



Briefing Paper

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Aid Management

British bilateral aid disbursements are at present running at about £200m p.a. Neither the donor nor the recipients can afford to waste it or misuse it. In technical terms, this is a question of efficient management. The role of management in an aid programme has something in common with the role of a consultant in an investment project. Consultants' fees are likely to be about 4% of the value of the contract. This would suggest an annual expenditure of £8m on managing the British aid programme.

An aid programme, however, is something more than an investment project. The declared objective of British aid illustrates the difference: 'The objective of British aid is to help developing countries in their efforts to raise living standards'. This implies that the donor has an interest in the economic condition, in the character, and in the aims of the recipient's development efforts. Knowledge and understanding of this order can only be achieved by day-to-day contact both formally and informally between donor and recipient, over a long period of time.

If the management of aid were simply a matter of accounting, then well-tried Civil Service procedures could be applied, with control exercised from London. But London-based control seems less appropriate for the function that aid management is really meant to fulfil.

Only through permanent representation overseas can the donor secure continuing contact with the government, the business community, and the people of the recipient country. With such contact, the donor is well placed to:

- a) assess the development problems, and therefore the needs, of the recipient country;
- b) identify opportunities for the provision of effective aid, and be ready to offer further assistance in ensuring that the aid is put to good use;
- c) engage in a continuing dialogue with the recipient, from which may emerge proposals for strengthening the development effort, in terms both of the recipient's development policy and the donor's aid policy.

Within such a framework, the donor is also well placed to provide management skills in conjunction with capital aid, a conjunction which is often vital for the efficient implementation of aid-financed projects.

Given that overseas representation is crucial what form should it take? Traditionally British overseas representation is the prerogative of the Diplomatic Service. Aid has in fact been welded on to this structure and has become one of the many political, commercial, and economic responsibilities that diplomats are undertaking. The work of the representative concerned with aid has however now become so specialised that it cannot be adequately performed by people who do not have an appropriate professional training and experience. The

concept of aid management suggested in this paper would require the inclusion, within the high commissions or embassies, of a strong professional element of economists, agriculturalists, industrial consultants, project analysts, educationalists and the like.

The precise size and mixture of such a team would vary according to local conditions and circumstances but the objective would be to establish a series of embryonic development divisions which would in the course of time grow into something like the highly successful Middle East Development Division. Even if five such divisions were ultimately created a total annual expenditure of little more than £500,000 would be involved out of a total aid programme of some £200m. This is only a small fraction of the sum that the British Government, by any normal criterion, might reasonably spend in the interests of more efficient aid management, and would be no more than a first step towards that end.

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