

British Aid — I

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Survey and Comment

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Overseas Development Institute



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Overseas Development Institute

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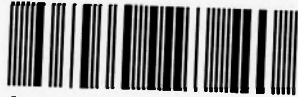
It is now generally accepted that the problems of the developing countries in Asia, Africa and Latin America will be increasingly decisive in national and international politics during the next ten years. The industrialised countries are faced, in particular, with the problem of how to help in the development of these others.

To study this problem the Overseas Development Institute was set up in London in the autumn of 1960 as an independent, non-governmental body financed by a grant from the Ford Foundation and by donations from British industrial and commercial enterprises. Its policies are determined by its council under the Chairmanship of Sir Leslie Rowan; its Director is William Clark, and Deputy Director, Athole Mackintosh.

The functions of the Institute are:

- 1** To provide a centre for the co-ordination of studies on development problems;
- 2** to direct studies of its own where necessary; at present on a grant from the Nuffield Foundation it is undertaking a broad study of the relation between methods of aid and the problems of development;
- 3** to be a forum where those directly concerned with development can meet others and discuss their problems and share ideas;
- 4** to spread the information collected as widely as possible amongst those working on development problems;
- 5** to keep the urgency of the problems before the public and the responsible authorities; in particular to inform the public about the need for action, and about the results of any action taken.

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Overseas Development Institute

British Aid — 1

Survey and Comment

Overseas Development Institute Ltd
160 Piccadilly
London W1
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Foreword

The Overseas Development Institute in London and the Brookings Institution in Washington have been asked by the Foreign Office and the State Department to make parallel studies of the various systems of Aid operated by the industrialised countries, and the changing needs of the developing countries.

The ODI began by making a study of the British Aid system in which we were given considerable assistance by the Government Departments concerned. The results of that factual survey are being published as a series of pamphlets:

- British Aid – 1 Survey and Comment
- British Aid – 2 Government Finance
- British Aid – 3 Educational Assistance
- British Aid – 4 Technical Skills
- British Aid – 5 Colonial Development

This pamphlet attempts to give a very brief survey of the main features of British Aid to Developing Countries, and to raise questions (and sometimes suggest answers) which emerged as the result of the overall survey. It has been brought up to date in the light of the latest White Paper on Aid to Developing Countries (Cmnd. 2147).

The burden of the work has fallen on the Research Staff under the Director of Studies, Athole Mackintosh. They have been helpfully guided by the Committee on Studies under the Chairmanship of Mr. Donald Tyerman.

The pamphlet has also had the benefit of careful consideration by members of the ODI Council and many of their very valuable suggestions and amendments have been incorporated.

It is our hope that this pamphlet will help public discussion on the purpose, adequacy and efficiency of British Aid to Developing Countries.

We shall be examining many of the questions raised in the pamphlet with a view to clarifying the issues and making recommendations for action.

The ODI will also continue its studies both of other countries' methods of giving aid and of the changing needs of developing countries. We would like to record our gratitude to the Ford Foundation and British industrial and commercial firms which have financed the Institute, and to the Nuffield Foundation whose three-year grant has made these studies possible.

LESLIE ROWAN, *Chairman*

WILLIAM CLARK, *Director*

Introduction

The problems of the developing countries in Asia, Africa and Latin America will be increasingly decisive in national and international politics during the next decade. The industrialised countries are faced, in particular, with the problem of how to help these others in efforts to develop. They can help in several ways – by offering buoyant, steady and expanding markets for the products of the developing countries, by investment of private capital, with accompanying skills and training, and by financial, technical and educational assistance from private organisations and their governments. It is with the last of these – Aid, in the technical sense of assistance from public funds – that this pamphlet and the others in the series are principally concerned. Trade and private investment have crucial parts to play in the development of the developing countries – indeed, most of the rich countries of the world today owe their development to trade and private investment, without the help of external government aid. Today the developing countries earn four or five times as much foreign exchange by exporting their products to the industrialised countries as they receive in all forms of assistance from governments, and they receive half as much by investment of private capital as by aid. In all of this Britain's interest is very strong, both as a trading nation and as a major source of international capital.

Government aid, however, is a sufficiently large and separate subject to merit attention by itself; it is also a new one, for it is only in the last twenty years, and in some countries very much less, that aid has been provided on a substantial scale from the public funds of some countries for the purposes of development of others.

Britain is no newcomer to the problem of helping poor countries to develop their resources. The British Government

has given help in various ways to one group of these countries – the Colonies – since the end of the last century. Financial assistance for *development* formally began with the Colonial Development Act of 1929. This Act provided up to £1 million a year; assistance was on a small scale until the end of the Second World War. Thereafter, under the Colonial Development and Welfare Acts of 1940 onwards and other arrangements, aid to the Colonies grew from an average of £16 million a year in the period 1945-1950 to £43 million a year in 1951-1956 and to £64 million a year in 1957-1962.

In addition to this aid to the Colonies throughout the post-war period, the British Government also gave assistance to a few foreign countries (averaging £14 million per annum in 1945-1962) and contributed to multilateral aid through international organisations (averaging £9 million per annum). But it is significant that, until 1957, the British Government gave virtually no bilateral aid to the independent developing countries of the Commonwealth. The figures given above for aid to the Colonies up to 1956 include all but 2 per cent of the aid to the Commonwealth as a whole. In contrast, in the period 1957-1961, the independent countries received one-third of aid to the Commonwealth. In the latest year, 1962/3, they received over half of all Commonwealth aid.

Until 1957, therefore, British aid to developing countries consisted largely of aid from a metropolitan power to its dependent territories – for whom it was the main source of advice, personnel and financial help, and for whose policies it was ultimately responsible. In the past few years, the situation has been transformed. In the first place, the major part of British bilateral aid now goes to countries which are independent. This follows from the decisions announced at the Montreal Conference in 1958 to extend development aid to the countries of the Commonwealth which were already independent; and the emergence of many of the colonies as independent countries, which Britain continues to assist. Secondly, Britain is not the only or even the most important source of advice and aid for these independent countries – British aid goes alongside that of other donors. Today the British Commonwealth receives only one-third of its aid from Britain; India only 10 per cent. Thirdly, the total amount of aid provided by the industrialised

countries has grown very substantially – by nearly 100 per cent since 1956. The United States still provides over half of the total, but it has been joined in recent years by growing amounts from the other countries of Western Europe, Canada and Japan, as well as the Soviet Bloc. In each case, there are specific national reasons for providing more aid, but behind them is a growing acceptance by the rich countries of the world of a joint responsibility to help the poor countries in their efforts to develop.

This recognition of the problems of the developing countries as international problems is reflected in the plans of the United Nations for the Development Decade, and in the efforts of the member countries of OECD to co-ordinate their aid programmes and to share the common burden. In this new situation British aid is no longer a semi-private effort to assist dependent territories; it is no longer a matter which concerns it and the colonies alone; it is a factor in Britain's external relations with the developing countries individually and collectively, and also with the industrialised nations of the world.

In the financial year 1962/3, assistance by the British Government for overseas development amounted to £148 million. £138 million went directly to other countries as bilateral assistance; half of this was in grants, half in loans. The remaining £10 million was Britain's contribution to multi-lateral assistance through the operations of international organisations. Of the bilateral assistance, 45 per cent was given or lent to the colonies, 46 per cent to the independent Commonwealth, and 9 per cent to other countries.

Of this, 85 per cent is financial aid – to enable the developing countries to buy capital equipment and other goods or services. Foreign aid represents only a small percentage of these countries' own resources (from all donors it amounts to 2 or 3 per cent of the developing countries' total national products); but this understates its importance. First, it provides essential foreign exchange and secondly, most of it is used for capital investment, in countries where savings are very scarce. It makes it possible for the developing countries to mobilise their own resources more effectively for development and to do so now. Through this crucial leverage or catalytic effect, foreign aid is

much more important than the simple figures suggest.

In addition to financial help, the developing countries need technical knowledge and skills. So an essential part of Britain's foreign aid programme is the supply of technical assistance and assistance to education and training. Britain is, in many respects, especially well placed to provide this kind of help. In the long history of service overseas in the colonies and elsewhere and of the operations of British firms in the developing countries, a great deal of knowledge has been acquired of most parts of the developing world and of the technical and administrative problems of their agricultural and industrial development. Technical assistance accounted for 15 per cent of all British assistance from public funds in 1962/3.

The figure of £148 million for 1962/3 includes all that is officially classified as assistance by the Government for overseas development. It includes some items that might perhaps be questioned (e.g. emergency assistance) but it also leaves out certain other contributions financed indirectly by the Government, e.g. in education and research. And, of course, it is not meant to measure the private contributions from Britain, e.g. by voluntary organisations.

Finally, it is worth stressing again that Government aid, though essential in present conditions, is only one of the methods whereby Britain can and does co-operate in overseas development. It must be seen alongside trade and other business activities. Britain imported goods worth £1,300 million from the developing countries last year. Its investment of private capital (though a poor guide to the importance of British business activities in promoting development) was roughly £150 million—as much as the total of aid from public funds.

Objectives

In December 1961, the General Assembly of United Nations unanimously adopted a resolution designating the 1960's as the Development Decade. The preamble to this resolution recalled the pledge in the United Nations Charter 'to promote social progress and better standards of life in larger freedom', and noted that 'the economic and social development of the economically less developed countries is not only of primary importance to these countries, but is also basic to the attainment of international peace and security and to a faster and mutually beneficial increase in world prosperity'.

It is generally accepted that Britain, as one of the rich nations of the world, has a responsibility to help the poorer countries in their efforts to develop – there is a moral obligation to alleviate poverty and to ensure that, as world income grows, the share of the poor countries does not fall but rise. For Britain, this sense of responsibility is particularly strong towards that large group of developing countries in the Commonwealth (30 per cent of the population of all developing countries including China) – especially to the colonies and those countries that have recently achieved political independence.

In the latest White Paper, *Aid to Developing Countries*, issued recently by the British Government (Cmnd. 2147, September 1963), there is a passage setting out the justification for Britain's aid programme. This repeats the acceptance by Britain of responsibility to help the less developed countries; it recalls that 'the world-wide desire for a determined and co-operative effort' has been recognised in the UN resolution; it adds: 'the promotion of development by means of overseas aid should help buttress stability in the developing countries, and this is in the interests of the whole world. Moreover, the economic progress of the countries now receiving aid should eventually be to the benefit of the donor countries as well as of themselves,

as it will contribute to a general expansion of world trade'.

In short, in addition to the moral obligation to help the poorer countries, Britain is under political pressure to do so, and hopes to benefit directly through greater world stability and prosperity.

Broad expressions such as these give a rough guide to the direction of effort of the aid programme – towards economic development instead of, say, towards building up the military power of allies – and they reflect the main grounds for public support. There the question of purpose might be left, and often is.

But these statements are not precise or comprehensive enough to be practical guides to specific aid decisions nor to yield criteria by which to judge the effectiveness of particular examples of aid or the programme as a whole. If the aid programme of Britain or of the world is to be deliberately designed, its purposes need to be defined more precisely. This raises many issues, of which there has been some discussion within the Administration, but little in public in Britain. They are very confused, and here no more than a start can be made on unravelling them.

In any one aid decision there is bound to be a mixture of aims, and the mixture will vary from one decision to another. But if policy is deliberate and consistent, certain aims will predominate, affecting the whole nature of the policy, the principles of allocation, the choice of forms of aid, and the conditions that the recipients are asked to meet.

The objectives of an aid programme can be divided into three groups:

- (i) The general long-term objective which is broadly summarised as 'the economic development of the poorer countries': this can be interpreted in several different ways.
- (ii) Overlapping with the first, there is another group of long-term objectives which lay down the background conditions within which it is desired that 'economic development' should be achieved.
- (iii) There are many short-term purposes for which a donor can use aid or the offer of aid.

Within the first general objective of 'economic development' can be found several more specific aims, with different implications for the allocation of aid between countries and for its use within a country. For example, the objective may be the maximum rate of growth of the incomes of the developing countries as a group, with little or no regard for its distribution. Or it may be the alleviation of poverty within each country – the raising of incomes per head in all countries at least to some desired minimum. Emphasis on the first aim suggests an allocation of aid to countries with the greatest potential for development instead of to those with the greatest poverty.

There are other possible interpretations. The statement, for example, that the aim of aid is to enable developing countries to achieve 'self-sustaining growth' means little in practice by itself. In the UN resolution quoted above, it is qualified by the addition of a target of 5 per cent as a minimum annual rate of growth of aggregate national incomes, to be achieved by the end of the decade. Other targets could have been adopted with different implications for aid programmes. (The White Paper uses the phrase 'self-sustained growth' without explicit recognition of any target rate or a date for achieving it.)

A more urgent point is this: the economic development of a country depends very largely on its own efforts and its acceptance of disciplines which may be novel, unpleasant and unpopular. Without these, foreign aid cannot be effective in assisting development. If that is indeed the donor's principal objective, the aid programme must be so designed and used as to encourage these efforts and the acceptance of discipline and, if necessary, the donor must be prepared to impose conditions.

Intertwined with the primary objective of 'economic development' is a second group of long-term objectives – conditions that the donors want to see satisfied in the course of development or as a result of it. For example, it may be important to a donor that the developing country should avoid certain forms or practices of government, respect human rights, give fair treatment to foreign commercial interests, or ensure that the benefits of development are spread widely among the people; or that it should help in maintaining peaceful external relations and maintain internal order and stability. Such objectives may indeed be the *real* objectives of aid: it can be

argued. for instance, that the purpose of aid is less to make development occur than to ensure that it does so by rapid but peaceful evolution.

Objectives of this kind may be shared by several donors. Others may be peculiar to one alone – for example, the maintenance of political influence, commercial privilege, or military alliance.

The third group comprises those short-term purposes for which the offer of aid on certain terms or the threat of its withdrawal may be used. It may be a weapon of competition between the donor and other rich nations to gain a short-run political or commercial advantage in a particular country. It may be given in an attempt to keep friendly governments in power or it may be used to prevent outbreaks of violence – as a modern equivalent of the gunboat. In these short-term examples aid is seen most obviously as an instrument in the donor's external relations with other rich countries as well as with the developing countries themselves.

The pursuit of these various objectives may conflict with each other, and with the achievement of the aim of economic development, whatever its precise meaning. For example, emphasis on stability may rule out certain processes of change that are necessary for the most rapid economic development. But such conflict is not inevitable. Indeed, the existence of the other aims may reinforce the efforts made towards economic development.

In the United States foreign aid has long been recognised and publicly discussed and analysed as an instrument of foreign policy. The Clay Report [Report of the Committee to strengthen the security of the Free World] states, for example, that 'we live in a world in which poverty, sickness and turmoil are rife and where a relentless Communist imperialism manipulates this misery to subvert men and nations from freedom's cause. A foreign aid programme is one instrument among many which we and other developed countries adequately can afford and vigorously must use in the defence and advancement of free world interests'. As this quotation shows, foreign aid is widely regarded (and supported) as a weapon of the cold war. As such it can be used for short-term and long-term objectives. There are various hypotheses about how the weapon works.

According to one, now perhaps outmoded, Western aid is in direct competition with aid from the Communist bloc – it is a reward for alignment, even if it does not win friends. According to another, aid is seen as a long-term instrument, which helps to build the economic strength of the recipient and so makes it more resistant to Communism. These two hypotheses (among others) imply different actions. With the second, but not with the first, it is essential to the donor that aid should be designed to be effective in assisting development and the donor does not object if the recipient obtains aid from communist sources. On this second hypothesis the pursuit of another objective need not conflict with the attainment of the goal of economic development – indeed it strengthens the incentive to make aid effective in economic development.

Whatever the precise hypothesis, if aid is regarded chiefly as a cold war weapon, this will influence its allocation. It will tend to be concentrated on the countries which are most at risk or are otherwise important in that conflict, instead of being allocated in accordance with some criteria more relevant to development and the alleviation of poverty. At the same time, however, an aid programme which can be regarded as a weapon of this kind may be more readily understood and command stronger support (as it does in the United States) and the total aid effort may therefore be much larger than it would otherwise be.

As this example shows, it is hard to say categorically that one objective or another will conflict with the purpose of 'development'. Economic development, however, is a long-term process. Therefore it is likely that aid resources will not be used in that process as effectively as they ought to be if aid decisions are taken on short-term considerations alone and not in the context of a long-term policy. Secondly, if economic development is the primary aim, it is important that the allocation of aid and other decisions should be based as far as possible on economic criteria, and be judged by their contribution to development. If aid decisions are frequently taken on non-economic grounds (if, for example, aid is given for short-term political purposes), this will retard economic development and reduce the incentive to developing countries to accept economic criteria and to apply them in their policies.

An aid programme involves the spending of public money; its administrators are bound to give weight to the particular interests of their country. They may take a narrow short-term view of those interests and give them the greatest weight. Or they may take a wider longer view, subordinate short-term national interests and treat aid as part of a world approach to a world problem, in the hope that this will be in their country's interest in the long run. Any aid decision must involve a compromise between the various interests of the donor and recipients. It is desirable that individual decisions should be taken in the context of a long-term policy which tries to reach the 'best' compromise. This requires the identification of purposes and the deliberate design of the aid programme to match needs and resources.

In Britain there has been, in public at least, relatively little of the explanation, analysis and discussion of the more specific aims of aid which are needed if aid policy is to be deliberate, consistent and publicly supported. The British Government's attitude has not been made clear. It is emphasised, quite rightly, that circumstances vary extremely widely from one case to another and a rigid set of principles cannot be applied. Nevertheless, one would expect a more coherent picture to emerge from individual decisions than there appears to outsiders, if these decisions were guided by a deliberate long-term policy.

In part, this lack of discussion and explanation is due to the past concentration of development aid on the colonies. In giving aid to the dependent territories many things could be taken for granted (or could be controlled in other ways) that cannot be when dealing with independent countries. Their economic policies, for example, were subject to British advice and influence and trade links ensured that British firms would benefit from aid expenditure. It was not necessary to use the aid programme for the second group of objectives – to influence the political and other conditions in which development took place. Nor was it necessary to introduce into the aid programme itself many conditions to safeguard or promote British interests – these were taken care of in other ways. The allocation of aid was affected, of course, by political considerations; but on the whole aid could be concentrated more narrowly on

the purpose of development of the colonial territory and the criteria for its use could be more strictly economic. Moreover, the development of British colonies could be presented as clearly a British responsibility and in Britain's interest – a proper use of public money – and the amount of aid was the concern of Britain and the colonies and of no one else.

In the less sheltered conditions of today, when the greater part of Britain's aid goes to independent countries, often alongside the aid of other donors, many questions arise which were not so pressing before. It is especially important to decide on those objectives which cannot be reached without attaching political and other 'strings' to aid. What conditions should Britain alone, or with other donors, ask the recipients of aid to accept – in order to serve certain national or international interests, or to ensure that aid does make an effective contribution to development, or, at the very least, that it is honestly used for its intended purpose?

Many further questions now need more careful examination. On what criteria should aid be allocated? How can aid be designed to increase its effectiveness and at the same time keep down the burden on the donor and increase public support? Should more aid be multilateral, now that donors are co-operating in any case more closely? How can public aid and private overseas business be usefully allied? Answers to such questions have to be worked out by Britain in consultation with the developing countries and with other donor countries. A start has been made in discussions within the United Nations and OECD; but there is a long way to go.

Organisation

The context and nature of the British aid programme has changed in the last six years. It is important to consider whether the machinery of policy-making, administration both here and overseas, and public presentation has adapted to the new situation.

To begin with public presentation: in spite of a recent growth of public interest in the aid programme, it has already been remarked that there is little public debate about it. Both Britain and America devote between 2 per cent and 3 per cent of their national budgets to aid. In Washington there is all the panoply of a Presidential message, Congressional hearings week after week, and an eventual Congressional debate. In Britain there are parliamentary debates on parts of the subject, but rarely debates on the subject as a whole; there is consequently little public explanation, analysis or discussion of the purposes, priorities and methods of the full aid programme.

Does this matter? It can be argued that since there is little public demand to cut the aid programme, it would be best to let sleeping dogs lie. But there is reason to believe that the public does now positively 'will the end' of improving the conditions of life in the developing world, and could be guided to will the additional means. If the Government really believes that overseas development is an important aim of British policy, it would be wise to trust the people, tell them what is needed and why, and give a positive public lead. In a democracy a policy of this importance ought to be openly debated. And it is likely to be more firmly rooted in public support if that public is well-informed.

The lack of public discussion not only results in a lack of public understanding at home, it also results in a lack of appreciation overseas of Britain's aid efforts. In particular, the

absence of debate is thought by many people in our ex-colonies to indicate a lack of interest in the whole problem of development.

Responsibility for the aid programme and its public presentation is at present shared among several government departments. No single Minister is responsible for all aid. The seven departments mainly concerned are the Treasury, the Department of Technical Co-operation (DTC), the Board of Trade, and four departments of external affairs – the Colonial Office, the Commonwealth Relations Office, the Central Africa Office and the Foreign Office.

The Department of Technical Co-operation was established in July 1961 to take over, unify and expand the functions relating to technical assistance which were previously carried out by other departments. But it is not concerned with financial aid. The policy decisions about aid as a whole – whom to aid and how – rest in the hands of the four departments of external affairs and the Treasury.

In view of the present-day importance of aid to developing countries the question arises whether there should not be a single department with a political head in charge of the administration of all British aid. Several arrangements have been suggested, giving varying degrees of responsibility and power to the single department. It is useful to set out the general arguments for some re-organisation before describing these specific arrangements.

- 1 A single department would have as its primary concern the problems of development of the overseas territories. It would make known in Britain the interests of the developing countries and seek to secure the resources which are needed.
- 2 To design and administer an aid programme to meet the rapidly changing needs of developing countries is a large and difficult task. It requires a detailed knowledge of the countries themselves and of their individual needs. Some of this already exists in the various departments of Whitehall and could with advantage be combined in a single department.

Equally important, but much more difficult to find, is a thorough knowledge and understanding of the problems and modern techniques of development and development

planning. For the proper design of an aid programme and for the effective use of resources, it is essential that there should be much more detailed expert study of the problems. Staff skilled in development problems are needed both at home and in overseas posts.

- 3 Given sufficient policy-making responsibility, a Ministry for Overseas Development would provide the natural representatives to deal with the international aid-giving bodies. Similarly, recipient countries would find it convenient to deal with one Ministry rather than several, and might well find their suspicions of neo-colonialism disarmed by a department which had been set up for the sole purpose of dealing with their kind of problem.
- 4 At present aid lacks a spokesman within the Government and in Parliament. A Minister for Overseas Development (a preferable title to Minister of Aid) could argue the case for allocating a sufficient slice of the national budget to aid, just as the Minister of Defence does for arms expenditure, or the Minister of Education for expenditure on schools and teachers. He could also explain to Parliament and to the public the strategy of the British aid effort and encourage public discussion of it and participation in it.

Several suggestions for re-organisation have been made which can be summarised broadly in the following three:

- 1 A Ministry for Overseas Development should be set up with a senior Minister at its head. This Ministry would take over from the external affairs departments the responsibility for policy-making and allocation of aid.
- 2 An Agency or 'service' department should be established which would be responsible for the technical aspects of aid and its administration but would leave the responsibility for policy-making in the hands of the present departments, whose adviser it would be.
- 3 In addition to such an Agency a senior Minister should be appointed to act as the general overseer of aid and its spokesman in the Cabinet, Parliament and the country.

What are the objections to proposals of this kind? The most important set of objections arises (as does the problem itself) from the existence of four separate departments of external affairs, each dealing with a different group of countries. All four deal with some developing countries. If (as has been suggested) Britain were to have a single Ministry for External Affairs (embracing the Foreign, Commonwealth Relations, Colonial and Central African Offices) with a single Minister in charge, then it would be comparatively easy to place a Minister in charge of Overseas Development under his general overlordship. It would still be desirable that such a Minister, like the Minister charged with Commonwealth Relations, should have a seat in the Cabinet (as the Lord Privy Seal does today).

But it is argued that, until external affairs are re-organised, Aid, which is only one aspect of Britain's relations with other countries, should be handled by the Departments concerned with all aspects of those relations. This includes commercial relations which are extremely relevant to the problems of development.

As far as the technical aspects of aid and development are concerned, this is not a powerful argument. Indeed the case for a single department handling the technical aspects, as a 'service' department for the other four, has already been recognised by the setting up of the DTC. This has increased the effectiveness of the technical assistance programme, but it has also brought its own problems, by divorcing technical from capital assistance, or at least making their association more difficult.

Except on grounds of expediency and reluctance to change, there are only weak objections to a 'service' department, administering all aid, studying its technical aspects, and with a powerful voice in an advisory capacity. Indeed such a department, not being involved in short-term political problems, might be better able to keep long-term implications in mind and to insist on economic criteria in the use of aid once offered.

There is a serious difficulty in the suggestion that there should be a single Ministry with responsibility for policy-making. It implies that the external relations departments

should be deprived of their responsibility in deciding which countries are to be aided – a crucial part of external policy. Under a single Minister for External Affairs it would not be difficult to work out a policy between the ‘political’ and ‘developmental’ interests. But if external affairs are to remain divided between four ministers it will be necessary to have a Ministerial Committee to settle priorities. It will also be important to ensure that the Minister for Overseas Development is of sufficient seniority to see that developmental interests are not overwhelmed by political interests.

In brief the Ministry for Overseas Development should take the initiative in devising an Aid policy and programme for Britain, but it must take account of other political, commercial and economic factors which affect that policy. If it is intended that aid should become one of the most important elements in Britain’s external policies, the most appropriate instrument to decide on the ultimate priorities of Overseas Development would be a Committee of the Senior Ministers involved under the chairmanship of the Prime Minister. It is essential that one member of such a Committee should be a Minister whose prime responsibility would be to make the Aid programme a successful instrument for promoting growth in the developing countries.

It need hardly be emphasised that organisational change alone can achieve little. It is only if there is a strong intention to improve the aid programme that any change will be effective.

Financial Assistance

Survey*

There is no fully satisfactory or commonly accepted definition of the word 'Aid'. In this summary of the British aid system it is used in the sense in which the British government uses it and the official classification is adopted. In official statistics the 'Aid' figures are entitled 'Assistance by the United Kingdom government for overseas development', with a foot-note 'economic and technical assistance for the less developed countries'. These figures represent resources made available by the British government to the less developed countries for various purposes and on various terms. They include assistance to the current budgets of certain countries, emergency relief after natural disasters and contributions to the cost of pensions for expatriate officials, as well as direct technical or financial assistance to programmes of economic development. Military assistance, however, is excluded. The forms of assistance vary from outright grants to loans, repayable in sterling, at interest rates of 6 per cent or more. It is true that few, if any, of these resources would have been available to the recipients through normal commercial channels; but clearly the 'aid' element varies and it is debatable whether they should all be classified as 'aid for development'.

'Assistance by the United Kingdom government for overseas development' has risen sharply in the last five years. The main cause of the increase was the government's decision in 1958 to make development loans on a government to government basis to the independent countries of the Commonwealth and to the colonies.

* A more detailed survey is given in another pamphlet in this series, **British Aid – 2 Government Finance.**

Development Aid 1948-63

	£ million Annual Averages for:	
	1948/9-1957/8	1958/9-1962/3
Total Assistance	57.9	139.6
Total multilateral assistance	7.4	16.2
Total bilateral assistance	50.5	123.4
Made up of:		
Grants	34.9	61.6
Loans	15.6	61.8
Distributed to:		
Colonial Territories	37.5	66.5
Independent Commonwealth	1.3	43.5
Foreign Countries	11.6	13.5

Note: These are figures of gross disbursements.

In the last three financial years, total assistance has varied between £148m. and £160m. a year. Of the £138m. in bilateral assistance in 1962/3, roughly one-sixth was technical assistance; the rest was financial assistance, one-third in grants and half in loans. The distribution in 1962/3 is shown below.

Allocation of Aid 1962/3

	£ million			
	Grants		Loans	Total
	Technical Assistance	Other		
Colonial Territories	11.5	28.9	20.2	60.6
Independent Commonwealth	10.1	10.5	41.7	62.2
Foreign Countries	1.4	7.2	6.4	15.2
Total bilateral	23.1	46.7	68.2	138.0
Total multilateral	3.2			9.9
Total assistance	26.3			147.9

Note: Figures do not add up due to rounding.

Forms of Assistance

There are six main forms of assistance:

1 Grants and loans on departmental votes (Foreign Office, Commonwealth Relations Office, Colonial Office and Department of Technical Co-operation). These include grants for emergency assistance and budgetary assistance, various grants and loans for development purposes and all Technical Assistance grants (on the DTC's vote). Grants predominate while loans are made at varying rates of interest, sometimes interest free. (The total in 1962/3 was £70.7m. of which £26.5m. was for technical assistance and about £24m. for budgetary assistance.)

2 Grants and loans to the colonies on the Colonial Development and Welfare Vote. CD & W funds have been the main source of development aid to the colonies. Loans are rarer than grants and are usually at low rates of interest. (Total in 1962/3: £16.0m.)

3 Exchequer loans to colonial governments. These were introduced in 1959 to supplement colonial borrowing in the London market. They are used for any of the purposes of an approved development plan. They are normally long-term loans, at a rate of interest equal to the British Government's borrowing rate plus $\frac{1}{4}$ per cent. (Total in 1962/3: £13.9m.)

4 Export Credit Guarantee Department loans under Section 3 of the Export Guarantees Act. These loans have been the main form of aid to independent countries since the decision in 1958 to lend to the independent countries of the Commonwealth. They are formally tied to the purchase of British goods and services, often not in connection with specific projects. The loans are usually long-term, at a rate of interest equal to the British Government's borrowing rate plus $\frac{1}{4}$ per cent. Normally there are grace periods for repayment. In certain cases a waiver of interest for the first seven years will now be granted. (Total in 1962/3: £40.5m.)

5 Colonial (now Commonwealth) Development Corporation (CDC) investments, both direct and indirect. Until 1963 the CDC was confined to investing in the colonies but it may now invest in those countries which became independent after February 1948 (this excludes India, Pakistan and Ceylon). It is a supplementary source of capital, in between private and government sources; it is required to operate on commercial lines. (The CDC describes its operations as 'investment in the development of resources'; it 'does not offer aid'.) It draws its finance mainly from the Exchequer, but also from other sources. (Total of Exchequer advances to CDC in 1962/3: £5.0m.)

6 Subscriptions to the International Bank (IBRD) and International Development Association, which are made by special statute. Other payments to UN agencies are made through the Foreign Office and DTC departmental votes. (Total of drawings by IBRD and IDA from the United Kingdom's subscriptions in 1962/3: £0.7m.)

Administering Departments

The division of British aid by main administering departments in 1961/2 and 1962/3 is shown below:

Government Channels of Aid

	£ million	
	1961/2	1962/3 (provisional out-turn)
Colonial Office		
Colonial Grants and Loans Vote	21·8	14·8
CD & W Vote (colonies etc.)	20·7	16·0
Exchequer loans to the colonies	18·8	13·9
CDC (Exchequer advances to)	19·2	5·0
Commonwealth Relations Office		
Commonwealth Grants and Loans Vote	12·9	18·7
CD & W Vote	1·7	—
Foreign Office		
Foreign Grants and Loans Vote	12·9	10·7
Department of Technical Co-operation		
DTC Vote	18·2	26·5
ECGD		
Loans to independent governments under Section 3 of the Export Guarantees Act	32·2	40·5
Drawings by IBRD and IDA from UK subscriptions	0·6	0·7
TOTAL	<u>159·0</u>	<u>146·8</u>

Note: Differences between the totals in this table and those given elsewhere are due to rounding and to slight differences in timing between Exchequer issues and payments by departments.

Recipients

Between 1945/6 and 1962/3 total expenditure on economic and technical assistance amounted to £1,367m. of which 12 per cent was multilateral assistance, 52 per cent bilateral grants and 36 per cent bilateral loans.

The colonies received £732m. or 61 per cent of the £1,206m. in bilateral aid; three-quarters of this was in grants. At the head of the list of recipients were Kenya (£92m. including £32m. emergency assistance) and Malta (£57m.). Nigeria received about £40m. before independence in 1960.

The independent countries of the Commonwealth received £230m. (19 per cent of bilateral aid) almost entirely after 1957. Three-quarters was in loans. India received over half of the total (£122m. of which all but £3m. was in loans). Pakistan received £30m. and Nigeria, after independence, about £25m.

Aid to foreign countries amounted to £244m. (20 per cent of bilateral aid); two-fifths was in grants. Most of this aid has gone to eight countries—to Burma, Jordan, Libya and Yugoslavia, which received most of the grants and some loans, and to Argentina, Greece, Iran and Turkey.

Bilateral assistance during this period, divided by countries, was as follows:

Bilateral Assistance 1945/6–1962/3

	<i>Bilateral Assistance 1945/6–1962/3</i> <i>£ million</i>		
	<i>Total</i>	<i>Grants</i>	<i>Loans</i>
Colonial territories	732	517	215
Independent Commonwealth	230	58	172
<i>of which—India</i>	<i>122</i>	<i>3</i>	<i>119</i>
Foreign countries	244	144	100
All recipients	1,206	719	487

Note: These figures are of gross disbursements, as are all the commonly quoted official figures of aid published in "Financial Statistics" and in the "Annual Abstract of Statistics". During the period 1945/6–1962/3 about £110m. was received in repayment of principal and about £50m. in interest.

As many of the Colonies have come to independence, the proportion of Colonial aid in the total has declined. In 1962/3, aid to the independent countries of the Commonwealth was, for the first time, over half of total aid to the Commonwealth.

The distinction between colonies and independent countries in the forms of aid is maintained in the 1962/3 figures. Just under 60 per cent of financial assistance (i.e. apart from technical assistance) to the colonies was in grant form, compared with 20 per cent in grants to the independent Commonwealth, including grants to newly independent countries at independence.

An indication has already been given of the variety of purposes for which the aid is used. In the colonies the greater part is used for budgetary assistance and to meet the local costs of development expenditure. The rest is used directly to pay for imports; this part is now required to be spent in the United Kingdom, provided that goods and services are available on 'reasonably competitive terms'. The greater part of the aid to independent countries is in the form of loans under Section 3 of the Export Guarantees Act, which are formally tied to the purchase of British goods and services. Some of these purchases are in connection with specified projects in the recipient countries, but 'much the greater part' is programme aid, being 'placed at the disposal of the recipient country to be spent in Britain on a wide range of goods within categories agreed with the country concerned' (paragraph 34 of the White Paper on *Aid to Developing Countries*, Cmnd. 2147, 1963).

Comment

£150m. a year is a considerable sum to spend on aid, though only a small proportion of Britain's total resources. Is it enough and is it effective?

The adequacy of Britain's aid effort must be judged, as part of the contributions of all donors, in relation to the needs of developing countries. The principal aim of British aid – whatever the subsidiary aims may be – is to help the poorer countries achieve satisfactory growth of their incomes. Over the past decade, their incomes have grown at an average rate of roughly $3\text{--}3\frac{1}{2}$ per cent p.a. With population growth of 2-3 per cent p.a., this has been enough to raise incomes per head by little more than 1 per cent p.a. – enough to double their standards of living in 50-70 years. Given these low rates of growth and the very low levels of income per head from which they start, there is a natural desire on the part of these countries to set targets for growth in the present Development Decade as high as possible. The amount of aid 'needed' by any one country to increase its rate of development depends on the target adopted for a higher rate of growth and on the amount of resources, internal and external, that can be mobilised by the recipient itself for development purposes. There is, however, some upper limit to the rate of growth that a country can achieve even with unlimited aid – there is a limit to the capacity of the country to absorb aid and to use it effectively for development.

How much aid in total is required by all the developing countries together for the most rapid growth that seems feasible, or to achieve a target rate of growth below that, but above the rates of recent years? Is the present level of aid from all donors adequate for that maximum increase? There can be no one answer to these questions – the 'adequacy' of aid depends on its form, the uses to which it is put and the effectiveness of local efforts, as well as on the amounts. Global estimates of need are extremely hazardous even when they are built up from estimates for individual countries which take account of their particular conditions and resources and assume that aid

is appropriate in form and purpose. Nevertheless, some estimates are desirable, however rough, to ensure that the size of aid programmes is determined in the light of needs and not only of the donors' resources. A target is also politically useful in making the aims of development seem actual and achievable.

The United Nations proposals for the Development Decade suggest a target of raising the rates of growth of national incomes of developing countries from $3\frac{1}{2}$ per cent p.a. to a minimum of 5 per cent p.a. by 1970 – sufficient to double standards of living in 20-30 years. This compares with OECD's target for the current decade of a 50 per cent rise in national incomes – sufficient to double standards of living in the OECD countries in about 20 years. The UN estimates that if aid were 1 per cent of the Gross National Products of the rich countries, this would take the developing countries halfway towards the Decade's target. For the OECD countries to achieve this average percentage of GNP in aid would imply an increase of about 40 per cent over the 1962 figures.

Other estimates suggest that an increase in total aid by something like this proportion will be needed, during the rest of the 1960's, if the apparently modest target of the Development Decade is to be approached. The major donors, members of the Development Assistance Committee (DAC) of OECD, are also agreed that the capital needs of a number of less-developed countries are far from being met and that a further expansion of their common aid effort is required.

These are short-term targets – the urgent need is to accelerate the growth of incomes in the current decade. What lies beyond 1970 – what the needs for aid will be during the rest of this century – will depend on future aims. Will the world be content when the poor countries can sustain certain rates of growth without external help, even though they will be still extremely poor? It will also depend – and here is perhaps the most important point of all – on the success of measures taken in this decade to slow down the growth of population. The population explosion in the developing world, particularly in Asia, is making the task of raising standards of living fantastically difficult. Urgent attention needs to be given to ways in which the developing countries' efforts to curb population growth can be helped and encouraged.

Total flow of aid

The total flow of aid (from official sources) in 1962 is estimated by OECD to have been \$6,500m. (£2,300m.), of which \$6,000m. (£2,100m.) came from the twelve members of the Development Assistance Committee (DAC) of OECD and \$550-\$600m. (£200m.-£210m.) from other countries, including the Sino-Soviet bloc.

The contributions of the major donors, members of DAC, are shown below.

Net flows of long-term resources (official) to less-developed countries and multilateral agencies in 1962 (disbursements).

	U.S. \$ millions		
	<i>Total</i>	<i>Total Bilateral</i>	<i>Grants, etc.</i>
Belgium	97	69	66
France	996	879	772
Germany	427	325	109
Italy	66	35	35
Japan	165	158	75
Netherlands	86	42	38
United Kingdom	417	377	215
United States	3,606	3,328	2,643
Other DAC countries	98	77	27
Total DAC countries	5,957	5,289	3,979

Note: The column headed 'Grants etc.' includes grant-like contributions, mainly from USA which do not require servicing in foreign currencies.

Britain ranks fourth in terms of total amounts of aid and third in terms of grants; its ratio of aid to gross national product is somewhat below the average for DAC countries. Although Britain is undoubtedly one of the major donors it does not stand out as a more generous contributor in the way

that many people in Britain still believe or to the extent that is expected of a country at the centre of a world-wide Commonwealth which includes many of the poorest people on earth.

Britain is under pressure to conform to the standards which the members of DAC are beginning to evolve (the recent introduction of more liberal terms for loans was in part a response to DAC criticisms) and can influence them by its own example. There is some danger in a group of this kind that aid efforts will be judged too much by comparison with each other and too little by the needs of the developing countries. Whether the amount of aid is indeed going to be expanded or even maintained, in the face of probable reductions in the American contribution, will depend heavily on Britain. France's contribution is already large, though narrowly concentrated geographically, while the fourth major donor, Germany, is a relative newcomer and has no special responsibility to any area.

Aid in relation to Britain's resources

What determines the size of Britain's aid contribution? The amount disbursed in aid is a very small proportion of Britain's total resources – 0.6 per cent of gross national product in 1962 – less than the average increase in three months. It is also a very small proportion (2 per cent) of total government expenditure.

The White Paper on Aid points to the primary limit: 'the amount that we can afford to spend on aid to the developing countries depends primarily on the state of our balance of payments . . .' (paragraph 31).

Aid was only 2.2 per cent of Britain's total overseas expenditure on imports and other items in 1962. But it was a substantial part of the overseas expenditure for which the government is directly responsible: of £480 million in net government overseas expenditure 40 per cent was on military services and 30 per cent on aid.

Aid involves additional expenditure overseas, only part of which is certain to be offset immediately by additional receipts from exports or in other ways. So, in the short run at

least, an increase in aid tends to worsen the balance of payments, though perhaps by only a small fraction of the additional aid.

This **balance of payments limit** to the aid effort deserves to be discussed at some length. Concern for the balance of payments does not, of course, limit action only in the field of aid; it affects action and experiment in domestic policies in general and, in particular, action towards growth of the economy. There are innumerable reasons, apart from ability to give aid, for seeking to 'improve' the balance of payments position of Britain. But the problem is a *rich countries'* problem. If the balance of payments is adversely affected and Britain loses gold as a result of giving additional aid, this is a loss to another *rich* country whose exports (in the simplest case) have been bought by the recipient of the aid. The poor countries do not use aid to build reserves.

This is the crucial point: Britain is a rich country, with a gross national product of £25,000m. for 50 million people, buying £5,600m. worth of goods and services from abroad. It gave and lent £150m. in overseas aid in 1962. Poor countries, and not only they, are justified in asking with amazement whether it is possible that a country like this, apparently willing to give more help and even having idle resources, can still indeed be deterred from increasing aid to, say, £250m., by the risk of a transfer of gold from itself to another rich country? Surely the priorities are badly wrong? Surely rich countries can manage their affairs better than this?

These questions can be asked in full recognition of the difficulties, some of which are peculiar to Britain, and of the efforts being made to overcome them. They point to the need for greater urgency and importance to be given by the rich countries – the donors of aid – to co-operative schemes for increasing world liquidity, which would allow the amount of aid to be determined much more by willingness to give and by need and much less by concern for the current state of the balance of payments.

They also suggest the need, in Britain, to re-examine the justification for the view expressed in the White Paper. Is not the risk of loss greatly exaggerated? It can be argued, for instance, that during the past year much more aid could have

been given, in the form of tied grants or loans on 'soft' terms, at least, with little or no direct cost to the balance of payments immediately, and with an actual gain in the future, due to the acquisition of overseas assets. If the balance of payments is indeed thought to set the primary limit to aid, the effects of aid upon it ought to be thoroughly investigated, taking into account various possible forms and distributions of aid, actions of other donors and conditions of trade. It is especially important to look ahead beyond the immediate future at the effects on future exports of giving, or not giving, aid now. At the same time, cannot more aid be given in ways that put no direct charge on the balance of payments – by greater provision of services, research and training in Britain or of accommodation for international organisations?

The balance of payments is not the sole limiting factor. Some forms of aid demand resources that are in short supply in Britain – the requests for technical and educational assistance overseas cannot all be met and places in educational institutions here are scarce. On the total amount of aid, the White Paper points out that 'annual expenditure on aid is now large enough to have implications for the Budget as well as for the balance of payments; and in deciding what we can afford to spend on aid we have also . . . to take into account the trend in public expenditure as a whole and the general state of the economy' (paragraph 31). This implies, as has already been stressed, that the choice between expenditure on aid and other public expenditures, overseas and domestic, should be made explicit and deliberate.

Effectiveness of aid

No increase in the amount of aid can be justified unless at the same time we try to make sure that it is effective in promoting development – that it is so designed and administered that it meets the long-run development needs of the recipient countries. Whether it is effective depends not only on its form and the uses to which it is put but, most important, on the efforts

of the recipient countries themselves to mobilise and use their own resources.

This raises the question of how to improve our system of evaluating aid requests and the results of aid (the British system has been criticised by DAC as inadequate). Study is needed of the results of our aid programme in various countries – where and how has aid been most effective in stimulating national efforts? Which projects have succeeded, which have failed and why?

It also raises a more difficult question: whether Britain should do more to ensure that its aid to independent countries forms part of a well-conceived and effective national development effort. Development aid to the colonies is given for schemes within development programmes which are approved in the light of a thorough knowledge of the countries' affairs and backed by advice and influence over policy. In spite of this close co-operation between donor and recipient aid has not always been successful. Can anything like the same co-operation be achieved when aid is given to independent countries? This question is becoming more important with the growth of the proportion of aid to these countries, and as time passes since the independence of those that were colonies. Of the major donors, the United States goes farthest in setting requirements for the overall policy of the recipient and for self-help efforts as formal conditions of aid. Britain is perhaps at the other extreme, being reluctant, in the case of ex-colonies, to appear to interfere with the policies of newly independent sovereign states. The choice of aid projects appears to be left much more to the recipients, and greater reliance placed on the financial terms (most of British financial aid to independent countries is in the form of tied loans) to ensure that the aid is used effectively.

It is questionable whether this system gives enough informed assistance to the recipients (especially to those which are short of experienced planners and administrators) in selecting aid projects or in carrying them out, and whether it gives the donor sufficient assurance that aid will be well spent and supported by other efforts. An important step towards improving the system would be to strengthen the official representatives dealing with aid in the recipient country. This might best be

done by having overseas representatives of a single Ministry of Overseas Development, whose functions would be to co-operate closely with the government departments concerned with development, to advise and help in requests for financial and technical assistance and in the supervision of aid expenditure, and to evaluate the results in the light of knowledge of the whole development programme.

The problem of ensuring that aid is effective is common to all donors. In many recipient countries, there is clearly a need for better co-ordination among the various donors and multilateral aid-giving agencies, and there is scope for collective action, including new consortium arrangements. The World Bank (IBRD) has a very important role to play in increasing the effectiveness of aid, by arranging co-operation between donors and recipients, by the selection of the projects financed by itself or by its affiliates IDA and IFC, and by its advice on overall policy and assistance in development planning; so do other international organisations, in pre-investment work and other kinds of technical assistance.

It may be suggested that both the problems of evaluation of the effects of aid and of assurance about its effective use would be easier to deal with if aid were confined to individual projects which involve the donor from start to finish and in which capital aid can be combined with technical aid. Part of British aid to independent countries is provided as a contribution to such projects—perhaps the best known example is the Durgapur steel works in India—but a large and important part is used to pay for imports that are needed for projects in which the donor is not directly concerned, or for general balance of payments support of the whole development programme. The choice of goods to be bought with this aid is to a large extent left to the recipients. Programme aid of this kind is very valuable, and avoids the worst disadvantages of tied aid by giving the recipient a wide range of choice of goods. But its effectiveness obviously depends even more than project aid on the effectiveness of the development programme as a whole. There is some danger that it may be used to give short-run help to the recipient in overcoming budgetary or balance of payments difficulties, but without ensuring that it is as effective as it ought to be in promoting long-run development.

A well-laid plan in the developing country is almost an essential if aid is really to assist development. Equally such planning is only realistically possible if there is a fair assurance of the continuity of aid. Britain has recognised this in aid to the colonies since 1940—the C.D. & W. Acts allocated funds for the next five years. The question arises whether Britain might not take the lead in pledging continuing aid to the few outstandingly practical plans of independent countries. Internationally this would echo the famous “decision in principle” made by the American Congress in 1948 that it would see the Marshall Plan through the next five years.

Terms of Aid

Grants made up just over half of British bilateral aid in 1962, compared with three-quarters of the total aid of DAC countries. But within the British total there was a marked difference in the composition of aid to the colonies and aid to the independent Commonwealth. The colonies received about £50 million in financial aid (i.e. apart from technical assistance), of which £30 million was in grants. The independent Commonwealth also received about £50 million in financial aid, but of this only £10 million was in grants—and most of these grants were to newly independent countries following arrangements made at the time of their independence. In the high proportion (80%) of loans to these countries, and in the high rates of interest charged on them, Britain is out of line with most of the other donors.

In its aid to the colonies, Britain has long recognised the need of developing countries for flexible terms and a large proportion of grants. It has not done so in its aid to independent countries. Most of this aid is in the form of loans under Section 3 of the Export Guarantees Act, formally tied to the purchase of British goods. They are normally long-term loans, with grace periods for repayment, at rates of interest (in recent years between 5½% and 6¾%) tied to the British government's borrowing rate.

These are near to conventional banking terms. In many cases they mean that the aid cannot be used for those projects which do not produce revenue directly or quickly, for which aid from public funds is especially needed, or that the aid is so used, but at the cost of future difficulty in finding the internal and external resources to service the debt. As a disciplinary device to ensure careful selection of projects and use of aid, an interest rate is often inappropriate. Moreover a single interest rate, based on conditions in the British domestic market, is ill-suited to the varied circumstances of the recipients.

The present burden of debt service on some of the developing countries is already alarming and it will become more so as new loans are added and the loans of the past few years fall due to be repaid. In the recent White Paper on Aid the British Government has recognised the need for more varied and more liberal terms. It has introduced longer grace periods and a waiver of interest on loans for a period of seven years (when "fully justified"); but the loans remain loans—this does little to alter the problem of debt burden in the 1970's. There is a very strong case for quickly moving further towards the terms of colonial aid in aid to independent territories, by making very long-term loans at nominal rates and giving a larger proportion of grants (neither of these would cost more in terms of Britain's resources between now and 1970 than a conventional loan with a 7-year waiver of interest). Such a shift from loans to grants would, however, again raise questions about control over the use of funds and the explicit conditions to be attached to aid.

Geographical distribution

It has long been almost unquestioned that the great majority of British bilateral aid should go to the Commonwealth. But today the distribution, based so largely on traditional patterns, seems to need some re-examination. For instance, is it not important to become involved in helping South America—though a United States sphere of influence—because otherwise

the USA may begin to pull out of its aid programmes to Commonwealth countries, particularly in Africa? (This was broadly hinted in the Clay Report to President Kennedy in March 1963.) Is it not in the interests of donors and recipients to encourage regional development planning, for instance, in West Africa, which would involve both ex-French and ex-British territories?

More generally, it is sometimes said that, if the amount of aid could be increased substantially, the additional amounts should be concentrated on "key areas". But what are these "key areas"—the countries with the greatest potential for rapid development, or the greatest poverty, or the greatest importance politically or commercially, or those which are themselves making the largest efforts to develop, or which for one reason or another are neglected by other donors and cannot attract private capital?

The answers depend on more precise definition of the objectives of aid. There will be no single definition. But the pattern of the future will be influenced by the allocation of the additional amounts now being made available—what should its emphasis be?

Multilateral aid

Finally, what should be the place of multilateral aid within this future pattern? Over the past five years, about 12 per cent of British aid has gone through multilateral channels, mainly through the IBRD, the IDA, the United Nations expanded programme of Technical Assistance and Special Fund, and the Indus Basin Development Fund. (Contributions to the regular budgets of the United Nations and its specialised agencies are excluded.) About 12 per cent of world aid also is multilateral. This proportion is only slightly larger than it was in the mid-1950's.

There can be no question in the foreseeable future of transferring *all* aid to these and other multilateral channels, as is sometimes suggested. But the problems of development of the poorer countries are now accepted as world problems—should not Britain give, and encourage others to give, a growing

proportion of aid through world and regional agencies? The current proposal for new larger subscriptions to IDA is a step in this direction, but should yet more be done? Is the assumption correct that a donor gains little credit by giving aid multilaterally instead of bilaterally? Is the loss of freedom of allocation and control over the use of aid as important as it is often supposed to be? (in the allocation of bilateral aid, for instance, a donor is quite severely restricted by the past pattern of contributions). In view of the fact that in several programmes the USA's subscription rises with the amount given by the rest of the world, is it not advantageous to Britain to exercise this multiplier effect? An increase in the proportion of multilateral aid would almost certainly be to the narrow benefit of Britain – through an increase in the untied proportion of the aid of other donors – and of the Commonwealth – because more multilateral aid has been spent in the Commonwealth than it has contributed.

Apart from such questions and leaving aside the matter of political support for the various institutions, the main question is: how can aid be channelled so that it is most effectively used for long-term development? Here multilateral aid must be compared, not with the bilateral aid of Britain alone, but with the bilateral aid of all donors taken together. There are now many more donors than in the mid-1950's, and much of their aid is of roughly the same kind on similar terms. Are the international agencies more effective, or can they be made more effective than a variety of bilateral arrangements, as channels for a greater part of this "common" aid? The number of countries which receive aid from several donors is growing and the problem of finding the best ways of co-ordinating the various contributions is being considered by DAC. Are consortium arrangements under the IBRD, as for India and Pakistan, appropriate? In these, each donor negotiates the uses of his own contribution bilaterally with the recipient. Other arrangements need to be examined, particularly for the new countries of Africa, which would reduce the burden on the local administrators of bilateral negotiations and co-ordination. Here aid might be more effectively used if a multilateral agency acted as a channel for a large part of it, instead of merely as a co-ordinator of bilateral contributions.

Technical Assistance

Survey*

Technical Assistance is at the heart of any development programme. It involves the transfer of skills from the more developed to the less developed communities without which the latter cannot hope to modernise or industrialise. Britain has recognised the importance of this aspect of its aid programme by establishing a special Department of Technical Co-operation (DTC) to deal with it.

Britain has been involved in technical assistance for many years. At its best the British Colonial Service was a technical assistance effort, though mostly charged to the budget of the colonies themselves. As independence has come the nature of the assistance demanded has changed; there is less and less demand for administrators (who are replaced by local people), more and more for experts in modern techniques.

The DTC has been concentrating its efforts on training—of public servants, economic planners, teachers, technicians, managers, nurses, doctors, etc. At the same time it has worked closely with the scientific research bodies to ensure that research on topics of special interest to developing countries is not neglected, and to continue the old system of geological and topographical surveys. [The British technical assistance effort in training is dealt with in the chapter on Education and Training.]

Technical assistance consists of such a multitude of different and personal relations that it is extremely difficult to judge the

*A more detailed survey is given in another pamphlet in this series, **British Aid – 4 Technical Skills.**

efficacy or adequacy of the programme. Apart from the establishment of such institutions as the Delhi Engineering College, it is largely a matter of personnel; of getting the man for the job. Some estimate of the size of Britain's effort can therefore be obtained by figures (1963/4 estimates) of personnel employed by overseas governments:

**British Personnel Employed by Overseas Governments
1963/4 Estimates**

Kenya, Uganda, Tanganyika	8,000
Northern Rhodesia and Nyasaland	2,800
SE Asia	800
West Indies	500
Fiji and West Pacific	700
High Commission Territories	400
Others	1,200
Total	14,400

A large proportion of these officers formerly were members of the Colonial Service and more recently of HM Overseas Civil Service. The two largest categories of employment were:

Administration	3,158
Education	1,607

The number of administrators has fallen and is continuing to fall.

The main method of employing these people is the Overseas Service Aid Scheme (OSAS), whereby British experts have the basic salaries at local rates paid by the overseas government, "topped up" by the British Government. It operates in 39 overseas territories and costs (1963/4 estimates) about £15.5m. per annum, which is almost half the budget of the DTC (£32.9m.). This system was rejected by Nigeria, Sierra Leone and some other territories, and was not offered to India, Pakistan or Ceylon.

The money is divided as follows:

OSAS Expenditure—1963/4 Estimates

	£m.
(a) Inducement pay above basic local salary ..	5.4
(b) Education allowances of the expert's children	0.6
(c) Passages of the officer and family to and from UK	2.4
(d) Additional pension or gratuities resulting from (a)	0.6
	<hr/>
	£9.0
	<hr/>

The remaining £6.5m. is expended on reimbursing certain overseas governments for a proportion of the compensation and pensions which they pay to officers who have retired or who have had their career cut short by changes after independence. In theory, the Colonial Service Officer was always paid by the local government for which he worked, and on independence the new government has accepted the obligations to him.

Officers are now being appointed under OSAS on contract rather than as a continuation of their permanent and pensionable career in the Colonial Service. In the territories with available statistics the figures are:

Officers Under OSAS

	1958	1962
Contract officers in service ..	2,541	6,500
Permanent officers in service ..	8,592	8,918
	<hr/>	<hr/>
TOTAL ..	11,133	15,418
	<hr/>	<hr/>

There are also a number of experts working on contract to the DTC in addition to OSAS. Their geographical distribution is largely in countries where OSAS does not apply:

Experts not under OSAS—Location and Contract 1962

Nigeria	57	
Ghana	28	
Malaya	22	
India	20	
Other Commonwealth	27	
Total Commonwealth	—	154
Iran	21	
Other foreign countries	29	
	—	50
TOTAL ..		204

Length of Contract

	<i>Number of Experts</i>
Below 1 year	24
1 year and below 2	45
2 years and below 3	80
3 years and below 4	48
4 years and over	7
	—
	204

In fact a certain number of contracts are extended or renewed, and in the future, as the system matures, more may be expected to do so. At present the situation is thus:

Number serving on their first original tour ..	172
Number serving an extension to first tour ..	26
Number serving a second tour	5
Number serving a third tour	1
	—
	204

Some of the experts are recruited by secondment from industry, the Civil Service, the teaching profession, etc. This provides people in mid-career when the assistance they give may be at its most valuable, and at the same time safeguards their promotion and pension rights.

Finally, there has been a growing recruitment of young people with the skills they have acquired at school, or more importantly at University, who serve for a year or more in various stop-gap positions, particularly as teachers. These schemes are financed by private contributions with governmental subvention up to nearly half the cost.

Comment

The questions that arise from a study of the British technical assistance effort are based on the realisation that though the British effort is very considerable, the need of many newly-independent countries for such assistance is also very great and urgent.

The crucial decision by the British Government was to allow the fairly swift run-down of the Colonial Service after independence, and not to replace it (as was unofficially proposed) by some Commonwealth Technical Service on a career basis. As a result, British colonial officials of all types, including technical experts, have been pouring out of the ex-colonial world in the past five or six years. It is interesting to compare the French African experience where (outside Algeria and Guinea) nearly all the French officials were at independence declared to be "advisers" and retained on the French metropolitan pay roll.

The British decision to do otherwise was carefully thought out. It would appear that there were two basic motives:

1. political: it was thought natural and right that on gaining political independence the new countries would wish to put their own nationals into as many posts as possible, and that to retain old colonial servants would be construed as neo-colonialist;
2. financial: the British Treasury could not accept financial responsibility for some 15,000 civil servants who were currently employed by the overseas colonial governments. As a result, arrangements were made in the independence negotiations for the new governments to take responsibility, with some assistance from London, for paying compensation and pensions to the ex-colonial civil servants.

[This part of the OSAS scheme seems to demand re-examination. The insistence that the colony was originally responsible for "hiring" these experts is legalistic, and the present method of payment is resented both by the payers

(who regard it as the “price of independence”) and by the recipients, who fear that their pensions will not be raised in accordance with higher prices in the home country. Certainly, however glossed over, the idea of making new and poorer countries pay retrospectively for the colonial administration is not in accord with present-day thinking. It is also doubtful whether the usual British loans to pay part of these sums should be classed as aid.]

As a result, a great deal of the old Colonial Service (now HM Overseas Civil Service (HMOCS)) is now being demobilised, and the question has been raised, notably by the Select Committee on Estimates, as to whether a career service of technical experts for work overseas could not be formed by the British Government, in part to hold together the existing corps of experts. The DTC, in a paper on Recruitment (Cmnd. 1740), rejected this proposal because:

1. The British Government could not control or estimate the number of posts overseas to be filled—so there might be redundancy;
2. such a career service would not be attractive to people of the right calibre because it could not guarantee full employment to retiring age, nor posts of increasing responsibility, and it would mean constantly working under different overseas governments.

Overseas Career Service

Yet there still seem to be certain arguments for some sort of career service:

Future needs of developing countries. There are some fields (e.g., agricultural and veterinary services, engineering, as well as the teaching of English) where it is not hard to estimate that future needs of developing countries will remain high.

Colonial associations. In a career service employed basically by the British Government, it would easily be

possible to transfer experts out of the area in which they were closely associated with are recently-ended colonial regime to other areas where they had no such association. For instance, quite apart from movement within the Commonwealth, Britain might make an important contribution of technical assistance to Latin America where many problems are similar to those experienced in Africa or Asia.

The interests of the existing HMOCS. It will be a tragedy if the skills of the technical branches of the Colonial Service are unnecessarily dissipated before their mission is completed. Yet there is a real danger, particularly in East and Central Africa, that experts will be withdrawn long before they can be replaced by Africans. The difficulty is that, for instance, an agricultural officer aged 40 offered a short contract to continue his work will probably decide to get back to Britain and seek *permanent* employment before he is older. If offered a continued career (which in overseas conditions would only mean 15 years) he would probably remain in service. A useful half-measure would be to offer a career in certain selected spheres of development activity to those who had already entered HMOCS on a career basis. This British Development Corps could retain the service for the next two decades of the best of what was a corps d'elite of technical assistance; the experts involved could avoid a break in career and complete their chosen career.

Home-based technical advisory service.

A career service, for work overseas, however valuable, is not the only way of recruiting technical assistants. It must be recognised that the time when a few went overseas for many years is being replaced by a period when many will serve overseas for a few years. We should aim at making it a normal part of the successful professional career to serve in the developing countries for a couple of years at least.

It would be possible to employ a number of experts in Britain on the understanding that a proportion of their career would be spent overseas on secondment to other governments. The DTC has already negotiated such an arrangement on a small scale with, for example, the National Agricultural Advisory Service. The system could be considerably expanded and extended to other fields—for instance, economists employed by NEDC could usefully spend a year or more overseas advising a new country about its development problems. The need for such advice is one of the most acute in many Commonwealth countries; at the same time, the cross fertilisation of ideas might prove very valuable to the expert, and so to NEDC and Britain.

The nationalised industries could play a very important part, for instance through the Electricity Boards lending experts to develop national electricity systems. A beginning has been made in many of these ways (the record of the Post Office in overseas territories is admirable) but much more needs to be done quickly. If the demand is in any way adequately to be met, it will have to be recognised that extra posts must be created (and perhaps charged to a financial vote for aid) in the expectation that a proportion will always be employed overseas; if this is not done, then in every departmental economy drive these posts will be the first to suffer.

Recruitment

Apart from the public service, technical assistants are also recruited from private enterprise and the professions. The problem here (indeed the besetting problem of technical assistance) is to get the right man at the right time. In spite of Britain's renewed efforts under the DTC, there are rather more experts coming out of the new Commonwealth countries after independence than can be replaced by indigenous personnel or newly recruited experts; at a time of speedy development the shortage is absolute. How can recruitment be improved?

1. Contracts should be made significantly longer, and so more attractive.

About three-quarters of the British experts on contract to the DTC have a term of service below three years. This is a very short period for people in mid-career; on the other hand, longer terms may be unacceptable to recipients who hope to train their own indigenous experts within a few years.

- (a) The practice could be established of the British Government offering an almost automatic renewal of contract (not necessarily in the same country) making the expectation of work at least five years and, if possible, more.
- (b) There could be a survey of needs which would indicate the future demand for types of experts (cf. the Ashby report on educational assistance needs in Nigeria). This would enable the British Government to offer longer contracts, based on service in successive short-term posts. Of course, there will be some miscalculations and some misfits but the broader the base the less waste there should be .
- (c) This base could be greatly widened by international co-operation. At present each nation has its own technical assistance programme, so do the UN agencies and so do some of the foundations (Ford, Carl Duisberg Gesellschaft, etc.). An effective international and inter-agency clearing house for sorting requests and applicants is overdue, whether sponsored by the UN or OECD. For administrative convenience, the contracts may be bilateral, government to government, but a greater standardisation of terms is at least an ideal to work towards.

As a beginning, an international office for co-ordinating technical assistance to East Africa, perhaps extended to include Nyasaland and possibly Northern Rhodesia, might be considered in view of the very great needs of the area. It might be under UN, OBCD, or Commonwealth auspices. Alternatively, it might be organised by the recipients themselves on a federal basis.

2. An overseas tour of duty should be made a more accepted part of a successful career.

The greatest remaining barrier to getting more people on secondment is the feeling on the part of employers that they are simply losing the services of a staff member for a period and, on the part of employees, that they are being relegated out of the mainstream and are liable to lose promotion.

- (a) What is needed is demonstration that important employers (state or private) regard such secondments as, on balance of private and public interest, worthwhile and a stepping stone to promotion. The BBC has set an example by picking some of its best people for secondment to "colonial" broadcasting services and then bringing them back for promotion at home.
- (b) This psychological change—towards not regarding secondment as relegation—is the key factor, but there is need for careful examination of how to loosen the rigidities of our system (e.g., pension rights, welfare, housing, promotion) to ensure that British people can play their full part in temporary overseas assignments.
- (c) Another way of overcoming the barrier to secondment is to heighten the sense of mutual involvement between institutions or communities. The system of twinning, or adopting, is valuable here, e.g., the relationship of Reading and Khartoum universities, or the adoption of an African area by a British city, which will then try to supply teachers and technicians on a regular basis.
- (d) It often happens that the need of a developing country is for a team of experts rather than for several individuals. Such teams are not usually readily available immediately to government. It is worth exploring how government could make much more extensive use of commercial consultancy firms, which could make teams available. (This system has already been successfully begun on a small scale.) Another possible sub-contractor would be universities; Britain could learn from the American system whereby, for instance, teams of experts in various

fields of economic development are supplied to developing countries by individual American universities. It would seem most desirable to create in schools of public administration, or of economics, or of international affairs, a feeling of practical responsibility for some developing area. The new universities of Britain, in particular, might build this into their structure.

Education and Training

Survey*

The economic development of the poorer countries does not depend simply on an adequate supply of physical resources, such as roads, dams, factories and equipment, or the money to buy them. More important is the level of knowledge and skills and the type of attitudes prevailing among the people. The existing level of technical knowledge at man's command would probably be quite sufficient, if it could be applied, to provide western standards of living for all the world's population. At present, however, we find that the productivity of capital and of human beings tends to be much higher in America and Europe than in Africa and Asia, and even when factories and other projects are established in under-developed countries they may fail to operate effectively because of an unproductive labour force. What is needed is a speeding-up in the transmission of knowledge, skills and rational attitudes through education (in the broadest as well as the more narrow formal sense) and technical training from the advanced countries to the developing countries, and within the latter from the educated elite to the less fortunate masses.

Britain has a record going back over a century of assistance to education within her empire. This was partly the result of official efforts and partly the work of the missionary societies. Today both sectors continue this work.

*A more detailed survey is given in another pamphlet in this series, **British Aid – 3 Educational Assistance.**

British official aid to overseas education can be summarised under these heads:—

- (i) financial aid;
- (ii) supply of teachers;
- (iii) provision of teaching aids and books;
- (iv) provision of education and training facilities in Britain;
- (v) advice.

The total cost is somewhat difficult to estimate, but official expenditure for 1962/3 can be divided roughly as follows:

**Government Expenditure on Education and Training Aid
1962/3**

	£'000
Colonial Development and Welfare education and training schemes	5,750
Commonwealth educational co-operation (developing countries only)	850
Training under technical assistance schemes ...	1,350
Nigerian higher education	250
Overseas Service Aid Scheme	1,500
Multilateral contributions through UNESCO etc.	500
Miscellaneous items on DTC and CRO votes ...	150
	<hr/>
	10,350
	<hr/>

This amounts to about 7% of the total British aid expenditure—almost exactly the same percentage as existed ten years ago in 1952/3, when education and training amounted to approximately £3.75m. out of official aid of £52m. Neither of these sets of figures, however, includes certain items, such as British Council expenditure or the public subsidy on university and technical college places, which increase the total spent by the Government on educational assistance in 1962/3 from £10.35m. to about £25m. (The estimate of £17m. given in

Aid to Developing Countries September 1963 (Cmnd. 2147) includes British Council expenditure but excludes the public subsidy on higher education places.)

A breakdown of the official expenditure, including strictly relevant British Council expenditure, by type of use, shows approximately:

Capital aid for building and equipment overseas	43%
Scholarships and training (mostly in Britain) ..	22%
Contributions to British teachers and education- alists in developing countries	21%
Provision of books	4%
Recurrent expenditure	3%
Miscellaneous	7%

These figures however, are somewhat distorted by the large amount of capital aid which goes to the colonies. If CD & W aid to the colonies were omitted, the supply of personnel and the provision of scholarships and training would account for two-thirds of the total expenditure on educational assistance.

Financial Aid

The financial aid for education has consisted in the past, and still does today, almost entirely of capital sums under CD & W, and so is restricted to the dependent territories. The only independent country to have received financial help from Britain for specifically educational purposes is Nigeria, although the British Council makes money available direct to certain schools and colleges in the developing countries. In the private sector, the main sources of financial assistance have been private firms, foundations and trusts, and the churches.

Teacher Supply

Britain has for long been a major source of teachers for overseas countries and with the increasing international use of English the demand is, if anything, increasing. Although the great diversity of recruiting procedures makes exact figures impossible to obtain, it is probably no exaggeration to suggest

As a proportion of total places in Britain, these figures represent 8% for universities, 9% for technical colleges, 2½% for teacher-training. About 3,000 of the 46,000 students are being directly paid for wholly or in part from British Government funds; the remainder are supported by scholarships from other bodies in Britain or their own governments, or from their own resources. Amongst the better-known British Government schemes are the Commonwealth Scholarships and Bursaries and training under Technical Assistance arrangements, such as the Colombo Plan.

Taken at face value, these various kinds of educational help represent a considerable effort by public and private institutions in Britain. Nevertheless, they must be evaluated against a background of Britain's total educational expenditures and of the needs of the developing countries themselves.

In certain respects, Britain's efforts on behalf of the developing countries are considerable, even in terms of what she is doing for her own people. Thus, 8% of university places and 9% of technical college places go to students from developing countries, and in the present situation of severe shortage of places in higher education in Britain it is difficult to see how one could easily increase this total. Nevertheless, in other spheres such as teachers, the aid effort is more marginal to problems of domestic teacher supply, since the 5,000 or so British teachers in developing countries, not all of whom are fully qualified, are matched by a home teaching population of about 400,000, almost entirely qualified. (The proportion of British *graduate* teachers working overseas may well be higher however—possibly between 5% and 10%.) The £25m. of Government aid for education corresponds to a figure of £1,300m. for public expenditure on education in the UK in 1962.

The needs of developing countries must also be considered if British educational aid is to be seen in proper perspective. The 5,000 British teachers in developing countries look small enough beside the five million or so teachers India alone would need if she were to give all her children primary and secondary education with the same student-teacher ratios as in Britain. At present, India has only 1½ million teachers, many of whom need additional training. Or again, the main British recruit-

ing organisations concerned with university appointments sent about 200 teachers to developing countries in 1961, who may be expected to stay perhaps three to five years each on average—hardly more. An authoritative recent estimate* suggests that the universities of Middle Africa alone need 3,000 non-African teachers during the next five years. Illiteracy in Britain is a rarity but in Africa and much of Asia over 80% of the population aged over 15 is illiterate. Their needs, so apparent in the sphere of general education and literacy, are no less pressing in vocational training. Skills of every kind are scarce and must quickly be learned if economic growth is to proceed rapidly in developing countries. Today there is one doctor to every 1,000 people and one nurse to every 300 people in Britain; the corresponding figures for India are one to 6,300 and one to 43,000. Our £25m. has to go a very long way.

*"Staffing African Universities", by A. M. Carr-Saunders, Overseas Development Institute, 1962, price 2s. 6d.

Comment

The British effort in educational assistance is far greater than a superficial study would reveal, and the efforts in the private sector, whether by missionaries or by business firms, are in particular hard to measure but of great value. Nevertheless certain questions do arise as to how to get the maximum efficiency out of one of the world's scarcest products—teachers.

1 Overall View

To suggest that Britain's overseas education effort needs "co-ordination" is to invite bureaucratic and political despair. It would probably *not* be desirable to try and create one single channel for the recruitment of teachers for overseas, nor for the reception of students from overseas. But, because there are so many government, financial and private agencies operating in this field, it does seem especially important that somewhere there should be an overall view of the British effort in educational assistance overseas, so as to ensure that priorities in this crucial field are correct.

For instance, it needs to be asked whether the 7% of (governmental) aid effort devoted to educational assistance (a proportion unchanged for a decade) represents the right order of magnitude. Further, is the well-established rule of no aid to cover recurrent costs in independent countries any longer applicable in a period when the phrase "investment in education" is so widely accepted?

2 Research

Over the past five years, Britain has spent £5,000 on educational research for developing countries and about £100m. on educational aid. There seems an overwhelming case for far more research into two broad categories:—

- (a) the priorities of need in the developing countries (as was done in the independent survey of Nigeria by Sir Eric Ashby's team);
- (b) the relative efficiency, and actual costing, of various methods of educational assistance. The experience of other countries, and particularly France, should be taken into account.

Appendix III to the ODI pamphlet (in this series), *Education and Training*, raises the sort of detailed questions on which much more information is needed. In this pamphlet, the questions are only outlined.

3 Priorities of Need

What sort and what extent of education is required most urgently by the developing countries? There will not be a single answer applicable to all countries; also, the demands of new governments will be motivated by political as well as educational pressures. However, if Britain had clearer ideas about the real educational needs of ex-colonies (particularly in Africa) she might be able to help them more effectively.

It needs no special research to see that one of the critical shortages in the developing countries is teachers. This gives rise to questions on two aspects of the British educational assistance effort:—

- (a) how can British teachers be persuaded to go (and, once there, stay long enough) overseas? The disincentive is clearly the danger to their careers. Is the idea of a career service in education overseas practicable? How can the benefits of an overseas tour of duty be made apparent—if real—to teachers and to Local Education Authorities?;
- (b) how far could the number of teacher-training places filled from overseas be increased? At present, only 3% of our teacher-training places are filled from developing countries, while 9% of our university places are so filled. How much of an over-riding priority needs to be given to teacher-training? Should it be in universities or in separate institutions?

Existing arrangements for financial aid to overseas education and training institutions, and for training people in Britain, should also be carefully examined. The relative merits of the one and the other have to be thought out carefully. If training in the developing countries themselves is favoured, should not machinery be devised for helping, financially and in other ways, institutions in developing countries? At present, Nigeria is the only independent country to whom Britain gives capital aid for developing educational institutions on any scale. If training in Britain is to be stressed, should there not be careful investigations into each sector of training, to follow up the Bridges Report on Public Administration Training and to find out what types of course are most needed in each field?

Provision of books, especially text books, is also an obvious priority need. This is partly a question of making available the books themselves and partly a matter of building up library services in developing countries to ensure that as many people as possible have access to such books as there are. The present budget for overseas books seems quite inadequate in relation to needs, which makes it all the more disappointing that the sums allocated by Parliament for the Low-Priced Book Scheme have been subject to considerable underspending.

In the field of library services, it is not only capital that is needed for expansion but also the provision in appropriate cases of recurrent money to keep book collections up to date and to provide for current periodicals. The principle of helping overseas libraries with maintenance expenditure has already been accepted by the Government in relation to specialist libraries on public administration, but its application needs extending elsewhere.

Further, it may be asked whether books for developing countries should properly fall solely (as they do at present) on overseas *information* services vote rather than form part of Britain's educational assistance effort. The provision of books should be an integral part of attempts to help develop education in the poorer countries and the arbitrary divisions in the UK budget for administrative reasons must not result in aid through books and libraries being regarded as altogether separate from other forms of educational aid.

Answers (or at least views) are also needed as to the best

balance between technical education and the humanities in education for the developing countries. How far should emphasis be placed on secondary education "sixth forms", or on university education?

4 Efficiency of method

In a time of universal shortage of educational facilities how can we ensure maximum effectiveness for our effort? Is £1m. of educational aid best spent on, say, sending 3,000 teachers abroad, on a university faculty overseas, on teacher-training facilities, on subsidised books for overseas or on research? How can we be sure that Britain's £25m. a year of education aid is educationally effective? The figure of teachers recruited for service abroad may well impress, but it may not be much good if most of them leave after only two years, as they will hardly have had time to become accustomed to their strange new life overseas. What about the effectiveness of training in Britain? Should we allow students from developing countries to read Classics at our universities? Or, indeed, Atomic Physics? Should we control what they study, since Britain is heavily subsidising them?

At present there is little information available on how many of the 9,000 students at universities in Britain from developing countries ever go home, or what they do for a living when they get there—even those fully paid for by the British Government are not very effectively followed up. Training for an advanced student in Britain under a Government scheme may well cost as much as £2,000 per year. Is it interfering with individual choice to try and make sure they do go home, or is it a waste of national resources not to insist on their going? Is the British social environment such that overseas students benefit more from a course here than at home?

It is research into these questions which seems necessary if Britain's educational assistance is to be planned effectively.

Development Guide

*A Directory of
non-commercial organisations in Britain
providing facilities for developing countries*

The urgent needs of developing countries are well known. What can we do to meet them? The first and easiest step is to make the fullest possible use of existing facilities. In Britain alone some 200 non-commercial organisations provide facilities for developing countries. The difficulty has been to find out who they are and what they do. The *Development Guide*, a pioneer work compiled by the Overseas Development Institute, gives the answers for the first time in one volume. It ensures that what is available is known to be available.

The *Guide* gives a description of each organisation, followed by an account of the facilities it offers (such as Training, Advisory Services, Financial Assistance, etc.). A comprehensive index enables the reader to see at a glance what facilities are available in each field.

Those in developing countries seeking aid from Britain, whether Government or private, can see which organisation will best help them. To all those in Britain concerned with development, the *Guide* offers an invaluable account of who does what.

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British Aid —

a factual survey

The ODI has just completed the first factual survey of British aid to developing countries. The survey covers both Government aid and private contributions; there are sections on the fields of finance, education and technical assistance. The historical background has also been outlined.

The survey was prepared in the form of working papers and it is being published in the summer and autumn of 1963. It is prefaced by a shorter pamphlet which underlines some of the implications of the factual surveys and raises questions about the system. The pamphlets are being issued as they are ready and therefore not in numerical order.

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