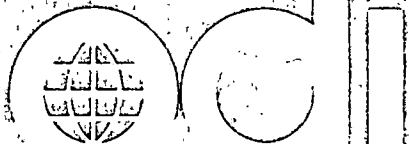


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AID ADMINISTRATION AND THE REVIEW OF GOVERNMENT MACHINERY

A Note by the Overseas Development Institute

The Conservative Government has affirmed, in the Queen's Speech, its intention to pursue "an expanding aid programme". This followed the Party's statement on aid and development policy in its general election Manifesto:

"Britain must play a proper part in dealing with world poverty. We will ensure that Britain helps the developing countries:

- by working for the expansion of international trade;
- by encouraging private investment overseas;
- by providing capital aid and technical assistance to supplement their own efforts.

We have accepted the UNCTAD target for aid to developing countries, and will increase the British programme as national prosperity returns. We will re-examine the objectives and performance of the programme so that the maximum mutual advantage is gained".

It is thus clear that the new Government sees its policy towards less developed countries (LDCs) as an integrated package involving trade, private investment and official aid.

In Britain, as in other donor countries, it is a relatively new concept to approach development policy in this way; but, in principle at least, the desirability of this sort of co-ordination has gained growing international support during the closing years of the first development decade. The Pearson Report was particularly notable for the way in which it stressed the importance of a properly co-ordinated approach to development assistance. As the Report pointed out, public aid, trade, and private capital and know-how are complementary. Parallel improvements are needed in all three; although in some cases they are substitutes for each other, each performs different functions and cannot be replaced by the others in those functions.

In the past, the British Cabinet has tended to consider each of these three aspects of development policy in isolation and, except for aid, primarily in a non-developmental context. With regard to official aid, the main concern has been with the overall size of the programme, with little attention to the programme's underlying objectives and whether those were being achieved. The present Government, however, which from the beginning has given explicit recognition to the comprehensive nature of development policy, is also pledged to a general review of the existing Whitehall machinery. It is therefore particularly appropriate that the administration of development policy should be included in this review.

There has already taken place, over the last ten years, a progressive rationalisation of the machinery for the administration of public aid. At the beginning of the development decade, aid was disbursed and administered through a number of separate offices in Whitehall: the Treasury, the Colonial, Commonwealth Relations and Foreign Offices, and the Board of Trade. This division of responsibilities and interests was probably inevitable at the time, having regard to the embryonic approach to aid and development problems and also to the fact that countries receiving British aid had widely different political status. In 1961, however, the Conservative Government saw the need to start the process of centralising the aid operation and therefore set up the Department of Technical Co-operation which brought together the bulk of technical assistance under a single roof.

In 1964, the newly-elected Labour Government carried this centralisation a step further by establishing a new and separate ministry, the Ministry of Overseas Development (ODM), to administer both capital aid and technical assistance. The prime responsibility for financial and technical assistance was thus brought together under one Minister, who initially sat in the Cabinet. Budgetary aid to the remaining colonies continued to be administered by the Colonial Office (subsequently merged into the Commonwealth Office and later amalgamated with the Foreign Office), and Britain's relations with the World Bank continued to be primarily a Treasury responsibility: with these exceptions, ODM has since managed the whole UK aid programme. Since 1967, the Minister has no longer been a member of the Cabinet; but the Ministry has continued to be an independent entity, with its own representation on inter-departmental committees and its own cadre of professional aid administrators and specialists.

During its six years of existence, the reputation of ODM has grown steadily. In October 1968, the Estimates Committee on Overseas Aid reported:-

"There can be little doubt from the evidence that the British aid programme has become much more effective in the last few years, and that credit for this must go to the Ministry of Overseas Development".

On the value of having a separate Ministry, the Committee added that "To merge the Ministry of Overseas Development in one vast overseas department" would be a "retrograde" step. This conclusion was based "not merely on theoretical reasoning as to the value of specialisation but on the results achieved by the Ministry since its formation". A year later (October 1969), Bernard Braine M.P. wrote in his Conservative Political Centre Booklet 'Overseas Development':-

"Today it is fair to claim that under that department's (ODM's) roof is to be found one of the best aid management teams in the world".

It is not surprising, therefore, that the administrative structure of the British aid programme is the envy of many other members of the O.E.C.D. Development Assistance Committee. A separate development ministry is in fact something of a rarity. More commonly, there is a semi-autonomous agency within or under the authority of the Ministry of Foreign Affairs (e.g. Belgium, Canada, the Netherlands, USA - the degree of autonomy varying greatly); and in some countries, responsibility for aid and development is diffused through several ministries, with administration sometimes in the hands of specialised financial and technical agencies (West Germany, France, Italy, Japan). With regard to the United States, which in absolute terms is still by far the biggest aid donor, it is interesting to note that President Nixon has recently

proposed to Congress (15 September 1970) that development assistance should cease to be a State Department responsibility and that two semi-autonomous agencies - concerned with technical assistance, LDC-oriented research and development lending - should be set up, with a development advisory group based in the White House. Even though DAC members follow different administrative practices, an overall tendency may be discerned towards allocating responsibility for development policy in general and aid management in particular to a specialist and more or less autonomous institution.

The most striking point which emerges from a study of the administrative structures of different countries is that there is no correlation between strength of commitment to the international aid effort and any particular structure. The only factors which are common to all countries where the aid administration is working in a favourable environment are strong governmental leadership and a political commitment, at the highest level, to the development objectives of aid.

Britain is at the forefront of this latter group of countries and the Conservative Government has stressed that improvements in the administration of aid and development policy will be a matter of high priority. In view of the acknowledged record of ODM, and the specialised understanding of LDC problems which has now been built up within the Ministry, there is a strong logical case for the Government to base its new, more comprehensive, development thinking on the machinery that already exists, perhaps by setting up new departments within ODM with specific responsibilities for the development aspects of trade and private investment. There are reports, however, that the Government is considering a rather different approach, which might involve merging ODM with the Foreign and Commonwealth Office or the Board of Trade.

Such a merger would not necessarily involve the disbandment of the present ministry, which could be maintained as a functional department under the wing of another ministry. Even this would involve practical disadvantages. At the official level, for example, development aspects could be less effectively taken into account through loss of separate ODM representation on inter-departmental committees. There would be a similar loss of influence on policy if ODM became a quasi-governmental agency or public corporation.

More important, however, is the fact that any reduction in the status of ODM would inevitably be interpreted, both at home and abroad, as indicating a reduced British commitment to the challenge of world development. The Government could only offset such a misinterpretation by affirming, more explicitly than it has so far, its commitment to pursuing an expanding official aid programme aimed at assisting the economic development of LDCs.

In proposing administrative changes the Government may hope to effect economies. If this is to be achieved by disbanding ODM, distributing its present functions between different government departments, and economising on staff, the effectiveness of aid in promoting development will be impaired. The efficient administration of an official aid programme necessarily requires an adequate staff; and the running costs of ODM, about £4 million annually, are already small relative to the total sums (currently about £225 million gross per annum) disbursed under the official aid programme. A large part of ODM's work consists of the administration of technical assistance which in recent years has become more pre-eminent. If this assistance is to continue to be efficiently organised and managed, it will require at least the same sort of attention as it receives at present. Moreover, the disbanding of the existing organisation and the body of professional skill and experience built up over the past six years will adversely affect the planning and implementation of the whole aid programme. It is therefore not immediately clear how any disbanding of ODM could result in significant economies unaccompanied by reduced effectiveness.

Finally, if responsibility for aid management were taken away from one specialist body and distributed among several ministries, the developmental aspects of aid would be in danger of being submerged by more immediate political, commercial and other considerations. This would jeopardise the very goals to which aid policy is essentially directed, and which best serve Britain's self-interest in the long term.

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