inclusion across COMESA Member States;
- Finance activities that accelerate digital transformation, strengthen education and skills development, and advance social equity under Agenda 2074.

The CDF may finance, inter alia, regional digital public infrastructure, education and vocational training programs, social inclusion initiatives, and institutional capacity-building for Member States and SMEs. All CDF-financed activities shall be designed and implemented in accordance with the standards cited in Chapter 1 and the definitions in Chapter 2.

Chapter 4 — Sources of Funds and Credit Rules

The CDF shall be capitalized through contributions from bilateral and multilateral development partners, international financial institutions, philanthropic organizations, and private sector entities, subject to due diligence and compliance with anti-fraud and AML/CFT standards.

In addition, the CDF shall be credited with the Agenda 2074 Integration Allocation, representing one percent (1%) of the total approved budget of all projects and programs financed or co-financed under COMESA auspices, including those supported by development partners and private sector actors. This allocation shall be deducted at the point of project budget approval and transferred to a dedicated sub-account within the CDF earmarked for Agenda 2074 integration activities.

All receipts, balances, and flows shall be recorded and reported under IPSAS-compliant financial statements and Interim Financial Reports. Idle balances may be invested under a conservative treasury policy prioritizing capital preservation and liquidity, consistent with public-sector audit principles.

Chapter 5 — Eligible and Ineligible Uses

5.1 Purpose of Eligible Uses

Allocations from the CODESA Development Fund (CDF) shall finance **regionally prioritized initiatives** that produce measurable value consistent with Agenda for Social Equity 2074 and COMESA integration objectives, provided that all conditions precedent and covenants are met.

5.2 Eligible Uses

An allocation shall qualify as an Eligible Use only if it falls within one of the following categories and complies with fiduciary, safeguards, and disclosure requirements:

- **Digital public infrastructure and compliance enablers:** Investments essential to strengthen regional digital connectivity, e-government platforms, cybersecurity frameworks, and data protection systems aligned with NIST Cybersecurity Framework 2.0 and ISO/IEC 27001:2022.
- **Education and skills development:** Programs that enhance digital literacy, vocational training, and institutional capacity for Member States and SMEs.
- **Social development and inclusion:** Initiatives promoting gender equity, youth empowerment, and access to digital services, aligned with Agenda 2074 indicators.



- **Institutional capacity-building:** Activities that improve governance, procurement transparency, and safeguards compliance across COMESA Member States.

5.3 Ineligible Uses

The CDF shall not finance recurrent salaries, political activities, debt service, or any activity that fails to meet fiduciary, safeguards, or disclosure obligations.

Chapter 6 — Conditions Precedent and Ongoing Covenants

6.1 Gatekeeping Principle

No commitment or disbursement from the CDF shall occur unless the Secretariat certifies that all conditions precedent are satisfied and documented in the allocation dossier.

6.2 Conditions Precedent

- Adoption of IPSAS-compliant financial reporting templates and opening of designated accounts.
- Operational readiness for OCDS publication of procurement data across planning, tender, award, and contract stages.
- Completion of environmental and social screening and preparation of required instruments under AfDB ISS and/or World Bank ESF.
- Adoption of baseline cybersecurity controls aligned with NIST CSF 2.0 and an ISO/IEC 27001 roadmap.

6.3 Ongoing Covenants

Following first allocation, implementing entities shall maintain fiduciary and safeguards compliance, publish procurement data in OCDS format, submit quarterly IFRs, and report MEL indicators into the public dashboard.

6.4 Remedies for Non-Compliance

Material non-compliance with fiduciary, safeguards, or disclosure obligations shall constitute grounds for suspension of disbursements by Donor Committee resolution.

Chapter 7 — Governance and Decision-Making

7.1 Oversight Architecture

The CDF shall be governed by a **Donor Committee** as the principal decision-making body, supported by the CODESA Secretariat as Fund Administrator. This governance structure ensures separation of policy oversight, fiduciary assurance, and operational execution.

7.2 Authority of the Donor Committee

The Donor Committee shall approve the CDF's annual work plan, financial statements, and allocation decisions; adopt policies and operational guidelines; and review audit and compliance reports.

7.3 Secretariat Role

The CODESA Secretariat shall manage day-to-day operations, maintain IPSAS-compliant accounts, prepare quarterly and annual financial statements, and ensure timely disclosure of procurement and safeguards data.

7.4 Subcommittees

The Donor Committee may establish subcommittees for **Audit & Risk**, **Ethics & Compliance**, and **Safeguards & Inclusion**, with terms of reference approved by the Committee.

Chapter 8 — Financial Management and Treasury

8.1 Accounting Framework and Financial Reporting

The CDF shall prepare quarterly Interim Financial Reports (IFRs) and annual financial statements on an IPSAS basis, with CDF balances, flows, and investment income shown in dedicated notes.

8.2 Segregation of Duties and Internal Control

Financial management shall implement appropriate segregation of duties covering initiation, verification, approval, and recording, consistent with public-sector internal control good practice and ISSAI 100 principles.

8.3 Banking and Designated Accounts

CDF resources shall be held in segregated designated accounts. Bank reconciliations shall be performed monthly and reviewed by an official not involved in cash-management operations.

8.4 Investment Policy

Idle CDF balances may be invested in low-risk instruments prioritizing capital preservation and liquidity. Investment income shall accrue to the CDF and be disclosed in IFRs and annual statements.

8.5 External and Internal Audit

The Donor Committee shall procure an independent external auditor in accordance with international standards (ISA and ISSAI 100). Internal audit, if established, shall adopt a risk-based plan covering cash management, procurement-to-pay, and disclosure controls.

Chapter 9 — Procurement, Transparency, and Complaints

All procurement financed in whole or in part from the CODESA Development Fund (CDF) shall be conducted under applicable national procurement laws aligned with the World Bank Procurement Regulations for IPF Borrowers (Fourth Edition, Nov. 2020), with full lifecycle disclosure in accordance with the Open Contracting Data Standard (OCDS). Where donor-specific rules apply, the more stringent standard shall govern.

Each CDF allocation shall include a procurement plan and, where proportionate, a Project Procurement Strategy for Development (PPSD) consistent with international best practice. The plan shall specify market approaches, qualification criteria, evaluation methods, and contract management arrangements, and shall be disclosed in summary form with OCDS identifiers.

Open competitive procurement shall be the default method. Alternative methods (limited competition, direct selection, framework agreements) may be used only where justified and approved by the Donor Committee.

The Secretariat shall ensure timely publication of planning notices, tender documents, award notices, signed contracts, amendments, and implementation updates in OCDS-conformant formats. Beneficial ownership disclosures shall be collected and published where practicable.

A proportionate complaints mechanism shall be available for all CDF procurements, including a defined standstill period prior to contract signature for competitive processes. Complaints shall be

acknowledged, investigated, and resolved within prescribed timelines, with outcomes disclosed in summary form.

Suppliers debarred by multilateral development banks or competent national authorities shall be ineligible for CDF-financed contracts for the duration of such sanctions. Screening results shall be documented in procurement files and referenced in OCDS disclosures.

Chapter 10 — Safeguards and Risk Management

All activities financed in whole or in part from the CDF shall comply with the African Development Bank Integrated Safeguards System (ISS) and the World Bank Environmental and Social Framework (ESF). Where both frameworks apply, the more stringent provision shall govern.

Each CDF-financed activity shall undergo safeguards screening and be assigned a risk classification consistent with ISS/ESF taxonomy. Based on the classification, the implementing entity shall prepare and disclose the required instruments, which may include ESIA, ESMP, SEP, LMP, and RAP.

Stakeholder engagement and grievance redress mechanisms shall be mandatory for all financed activities. Allegations of Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) shall be handled through survivor-centered protocols and reported within 48 hours to the Secretariat and competent authorities.

Digital risks—including cybersecurity, data protection, and privacy—shall be managed through profiles under the NIST Cybersecurity Framework 2.0, supported by an ISO/IEC 27001:2022 roadmap. Activities involving personal data shall conduct Data Protection Impact Assessments where required and maintain incident-response procedures with 48-hour reporting.

The Secretariat shall maintain a consolidated risk register for all CDF-financed activities, reviewed quarterly by the Audit & Risk Subcommittee. Independent third-party reviews may be commissioned for high-risk activities.

Chapter 11 — Monitoring, Evaluation, and Learning (MEL) and ROI

The CDF shall operate within CODESA's unified MEL system, aligned with **Agenda for Social Equity 2074** and COMESA priorities. Evaluation practice shall draw on the **OECD DAC criteria** (relevance, effectiveness, efficiency, impact, sustainability, coherence), applied proportionately to activity scope and risk.

Each allocation shall define a results chain and indicators at output, outcome, and impact levels, with disaggregation by gender, age, and location. Procurement indicators shall be derived from OCDS datasets; financial indicators shall reconcile to IPSAS-compliant IFRs and annual statements.

The Secretariat shall estimate and report Return on Investment (ROI) across pathways such as procurement value-for-money gains, digital inclusion, trade enablement, and cyber-risk reduction. Baselines and targets shall be established within 90 days of the first fiscal year and published on the public MEL dashboard.

Quarterly Performance Reports and an Annual Results Report shall consolidate outputs, outcomes, ROI estimates, and lessons learned. Independent evaluations shall be conducted at mid-term and completion for significant allocations.

Chapter 12 — Disbursement Modalities and Flow of Funds

Disbursements from the CDF shall be executed through one or more of the following modalities: Advance, Reimbursement, and Direct Payment, as specified in the Donor Committee resolution.

No disbursement shall be made unless the Secretariat verifies compliance with fiduciary, safeguards, and disclosure requirements, including cleared ESG instruments, operational OCDS publication, and MEL tagging.

All disbursements shall reconcile to IPSAS-compliant IFRs and annual statements. Idle balances shall be managed under a conservative treasury policy prioritizing capital preservation and liquidity.

The Donor Committee may suspend disbursements in whole or in part upon material non-compliance with fiduciary, safeguards, or disclosure obligations. Amounts found to be ineligible or misapplied shall be refunded to the CDF designated account or offset against subsequent disbursements.

Chapter 13 — Conflicts of Interest, Ethics, and Sanctions Screening

All persons engaged in the governance, administration, or implementation of CDF-financed activities shall adhere to the highest standards of integrity, impartiality, and accountability. Decisions shall be taken solely in the interest of achieving the objectives of this Charter and the CODESA mandate, free from any undue influence or personal gain.

Any actual, potential, or perceived conflict of interest must be disclosed in writing to the Secretariat and recorded in the official allocation file. Members of the Donor Committee or Secretariat with a declared conflict shall recuse themselves from deliberations and voting on the matter concerned.

Prohibited conduct includes solicitation or acceptance of any advantage that could improperly influence decision-making, collusion or bid-rigging, misrepresentation of facts in financial or safeguards documentation, and retaliation against whistleblowers.

The Secretariat shall maintain a confidential whistleblowing channel for reporting suspected fraud, corruption, SEA/SH, or other prohibited practices. Reports shall be acknowledged, investigated promptly, and escalated to the Audit & Risk Subcommittee and competent authorities as required.

All suppliers, contractors, consultants, and implementing partners shall be screened against national sanctions lists, multilateral development bank debarment lists, and any additional lists required by co-financiers. Entities subject to active debarment or suspension shall be ineligible for CDF-financed contracts for the duration of such sanctions.

Chapter 14 — Disclosure and Data Publication

The CDF shall operate under a presumption of maximum transparency, subject only to lawful confidentiality constraints. Disclosure is a condition of funding and a core element of fiduciary and reputational risk management.

The Secretariat shall publish, at minimum:

- The CDF Charter and any amendments;
- Donor Committee resolutions on allocations, suspensions, and remedies;
- Procurement data and documents across the full lifecycle in conformance with the Open Contracting Data Standard (OCDS);

- Safeguards instruments and SEA/SH protocols;
- MEL indicators, baselines, and quarterly/annual performance reports;
- IPSAS-compliant IFRs and audited annual financial statements;
- ROI dashboards and evaluation reports.

All disclosures shall be made in machine-readable formats and published on the official CODESA portal. OCDS releases shall include persistent identifiers (ocid) to enable linkage between procurement, financial, and MEL datasets.

Chapter 15 — Amendments, Review, and Duration

This Charter shall be reviewed biennially by the Donor Committee to assess strategic alignment, governance performance, and compliance with fiduciary and safeguards obligations.

Amendments to operational provisions require a two-thirds majority of the Donor Committee. Amendments affecting governance, dispute resolution, financial obligations, or audit and disclosure rights require unanimous consent.

This Charter shall remain in force for the duration of the CODESA mandate. Upon expiration or termination, the Secretariat shall prepare a wind-down plan addressing outstanding commitments, treatment of uncommitted funds, and record retention.

Chapter 16 — Dispute Resolution

Any dispute arising out of or in connection with this Charter shall be resolved in good faith through a tiered process:

1. **Negotiation:** Internal escalation to the Secretariat and Chair of the Donor Committee.
2. **Mediation:** If unresolved, submission to mediation under the UNCITRAL Mediation Rules (2021).
3. **Arbitration:** Financing-specific disputes not resolved by mediation shall be finally settled by arbitration under the UNCITRAL Arbitration Rules (2013), with the seat of arbitration in Lusaka, Zambia (or another neutral venue agreed by the Parties).

The arbitral award shall be final and binding, enforceable under the New York Convention (1958). Operational disputes not affecting financing obligations shall be resolved internally by the Donor Committee.



Signatures and Annexes

IN WITNESS WHEREOF, the undersigned representatives, duly authorized by their respective governments and institutions, have signed this CODESA Development Fund Agreement in two original copies, each in the English language, both texts being equally authentic.

Signed in Lusaka, Zambia, on [Date].

For the COMESA Secretary

Name: _____

Title: _____

Signature: _____

For the European Social Label (EUSL)

Name: _____

Title: _____

Signature: _____

ANNEX — REFERENCES AND STANDARDS

Preamble

This Annex forms an integral part of the **CODESA Development Funds Operational Framework**. It establishes the mandatory international standards, guidelines, and best practices applicable to financial management, procurement, environmental and social safeguards, digital security, and dispute resolution. All implementing entities, contractors, and partners shall adhere to these standards as binding obligations under the CODESA governance framework.

1. Financial Management and Audit

1.1 International Public Sector Accounting Standards (IPSAS)

Reference: [IFAC IPSASB Resources](#)

1.2 IPSASB 2024 Handbook

Reference: [Access IPSAS Handbook](#)

1.3 INTOSAI ISSAI 100 – Fundamental Principles of Public-Sector Auditing

Reference: [Download ISSAI 100 PDF](#)

1.4 International Standards on Auditing (ISA)

Reference: [IAASB Standards Overview](#)

2. Procurement and Transparency

2.1 World Bank Procurement Regulations for IPF Borrowers (November 2020)

Reference: [Download PDF](#)

2.2 Open Contracting Data Standard (OCDS)

Reference: [OCDS Documentation](#)

3. Environmental and Social Safeguards

3.1 African Development Bank Integrated Safeguards System (ISS)

Reference: [AfDB ISS Update](#)

3.2 World Bank Environmental and Social Framework (ESF)

Reference: [World Bank ESF Overview](#)

4. Digital Security and Data Protection

4.1 NIST Cybersecurity Framework 2.0

Reference: [NIST CSF 2.0](#)

4.2 ISO/IEC 27001:2022 – Information Security Management Systems

Reference: [ISO 27001 Standard](#)

5. Dispute Resolution

5.1 UNCITRAL Mediation Rules (2021)

Reference: [UNCITRAL Mediation Rules PDF](#)

5.2 UNCITRAL Arbitration Rules (2013)

Reference: [UNCITRAL Arbitration Rules PDF](#)



5.3 Permanent Court of Arbitration (PCA) – Appointing Authority

Reference: [PCA UNCITRAL Services](#)

5.4 Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958)

Reference: [New York Convention Text](#)