

TWENTY FIVE YEARS IN DEVELOPMENT



OVERSEAS DEVELOPMENT INSTITUTE

TWENTY FIVE YEARS IN DEVELOPMENT

ODI 1960-1985

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25 Years of Change

ODI is celebrating its Silver Jubilee! In this special publication we present an account of the problems we have grappled with — of what we have been able to achieve and — most important — of how we view the future. Looking over the last quarter century, it would be quite wrong to view the record since 1960 — the year in which ODI was formed — as supporting the idea that developing countries are irretrievably caught in a poverty trap. In fact, the first 15 or 20 of those years was a period in which the economies of very many poor countries experienced an economic expansion unprecedented in history. It is important not to lose sight of this when we view the much more difficult recent period, dominated by two oil shocks, recessions in the industrial countries and associated deteriorations in the terms of trade and interest rates facing Third World countries. Famine in Africa and the enormous debt over-hang should not blind us to the great progress that has been achieved.



One major problem now is that the benefits of past development have been distributed unevenly — both within and across nations — or in some cases are being swallowed up by exploding populations. Africa is now widely recognised as the crucial problem region, although some countries within Africa continue to do well and many outside Africa continue to face grave difficulties.

Just as there have been cycles in economic progress, so there have been cycles — dare I say fashions? — in the thinking of academics and practitioners about development processes. ODI was founded at a time when unbounded faith existed in the constructive role of the state and in a planned approach to development. Now planning and government ‘intervention’ is thoroughly out of favour and it is to the efficacy of market mechanisms that the pendulum of opinion has swung. But exclusive reliance either on planning or markets is surely mistaken, and we must expect views to swing back towards a more pragmatic middle ground in the coming years. That is ODI’s territory!

Whether or not that happens, it is clear to all that the complexities are far greater now than they were perceived to be in 1960. So much is still unknown. So many still do not understand. Policies so often appear misplaced or uncaring. The need for institutes such as ours thus remains undiminished, although ODI will only deserve support if it can continue to adapt to changing circumstances.

It is a matter of much personal pride that it falls to me to take the Institute into its next quarter-century. As the following contribution by ODI’s Chairman, Sir Reay Geddes makes clear, we see major tasks ahead and we trust we can continue to attract the support needed to sustain and expand our work.

A handwritten signature in black ink that reads "Tony Killick". The signature is written in a cursive, flowing style.

Tony Killick
Director

Into the Next Quarter-Century

After 25 years of achievement and adaptation ODI is alive and well. It has established a firm reputation as a leading centre of serious, policy-related research and advice on the problems of developing countries, and their economic relations with the more developed in the interests of both. It can point to a press coverage of overseas development issues in the UK which is probably the most substantial and sophisticated of all industrial countries. Former ODI Fellows hold responsible positions in many agencies and companies dealing with the Third World. The Institute's Agricultural Administration Unit has developed areas of specialisation which are recognised as unique British contributions to the solution of the problems of agricultural backwardness. It has built strong links with government departments, the major international agencies and foundations, the business community and academia, without prejudicing a reputation for independence.

A recently completed independent evaluation of ODI's work commissioned by the Government's Overseas Development Administration concluded that ODI has had 'considerable success in meeting its objectives'. It characterised ODI's research as marked by professional competence, objectivity, policy relevance and timeliness. The report was strongly supportive of ODI's Briefing Papers, meetings programme, library services and other informational work. It described the Fellowship scheme as 'highly successful' and the work of the Agricultural Administration Unit as of high quality and worth.

Yet if the achievements of the past 25 years have been real, the need to increase understanding of the place of developing countries in the world economy remains undiminished. So too does the importance of communicating this to policy-makers and the wider public in support of positive responses from Britain, the EEC and the First World in general.

ODI has maintained its relevance by continuously adapting to changing circumstances. In the early years it took a lead in efforts to build up an informed public opinion but as other organisations emerged dedicated to that task, ODI moved to satisfy an unmet need for more independent policy-related research, the task which now forms the core of its work. As the EEC grew in importance, so the Institute built up an expertise in relations between the Community and the Third World, and the annual survey of this subject which it co-sponsors has become established as the definitive treatment of this topic.

The Agricultural Administrative Unit was set up to meet another widely felt need. The Unit is noted for its grass-roots approach and for the value of its advisory work within developing countries, as well as in Britain. As a result, it has established unique centres of excellence in such subjects as the delivery of agricultural services to small farmers; the management of irrigation; the development and management of pastoral areas. Most recently, the growing concern about deforestation and the position of communities within forest areas has prompted a new programme of research and dissemination on what is known as 'social forestry'.

In focusing on international monetary issues as a major element in its research and public information programme, ODI anticipated the emergence of these issues to the forefront of public debate. The Institute is now devoting more attention to analysis of policies within developing countries themselves, as realisation has increased of the damage that has been inflicted by past policy mistakes. In this work it is also contributing to institution-building within developing countries, by increasingly undertaking research in collaboration with Third World institutions.

However, the process of adaptation must continue. Already it is clear that we must further respond to a number of changing world realities:

- We have to take note of the increasing fractionalisation of the 'Third World'. Such a broad grouping has ceased to be a sensible focus for much research or for the determination of policy. Indeed, the main shifts in international inequality in recent years have resulted from changes within the South, rather than between it and the North. The issues have thus become more complex, at both the practical and ethical levels, and it is necessary to think through the implications of this shift, particularly for international economic negotiations.
- Economic relations between North and South are in a similar state of flux. Exports from at least some developing countries are being diversified, lending urgency to the issues of market access, protectionism and the adjustment of industrial country economies. The changing pattern of capital flows is another important feature: the decline of aid and direct investment; the rise and fall of bank finance and related debt-management issues.
- Encouraged in the 1960s and 1970s to expand

through trade and by borrowing from the banks, many developing countries now find themselves enmeshed in a web of trade deficits and debts.

- At the same time, attitudes towards developing countries are hardening in Britain and elsewhere. In international economic policy, there appears to be a shift towards a more self-interested and inward-looking approach, and this is buttressed by a feeling that the moral case for aid has weakened as former colonial responsibilities recede.
- Finally, both interest in, and the financial resources available for, development studies have declined so that ODI operates in an increasingly difficult financial environment.

It seems likely that the problems of the 'least developed' countries of Africa and elsewhere will demand much attention over the new few years. The work of the Agricultural Administration Unit will remain central in its assessment of ways of achieving improved agricultural productivities in these countries. Already the Unit is responding by directing more attention to the institutions and modalities of agronomic research.

It is still primarily through the mechanisms of world trade that the First and Third World can assist each other's development, and continuing attention to issues of trading policy and the adjustment of economies to changing comparative advantages will be demanded. It will also be essential to study the implications for international agencies and negotiation processes of the increased

complexity of national interest groupings in the world and of the issues with which they will grapple.

We see a need too to strengthen our public information work. This should partly take the form of expanding what we are already doing by developing the popular Briefing Paper series, the Networks of the AAU, and building on our servicing of Parliament on an all-party basis. But there is a strong case also for considerably expanding the extent to which we are able to provide briefing services for the press and broadcasters. Finally, we would like to enhance our institution-building role, as well as taking advantage of talent overseas, by launching a programme of visiting fellowships for established Third World researchers working on projects of mutual interest.

The Institute is not short of ideas about the ways in which it needs to develop. What it is short of is resources. Financially, it has been through a difficult period and although the outcome for 1984 and the prospects for 1985 were improved, the basic structure of its finances remains weak. The Institute is under-capitalised and too small to have maximum effectiveness. Substantial additional income and capital funds are therefore required. It is hoped that its past record and the quality of its ideas for the future will enable sufficient funds to be secured so that in 25 years time ODI and its supporters will be able to look back on another quarter-century of achievement.

*Reay Geddes
Chairman*



The Early Years

The following reflections were written by ODI's founding Director, William Clark, not long before his death in June 1985. A tribute to him follows on page 8.

The ODI was founded by a group of eminent and highly active men who saw, in the late '50s and so before their political leaders, that a wind of change was blowing in Africa and indeed in the whole colonial world. The leaders of this group were Leslie Rowan, as chairman of Vickers, a prominent industrialist, and as a former Private Secretary at Number 10 to Winston Churchill and Clement Attlee, a force in the Civil Service; Professor Austin

Robinson of Cambridge University, an economist respected throughout the world; Patrick Blackett, a Nobel Laureate soon to become President of the Royal Society; Victor Feather soon to become General Secretary of the TUC; and two city men, Frederic Seebom, Chairman of Barclays DCO and Jock Campbell, Chairman of Booker Brothers.

The whole project would have had difficulty in getting off the ground if Joe Slater of the Ford Foundation had not promised a generous grant payable over three years. Armed with this, the provisional Council met early in 1960 and advertised an open competition for the Director. There were quite a number of applicants but by the summer they had narrowed down to three: Sir



Tanzania's Independence — announced in 1961.

Andrew Cohen, an ex-Governor of Uganda and then the UK Representative on the UN Trusteeship Committee; Flint Cahan, till three months previously the Deputy Secretary General of the OECD; and myself of the *Observer*. To my surprise I was chosen, with Flint Cahan as my deputy. Within a year the third finalist Andrew Cohen was to return to Whitehall as the official head of what was to become the Ministry of Overseas Development. He was the greatest supporter and closest collaborator of the ODI in all of Whitehall.

Now that the Institute was founded and reasonably well financed, the problem was to define its purposes and methods. I chose to do this in consultation with individual Council Members, before formally putting the full programme to the Council as a whole. This prevented a squabble which would have given absolute priority to Development Economics, or the Politics of Developing Countries etc. I believed that in the early '60s the priority was to keep the British people, and especially those in responsible positions, concerned about the countries of the Commonwealth and Empire to which they were giving their political freedom, and aware that in a Commonwealth the economic well-being of the poorer countries was the new urgent priority, and the Council accepted this.

But what action was to be taken? In 1960 there was no established doctrine of economic development of poorer countries. Was it to be industrialisation and a trickle down of wealth to the peasants? Or the modernisation of agriculture? Or labour intensive industry? Or heavy external investment? Or the maximisation of domestic savings which were then directed to a national plan for development? Could India learn from SE Asia, could Africa learn from either?

In conjunction with the Brookings Institute of Washington DC, and at the request of the US Secretary of State, Dean Rusk, ODI set out on uncharted waters to study the Aid givers: Britain, France, Germany, Japan — which certainly showed what very different methods were applied. Then came the turn of the recipients: studies on the impact of aid on Africa, the Caribbean and India. Finally a very detailed study of the impact of aid on various sectors (eg: education, agriculture etc.) in one country, Uganda.

The publicising of this work was largely done by

the authors and other senior staff talking at meetings in Britain, Continental Europe, America and above all in the Third World, and explaining what we had learnt and what improvements were needed. In this way (known as the cuckoo principle) the ODI was saved the trouble and expense of organising conferences, yet got good international audiences (not chosen only from our friends) to listen to our theories.

We also had regular meetings in the ODI, to launch new publications, or give a platform to leaders such as Pandit Nehru, Kenneth Kaunda, René Dumont (the French Africanist) and the Mayor of Berlin — Herr Willy Brandt. Members of the staff became quite expert journalists and our output of articles was surprisingly large and effective.

By the mid-'60s, ODI had fulfilled its pledges: to provide a centre for work on development problems; to direct studies of its own where necessary; to be a forum where those directly concerned with development could meet others to share ideas and spread the information ODI had collected; and above all to keep the urgency of the problems before the public and the responsible authorities.

Though the ODI had said originally that it would not provide technical help, our close relations with British universities produced a scheme for sending bright young graduates to the newly independent ex-colonies in Africa, where they were desperately needed to fill middle-level economic posts in Ministries for which there were no Africans available. Though ODI, through a grant from the Nuffield Foundation, paid an expatriate allowance to these two-year visitors, their basic pay was that of comparable-level Africans, and the local Government had full control of their disposition. As with so much of the early pioneering efforts of ODI, this scheme has prospered and adapted down to the present day, because it is basically about development assistance between private people, friends and colleagues.

I believe the ODI in its 25 years has been a constant lobby for the necessity of Development Assistance. May it continue to carry the flag, and to stress the urgency of action to prevent a cataclysmic disaster.

William Clark

William Clark — A Tribute

June 27th 1985 brought the death of William Clark, ODI's founding Director and brilliant publicist of the need for a sympathetic response in what he called "the rich, white west" to the problems of developing countries. When he set about the task of establishing ODI in 1960, William already had behind him a distinguished career as the Diplomatic Correspondent of **The Observer** and as press adviser to Prime Minister Sir Anthony Eden until his resignation in protest over the invasion of Suez. He was to add other distinctions when he moved on after eight years as ODI's Director.

He became a Vice-President of the World Bank, in charge of external relations and an influential adviser to its President, Robert McNamara. He retired from the Bank in 1980. But he was no quiet-lifer, choosing instead to succeed Barbara Ward as the President of the International Institute of Environment and Development, from where he could continue his life-long campaign.

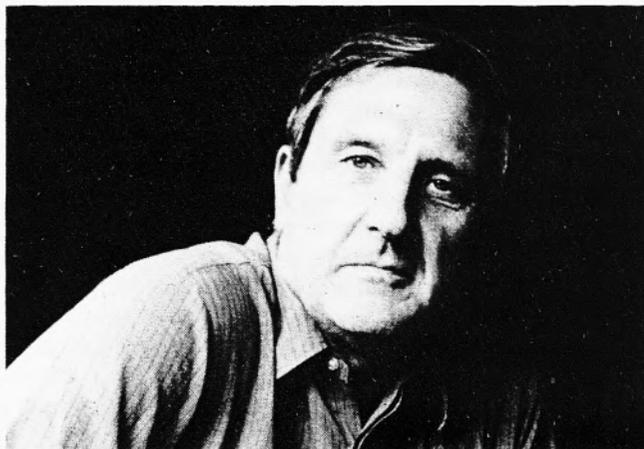
Just as he never forgot **The Observer** (he became one of its independent directors after it was purchased by Lonrho), so he kept his links with ODI. During his World Bank years he came to us to launch the Bank's **World Development Report** which he had helped to initiate and after his return to London became a member of our Council. He was always anxious that we and IIED should work closely together and I personally benefited much from his wise — but never intrusive — advice. It was wholly in character that he should have found the will to write the preceding account of the early years of the Institute when he was already gravely and terminally ill.

He moved in the highest circles with ease, indeed relish. His jovial seriousness, enthusiasm and articulateness in expounding on the problems that so concerned him proved a most persuasive combination, and it did not take long for ODI to become widely respected. In the words of its first Chairman, Sir Leslie Rowan:

... the Institute very soon got into its stride. Its work was given considerable impetus and cohesion by a quite unprecedented request from the Foreign Office to carry out a study of British aid policies. This was done with great thoroughness and imagination; perhaps more than any other piece of work it established ODI's reputation which has grown continuously both at home and abroad.

(from the 1967 Annual Report).

The Institute quickly made its mark. The very first paper it produced advocated the creation of a



special government department dealing with aid and technical assistance and this influenced the subsequent creation of the Department of Technical Co-operation. The leading role which Edward Heath played in the creation of UNCTAD in 1964 also owed much to William's persuasive powers.

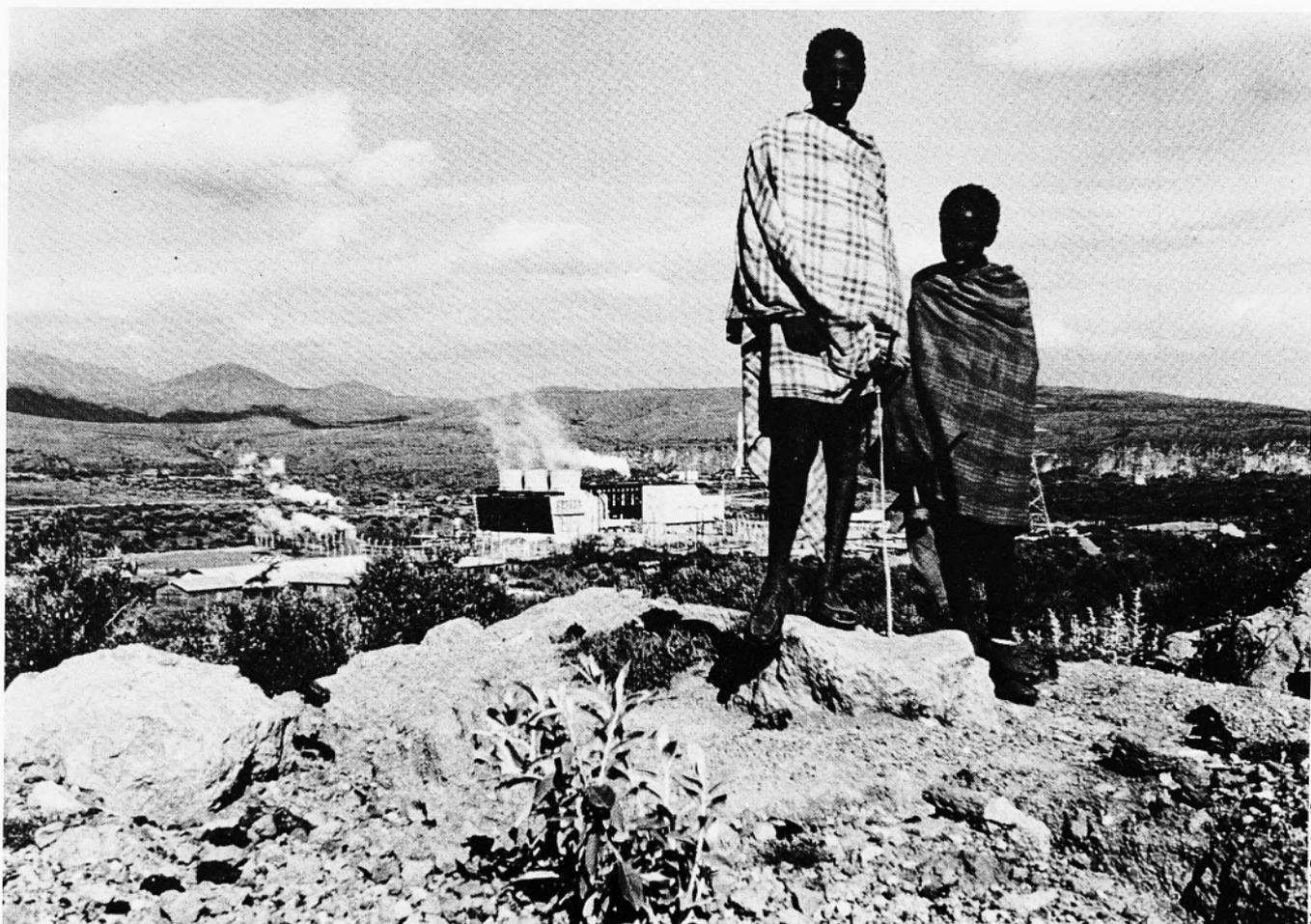
No less important to the development of ODI was William's vision of the need to go beyond capital aid to provide manpower assistance to Britain's ex-colonies. His achievement, recounted on an earlier page, in setting up the Fellowship Scheme established a feature of ODI's activities that remains highly successful to this day. He was among the first to urge upon Britain and other industrial nations the central importance of trade in our relationships with developing countries. His ability to pick collaborators of the highest calibre and with complementary skills was crucial in giving what was — and remains — a small organisation such a strong voice. So too was his ability to work with and through a distinguished founding Council.

In these ways, in the role he was later to play in the setting up of first the Pearson and then the Brandt Commissions and in his writing, he was constantly striving for rational responses, for reconciliation, for solutions based on mutual respect and collective efforts. As governments in recent years have seemed instead to turn towards more nationalistic, shorter-sighted and sometimes uncaring responses William sought to stem this 'retreat from sanity'. His recent novel, **Cataclysm**, is only one example of the imagination and concern he brought to this task. Robert McNamara has put it well:

His was a voice strong without being strident, imaginative without being unrealistic.

T.K.

Researching Development Policy



Mark N Boulton/Barnaby's Picture Library

Over the past 25 years some developing countries have transformed their economies, and the well-being of their citizens. In others living standards are lower today than they were a quarter-century ago and some economies are in a shambles. A crucial factor in accounting for this contrast has been the quality of policy decision-making. All ODI research is orientated towards the improvement of policy and its implementation, both within developing countries and at the international level. One of our special strengths is in analysing the ways in which the policies of Britain, the EEC and international agencies impinge upon Third World development. But the practical nature of our research is perhaps the Institute's most distinctive contribution and we aim to keep it so. Another strength is our ability to respond to ever-changing perceptions of where policy research is most urgently needed. The following pages provide accounts of our past — and planned — research in the context of the problems to which our projects have been directed.

International Trade

Trade has become an increasingly important issue for developing countries during the past 25 years. Between 1960 and 1980 export income grew nearly twice as fast as total output. This was part of a major shift in the pattern of trade between developing countries and the industrial countries, and among developing countries themselves. Developing countries have achieved a major increase in their exports of manufactured goods, reducing to some extent their dependence on primary product exports. This trend has been concentrated on a growing but still small group of 'newly-industrialising countries' (NICs) which have achieved trading levels comparable to those of industrial countries. A larger group of developing countries have experienced some growth in manufactures exports, but these still remain dependent on their primary product exports and have been badly hit by the effects of the recession in the 'North'. ODI's research programme has encompassed the varying needs and interests of developing countries, reflecting these changes as they have occurred. Drawing on this body of research into trade-related issues, in 1977 ODI published **Trade and Developing Countries**, a substantial reference book on the trading problems facing developing countries.

The greatest need of the poorest and least developed countries has been, and still is, to increase and stabilise their earnings from primary commodities. Wide and uncontrollable fluctuations in export income, which often forms a major part of their national income and government revenue, have made it impossible for them to undertake realistic planning. ODI has examined the particular problems associated with individual products, as well as looking at more general stabilisation schemes. Thus, in 1981 the Institute reported on the marketing and distribution of tea, recommending ways in which barriers to increased participation by developing countries in marketing their tea exports could be reduced. At the same time ODI was involved in a major evaluation of the workings of the EEC's Stabex scheme for stabilising the export earnings of some developing countries, which it concluded had been successful in transferring aid and providing balance of payments support, but had not generally been used to favour specific export producers, as had been intended.

One approach to trade constraints has been to encourage developing countries to diversify their production and exports. ODI's work in this area, as it relates to the EEC, is described on page 18. The

relative success of some developing countries in establishing a significant export-oriented manufacturing sector raises issues of a different character, not only for the exporting countries but also for the industrial countries which import their manufactures. A study of the Indian handicrafts industry examined the consequences of such development in one industry, focusing particularly on pay and working conditions, and suggesting a number of measures to improve them.

Attention has been concentrated particularly on the achievements of the newly-industrialising countries. While some policy-makers and academics have emphasised the benefits of industrialisation in terms of economic growth, employment and income



Tom Hanley/Camera Press



M. Ronson/Barneby's Picture Library

distribution, others have questioned it and have been particularly concerned about its impact on the welfare of labour. Concern has grown in industrial countries about working conditions in these NICs, prompted less, perhaps, by humanitarian considerations than by a fear of competition, and increasingly protectionist measures have been adopted.

ODI has studied the impact of NIC exports on UK manufacturing industry and assessed the growing tendency for industrial countries to resort to protectionist measures. This work has concluded that, overall, protectionism has not only hit developing countries but also adversely affected British industrial performance. Further research on wages and labour conditions in a number of Asian NICs is now under way, featuring case studies of South Korea, Malaysia, Singapore, Taiwan and Thailand. This project includes an evaluation of recent pressures for the introduction of a 'social clause' in international trade agreements, setting standards for labour conditions which some have suggested may amount to further, covert, protectionism.

During the 1970s, there appeared to be a close association between rapidly-rising exports of manufactures and successful development. This encouraged expectations that industrialisation, market-directed growth and growing participation in the world economy would provide a smooth development path for developing countries. Rising protectionism in industrial countries as the new exports reached significant levels, together with the effects of the market stagnation resulting from the slow-down of world growth during the 1980s, has frustrated much of this optimism. Some now question the relevance of an emphasis on exports as a motor for accelerated development. At the same time, the strains caused by the growing debt burden of the relatively advanced developing countries that borrowed extensively in the 1970s, have led them to search for ways to reduce their deficits or at least to find alternative ways of financing them. To meet this need, ODI expects shortly to begin a major comparative study of trade and financing strategies for the 1980s, examining new markets, less externally-oriented development patterns, and non-debt forms of finance.

Effective Aid



Songea — Makambo Road Project, Tanzania, funded by British Aid.

Development aid, from rich to poor countries, is commonly regarded as a key indicator of the commitment of industrial countries to Third World development. Its place in international relations can be traced back to the mid-1950s, and since then it has been under continuous and growing attack from its critics. Through rigorous analysis of the impact of aid on the development process, ODI has been among the pioneers of efforts to increase its effectiveness.

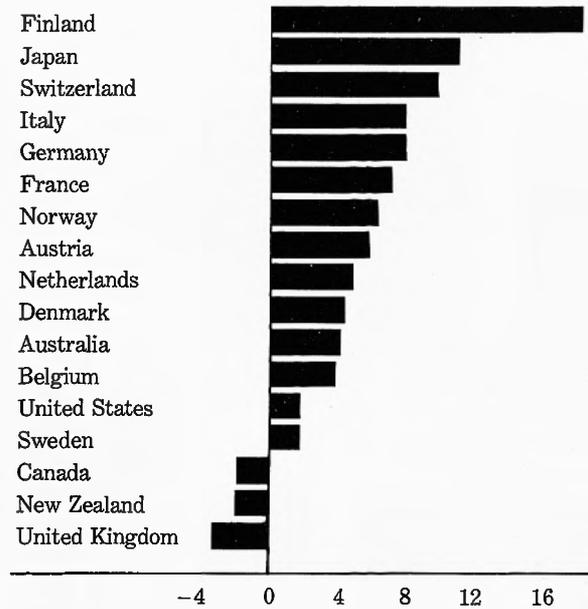
Recently, and for the first time in its relatively short history, criticisms of aid seem to be having a major impact on the policies of donor governments and a number of large and influential donor countries have cut their aid budgets in real terms. Given its long history of professional involvement in aid issues, ODI is well placed to assess the validity of these attacks, and one of the Institute's major pieces of current research involves analysis of such

criticisms. Stepping back from the day-to-day issues of aid transfers, this project is taking a broad historical view by examining the ethical and theoretical assumptions underlying the arguments of the critics and examining the evidence to assess the strength of their different positions.

Throughout the 25 years of its existence, a major part of ODI's research effort has been devoted to evaluating the effectiveness of aid in promoting sustainable development, taking into account the constraints on the complex relationship that is the aid process — a combination of commercial interests, public altruism and practical economics. ODI researchers have analysed the aid provided by different donors: Britain, France, Japan, West Germany, the EEC and the United States, as well as examining more specifically its effect on different recipient countries including Kenya, Malawi, Uganda, Cameroon, Botswana, Swaziland,

**Real Growth of aid disbursements
1977-78 to 1982-83**

*Average annual percentage change in real terms between
period averages.*



Source: OECD 1984

French Colonies, the Caribbean, Pakistan, Turkey and North African states.

ODI studies have embraced different forms of aid, and have examined the policy issues surrounding it. As the debate has varied over the past 25 years, so the focus of ODI's research has shifted. After a concentration on aid issues and the EEC during the late 1970s, recent work has been directed towards aid to agriculture, aid to Africa, and aid effectiveness. Staff have contributed to a worldwide study on aid effectiveness for a World Bank/IMF Task Force and the Institute has recently been asked by the World Bank to undertake a comprehensive study of British aid to African agriculture.

There can be little doubt that the Institute's coverage of international aid has earned it a substantial reputation for objective and reliable work among academics, politicians, policy-makers and civil servants both in Britain and overseas. On the basis of this expertise ODI has advised

government departments, international organisations, parliamentary committees, and members of parliament on aid questions. It has been a measure of its acknowledge objectivity in analysing these issues that the Institute has been approached by both donors and recipients to undertake commissioned studies.

As well as conducting its own research, ODI has also been influential in providing a forum for the promotion and dissemination of new perspectives on aid issues and it has made a major contribution to current debates about international aid. This has been done principally through the medium of ODI's journal, the *Development Policy Review* (formerly *ODI Review*) which has, additionally, been an important medium for analysing the pattern of British aid to developing countries on an on-going basis. Through continued research on aid issues since the early 1960s, the documentation available at ODI provides a rich and varied information base, used continuously by scholars working in the field.

Finance and Development

In recent years, as aid has declined, developing countries have faced growing gaps in financing their balance of payments. These in turn have contributed to an economic down-turn for many countries and, as a result, their income has seriously declined. Some countries managed to fill this gap by borrowing during the explosion in bank lending of the 1970s, leading to the much-publicised debt crisis. Now, as net bank lending has fallen dramatically, countries have been forced to seek other alternatives.

The governments of Britain, the United States and others favouring the free market, have claimed that private investment by multinational corporations can fill this gap, lending a new twist to a long-running controversy about the role of private foreign investment in developing countries. In the past, argument has centred on the contribution made by foreign investment to economic development. Foreign investment's advocates point to a number of important benefits that go with it including technical and managerial know-how, market information and access, more efficient use of resources and risk-taking, training and job creation. But its critics, which include some developing-country governments, focus on a wide range of disadvantages associated with foreign investment. The costs involved may be high, involving sheltering behind high protective barriers and other privileges. It can lead to the import of inappropriate and capital-intensive technologies, exploitation of labour and other local resources, and reinforce existing inequalities.

ODI has endeavoured to de-mystify these competing arguments. Recent research has explored changing attitudes to direct investment within developing countries — where there is an increasing willingness to recognise its positive benefits — and has traced the changing forms of developing-country investment by international business. In the context of Britain's falling share in foreign investment, ODI has been looking at what can be learnt from the experience of other industrial countries. This research has found that foreign investment has been most effective when it is part of a long-term network of trade and production relationships between the investor and companies in the developing countries.

The focus of this debate is now changing, moving to an examination of direct investment as a financial flow to fill the payments gap. Developing country governments are coming under increasing pressure to encourage inflows of private

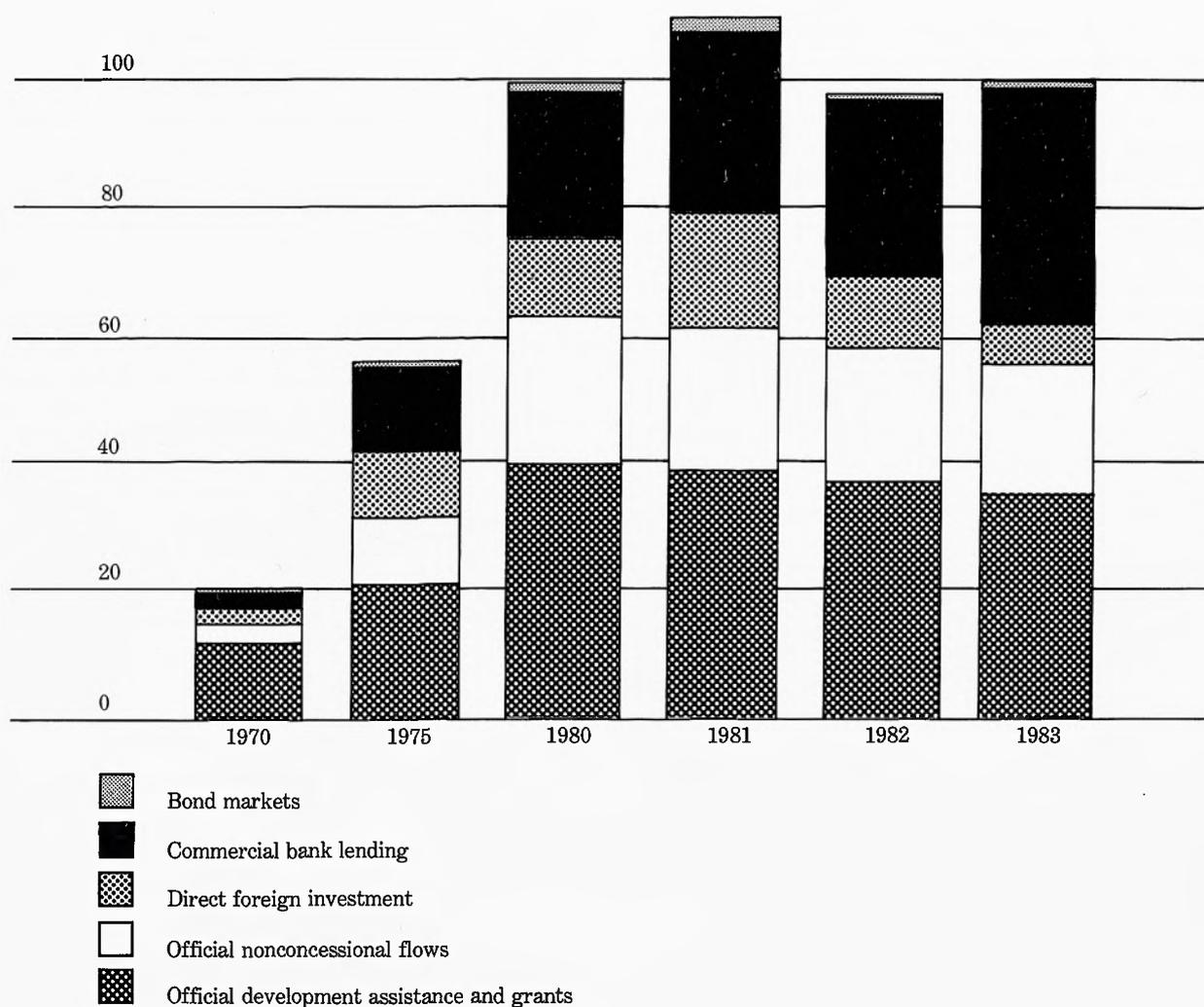


investment, although the effectiveness of this is far from clear. In tackling this question, ODI has taken care to substitute realism for ideology. Private investment has been, and will remain, a valuable financial flow. But, in real terms no more than a modest increase is in prospect, and this will be concentrated on a small number of developing countries. Sixty per cent of such investment has been going to four countries alone — Brazil, Malaysia, Mexico and Singapore. Whatever policies they introduce, most developing countries, and particularly most African states, are unlikely to benefit much from private investment.

Valuable though it is, direct investment will certainly fail to meet the major payments needs of many developing countries. Policies there, as in industrial countries, have to take account of this reality. In the meantime, the resources provided by the International Monetary Fund will remain of

Net flows to developing countries in selected years, 1970-83

Billions of dollars
120



Source: OECD 1984.

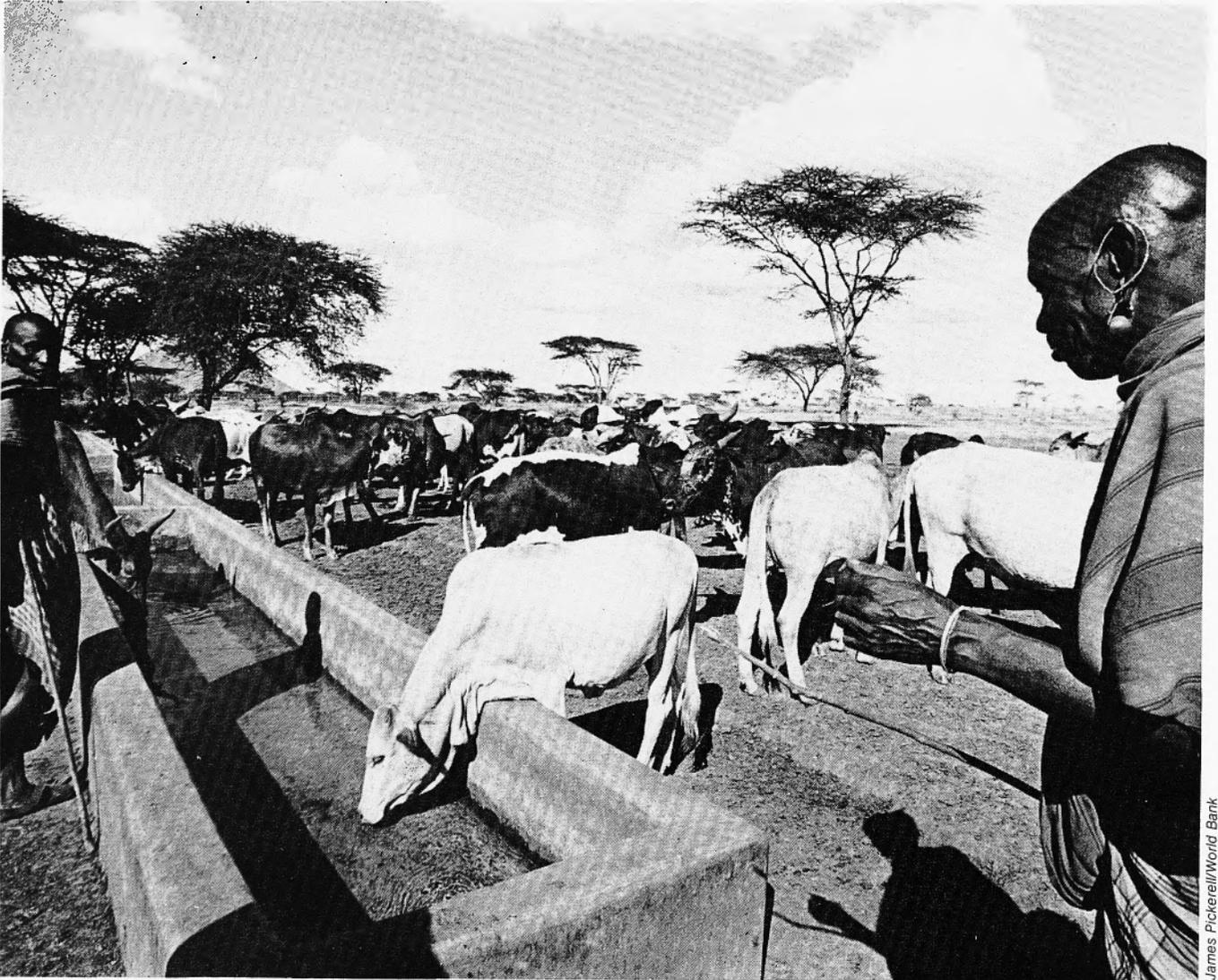
critical importance. The past decade has witnessed a dramatic increase in IMF credits to developing countries afflicted by serious payments deficits, aggravated by the effects of the 'oil shocks', the global recession, and the unprecedentedly high levels of world interest rates. The policy conditions the IMF attaches to its credits have provoked fierce controversy for many years but they have now assumed an even greater significance, heightened because support from other sources is often tied to compliance with the policy conditions laid down by the IMF.

ODI has provided the main forum in Britain for discussion of these crucial issues, through its research, joint conferences, advisory work and publications. Its two-volume study of the IMF has commanded widespread attention and praise for its

balance and presentation of constructive alternatives. Apart from stressing the role of developing-country government stabilisation policies in development, and calling for specific policy reforms in the IMF, the Institute has played a major part in highlighting the ways in which the policies pursued by leading industrial countries have effectively been undermining the work of the IMF and the World Bank.

Building on its reputation in this area, ODI has now turned to the neglected topic of how the IMF and other balance of payments policies affect poverty in the Third World. Working in collaboration with local researchers, case studies are under way in India, Jamaica, Kenya, Sri Lanka and Zimbabwe, and a special study is being undertaken for UNICEF on the effects on children.

Agricultural Development



The food crisis in sub-Saharan Africa has highlighted the critical role of agriculture in development, and demonstrated clearly the unreliability of agricultural production in many developing countries. Agriculture remains the mainstay of virtually all developing-country economies, involving in many of the poorest as much as three-quarters of the labour force. Yet the needs of agriculture have often been seriously neglected, sometimes with appalling human consequences.

Although no more than a third of the population of most developing countries live in towns, investment resources have generally been

concentrated on urban centres, at the expense of the rural areas. Furthermore, such investment as has occurred in rural areas has often been captured by the more prosperous sections of the rural population. Poorer farmers are often those least likely to receive assistance, either from regular government programmes or from externally-funded aid projects.

ODI's Agricultural Administration Unit, which celebrates its tenth anniversary in 1985, was formed to investigate issues of this kind in agricultural development. From the outset, the Unit has been closely concerned with the role that government policies and institutions play in

A major feature of the work of ODI's Agricultural Administration Unit has been its emphasis on wide dissemination of papers on the lessons of research studies and accounts of field experience. The particular emphasis has been upon reaching the large numbers of practitioners in developing countries who are normally outside the existing readership of professional journals. And a further emphasis has been upon contributions from people working in agriculture in developing countries. This has been achieved through three 'Networks', composed of 600-900 members each. Drawn from a wide mix of nationalities and professional disciplines, academics and practitioners, over half of whom are resident in developing countries, network members regularly receive discussion papers and newsletters in the areas of Agricultural Administration, Irrigation Management and Pastoral Development. A fourth network, on Social Forestry Policy and Management, is now being established.

developing agriculture, especially among smallholders and pastoralists. Research was initially focused on problems in understanding the needs of the poorest farmers. Early work looked at shortcomings in the ways that programmes were designed and advocated new approaches to local planning and communication between governments and donors, in consultation with farmers.

Later work, particularly on extension and credit, has also examined the difficulties for government agencies and for co-operatives in equitably and efficiently serving the small farmer. Throughout this work the AAU has taken a hard look at the prevailing fashions for 'decentralisation', 'popular participation' and 'integrated rural development', but its main focus has not shifted from the needs of small farmers who have been given scant opportunities to become involved in programmes designed for their support. Serving these needs, we believe, will have major beneficial consequences for production, incomes and social equity in developing countries.

Nowhere is this more true than in the fragile environment of large tracts of sub-Saharan Africa. The AAU has been closely concerned with the design of appropriate policies for such difficult environments, focusing particularly on the needs of marginal groups like herders and forest dwellers. Basic questions about the aims of development are here brought into sharp focus. Failure to combine the accepted goals of augmenting food production and agricultural productivity with the real needs of local people can make the situation worse.

Effective irrigation is often a critical factor in agricultural development schemes, and in recent

decades governments and donor agencies have invested heavily in dams, canals, pumps and pipes in developing countries. But many irrigation schemes have seriously failed to meet the increasing demands made by rapidly growing populations on scarce water supplies. Governments and donors have given extensive consideration to the technological aspects of irrigation projects, while virtually ignoring the equally important 'human' dimension in planning, management and implementation. A major part of ODI's agricultural research programme has been directed towards redressing this imbalance, beginning with a comparative study of the planning and management of large-scale irrigation schemes in South Asia. More recently the focus of attention has shifted to sub-Saharan Africa, particularly Sudan and Zimbabwe.

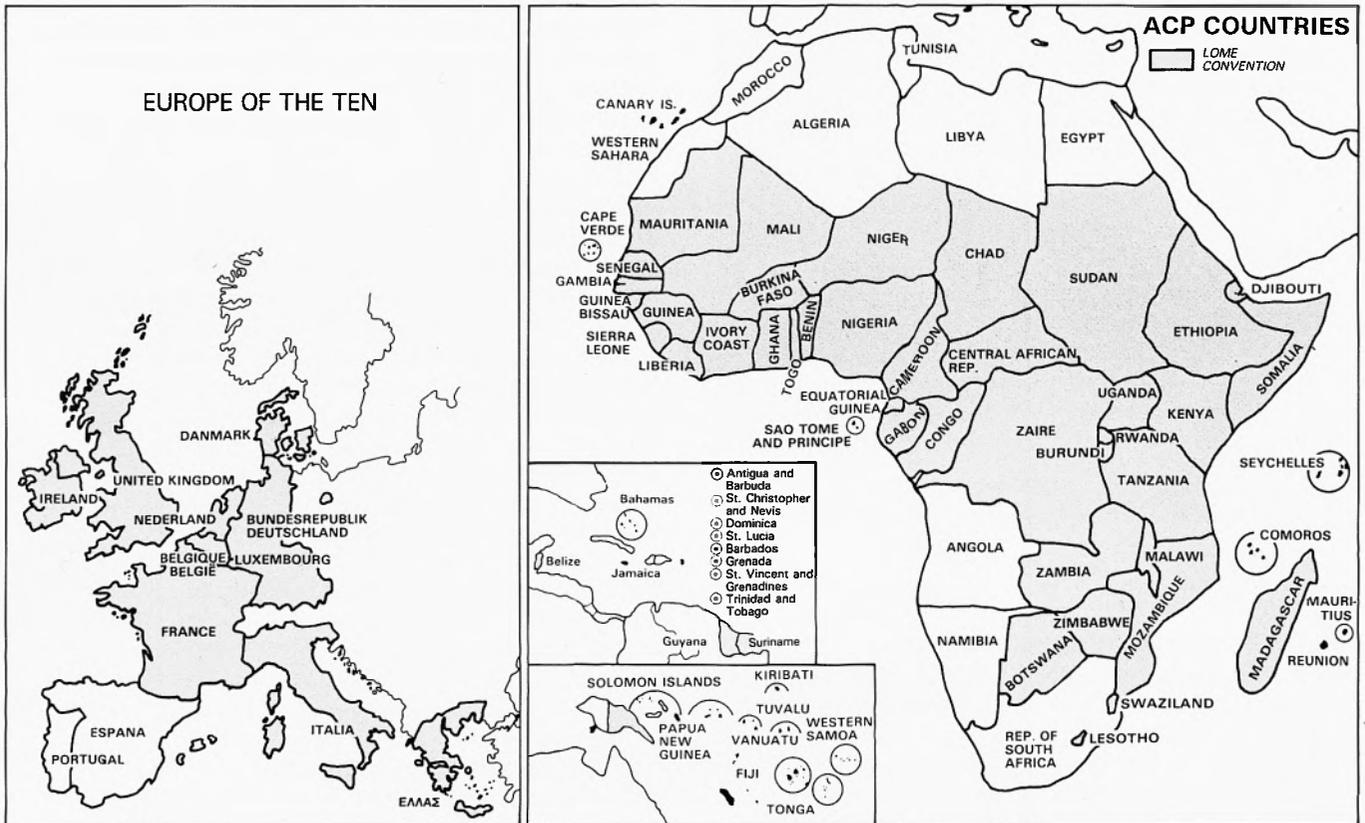
The needs of the substantial numbers of people in the arid and semi-arid areas of Africa engaged in pastoralism — keeping domestic livestock fed through natural forage rather than cultivated fodder or pastures — have generally escaped the attention of those concerned with development. Indeed it has commonly been assumed that pastoralism would disappear during the course of economic development. ODI research has done much to correct the weak appreciation of the very specific development needs of pastoralists and the Institute has produced a definitive text on the *Management of Pastoral Development in the Third World*. Current studies are examining the ownership and management of herds and the problems of livestock husbandry where range and water resources are held communally.

In response to growing international awareness of the serious ecological consequences of the depletion of forests and fuelwood in developing countries, and the consequent need to stimulate farm and community level forestry, ODI has set up a new Network in Social Forestry. This international Network, along the lines of the three already established in the AAU, will facilitate contact and the exchange of research findings among the growing number of administrators, researchers and agencies involved in this issue.

Policies aimed at increasing agricultural output through the introduction of modern technology originally designed for use in advanced economies can threaten employment potential in agriculture. This problem was studied in a recent project based on a case study of the rural labour market in Egypt. The conclusions of this challenged the whole basis upon which the current policy of mechanisation has been developed and made specific suggestions for policies more relevant to the longer term employment needs of the Egyptian economy.

The economic recession of the early 1980s and the balance of payments stabilisation policies that many developing countries have been forced to adopt will inevitably have had an effect on agricultural development. A major new research project is now under way to assess the scale of the impact of the recession in this area and of the role of agriculture in the adjustment process.

Europe: Third World Relations



In recent years, the policies and actions of the European Economic Community have assumed increasing significance for developing countries, particularly in the sphere of trade and finance. As the Community itself has grown larger it has begun to develop its own global policy towards the Third World, backed by a growing Community-level spending programme on development aid. The Community has also added a new layer to Britain's relations with developing countries, modifying some UK national policies and adding new institutional, representational and legislative arrangements to those already in place at the bilateral and multilateral level. The policies of member nations affecting the Third World are increasingly being co-ordinated into a European strategy, and this trend inevitably raises policy issues for developing countries. Some Community policies, notably the preferential trade provisions and the guaranteed flows of aid under the Lomé arrangements have benefited certain developing countries to some extent, while the Common Agricultural Policy has done much damage.

ODI research in this area began with the United

Kingdom's entry into the Community in 1973, and the Institute was the earliest entrant into this field among UK research organisations, producing books and research documents, and organising seminars. The relationship between the EEC and the Third World assumes many complex forms. Thus while the trade policies of EEC member states towards developing countries, as elsewhere, are largely determined at Community level, in the field of development assistance the Community has established policies, procedures and an aid funding mechanism in addition to the quite separate systems of the member states.

By analysing the effects of Community policies on developing countries, ODI's research has revealed the inconsistencies (and hence the opportunities for reform) between different EC policies. Research on industrial protectionism within the Community took account of this in assessing the limited effect of tariff concessions for developing country imports. The large and costly food aid programme has been analysed in the context of cereal and dairy food surpluses arising from the Common Agricultural Policy. Community level aid spending, from the European Development

Future Plans

Fund, has been evaluated in the knowledge that its resources are drawn from a fixed aid budget and this means (at least in the UK) that more through EC channels means less elsewhere. EC support for tropical crop production development, export promotion measures and price enhancement in the various aid packages had to be seen in the context of the Community's position as a major consumer of developing country produced raw materials and therefore with a strong interest in low prices and reliable supplies.

ODI's early EEC research was focused on the role the UK could play in EEC-Third World affairs, until then strongly influenced by France, if only because at that time knowledge of Community institutions and practices elsewhere in Britain was rather limited. Following the formation in 1975 of the negotiating group of African, Caribbean and Pacific (ACP) countries, and the signing of the Lomé Convention, ODI embarked on a series of in-depth studies of this new trade, aid and industrial relationship. Many of the fruits of this research have been published in an annual survey of relations between the EEC and the Third World produced jointly with the Institute of Development Studies, Sussex, since 1981, and later with the Institute of Social Studies at The Hague, and the Centre for European Policy Studies in Brussels. Apart from assessment and analysis of Lomé II and Lomé III, these books, which find a ready market throughout the world, have examined issues such as the Community's industrial policy, its role in alleviating world hunger, and the 'Atlantic Rift' between the development policies of the United States and the EEC. *Pressure Groups, Policies and Development*, the fifth in the series, published in 1985 examines non-governmental relationships between Europe and the Third World, looking at political parties and other non-governmental organisations (NGOs).

Although much of ODI's early research in this field was related to the aid policies of the European Community, trading relations between Europe and developing countries have also figured prominently in ODI's research work. When the Community's General System of Preference (GSP), came up for renewal after 10 years, ODI was commissioned to evaluate the scheme and present recommendations for changes. The report concluded that the GSP had a beneficial but small impact on developing country trade. This was because the preferences offered were less generous than those available to African, Caribbean and Pacific states under the Lomé Convention, and so were more effectively extended only to developing countries in Asia and Latin America. In these cases, moreover, preferences were heavily constrained by quota arrangements on all imports which the EC deemed to be sensitive in nature. The report was well received by the Commission and had a substantial impact on the revised GSP. The resulting book was widely circulated. ODI was also involved in a major assessment of the Stabex earnings stabilisation scheme (see page 10). The Institute continues to advise Community bodies on the GSP and other aid and trade-related matters, and research has been conducted for the ACP Secretariat. EEC-Third World themes have often been tackled by ODI Briefing Papers, and additionally some of the fruits of ODI's research output has gone into a series of *Lomé Briefings* in which ODI staff have been involved.

ODI's future research programme will be shaped by the problems that emerge as priority areas, as well as by the Institute's own established areas of comparative advantage. ODI will, for example, continue to subject the EEC's relations with the Third World to detailed scrutiny, and its tradition of work on trade policy will be maintained. It has for example begun to explore the desirability of studying the EEC's policies towards the production and importation of sugar. At the same time, it will maintain its established expertise in the evaluation of aid policies and effectiveness.

ODI will also continue to research issues relating to the management of developing countries' balance of payments. Apart from maintaining a watching brief on the policies of the IMF, it has plans for studies of the role of monetary policies in balance of payments management; and of the lessons that can be learned from the 1973-82 boom in commercial bank lending to some developing countries. It also plans to study the impact of payments policies on agriculture in developing countries and, conversely, of the role of agriculture in such policies.

Similarly, it sees a continuing need for much additional work on other agricultural topics, and a new programme on social forestry is now being set up. Increasingly it is interested in the problems encountered by national and international agricultural research agencies. It intends to undertake research into the management of common property resources within the rural economy, with special reference to the use of grazing lands by pastoralists. Its work on irrigation will increasingly concentrate on small-scale irrigation in Africa.

Africa is, in fact, seen by many as a special problem area. Several of the projects just mentioned address themselves especially to the problems of African countries, while plans are well advanced for the launching of a major new study of policies for industrialisation in Africa.

Our future work is limited not by a lack of ideas about problems requiring investigation but by a shortage of the revenues needed to bring them to realisation.

Informing, Advising, Influencing

From the outset, it has been a major objective of the Institute to provide information and to stimulate discussion about contemporary issues in development, drawing on ODI's expertise and resources, and building upon the results of its research. ODI has also aimed to influence those involved in policy decisions at many levels, in international agencies, governments and the private sector. During its 25 years the Institute has evolved a multi-level information programme designed to fulfil these objectives in different constituencies, and ODI can claim considerable success in influencing 'opinion formers' in Britain and overseas.

Publications

Central to ODI's information programme are its widely acclaimed Briefing Papers — four-page broadsheets providing accessible information and analysis on contemporary development issues. Five or six titles are produced each year, and topics addressed recently have included: **Foreign Investment in Developing countries**, the **UK's Aid Programme**, **Africa's Food Crisis** and **The World Bank: Rethinking its Role**.

Briefing Papers are distributed free of charge throughout the world to more than 3,000 institutions and individuals, but since many copies are displayed in libraries and other public places, their readership is certainly much greater. They may be freely reproduced, and substantial extracts often appear in the Press as well as publications produced by other development agencies. ODI Briefing Papers are also frequently republished (in revised form) by counterpart institutes overseas, notably the North-South Institute in Canada, and Trocaire, Ireland.

A survey of Briefing Paper readership undertaken in early 1985 revealed that they are read at the highest levels of government and widely appreciated by politicians, academics, the business community, and many others. A further indicator of their popularity is that bulk copies have been supplied to the World Bank, development charities and pressure groups, educational institutions and even the Cabinet Office.

ODI plans to expand the Briefing Paper programme, increasing their frequency and the number produced each year, but the high research and editorial costs involved mean that substantial additional finance will be needed if these plans are to be realised.

ODI research findings are always published as widely as possible and at different levels. The results of major research projects are published as full-length books, and the Institute has built up a substantial list of publications covering the whole



range of its research interests. (See page 30 for the full list from 1960-1985.)

The ODI's journal, the **Development Policy Review** (launched in 1974 as the **ODI Review**), not only publishes articles arising from ODI research but also serves to further the Institute's general objective of promoting the understanding of development policy issues. Published twice yearly, the journal has successfully built up an international readership. Further major expansion is to take place in 1986 when the journal will move to quarterly publication, with an expanded editorial team.

A major part of the ODI's publications programme each year is made up of the output of the Networks of the Agricultural Administration Unit which currently produce more than 30 discussion papers and newsletters annually (see page 17). Among other regular shorter ODI publications are *Working Papers*, which provide an opportunity for staff to publish preliminary research and findings in an interim form.

Meetings and Conferences

At the core of ODI's meetings programme is a series of lunch-time meetings on topics of general development interest. The Institute's international reputation has enabled it to attract many distinguished speakers, including recently Shridath S. Ramphal, Commonwealth Secretary General, Sir Robert Muldoon, at the time Prime Minister of New Zealand, and the Rt Hon Timothy Raison MP, Minister for Overseas Development.

The 10 or 11 meetings held each year are always well-attended, particularly by the business community, and widely reported, not only by specialist Third World publications but also by the national press, in Britain and overseas. As well as these general meetings, monthly lunch-time meetings of more specialist interest are organised by the Agricultural Administration Unit, primarily to share information on agricultural developments overseas.

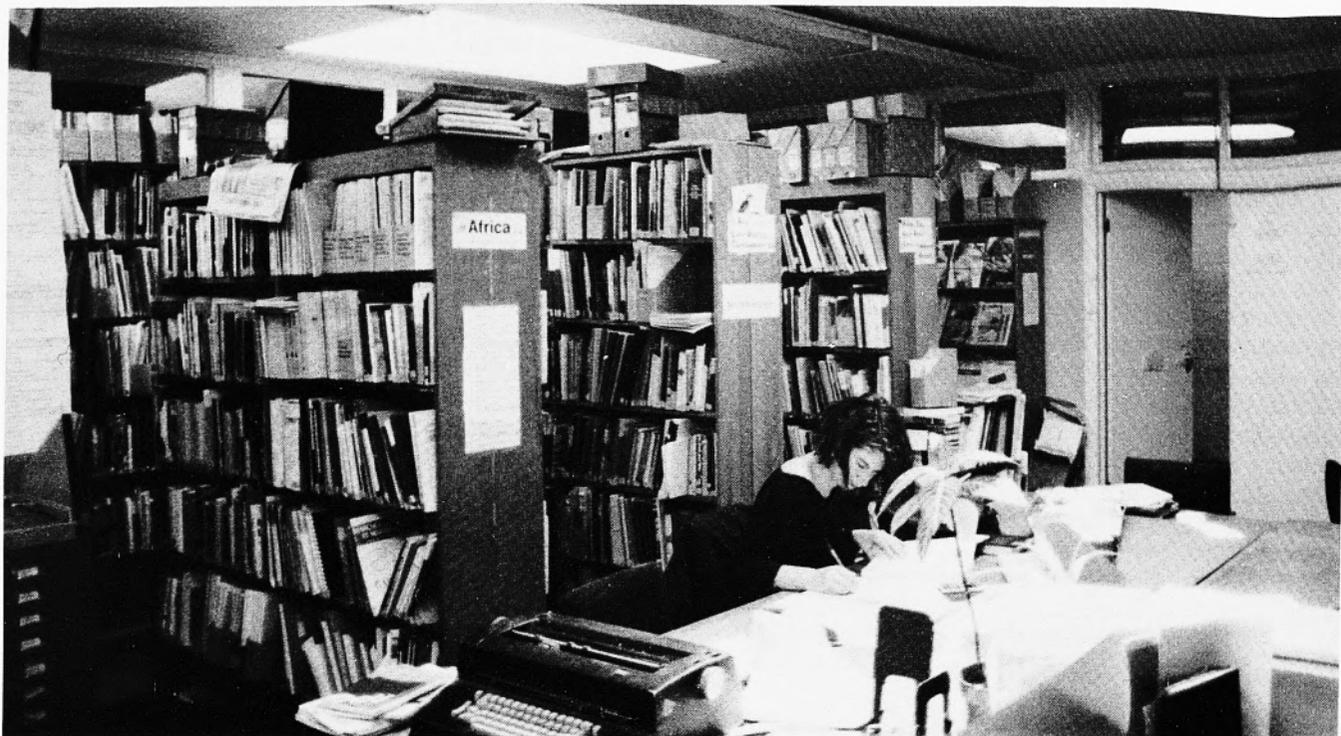
To fulfil its important objective of informing policy-makers, ODI organises 'off-the-record'

seminars for key Whitehall or international officials to discuss topical issues. Topics addressed by these seminars have included: the problems of implementing a poverty-related aid strategy; developing-country commercial debt; and the policies of the IMF. Recently ODI has organised similar meetings to brief the staff of Christian Aid and CAFOD, addressed primarily by ODI staff. From time to time, the AAU also organises major international seminars or workshops.

The Institute's twice-yearly fee-paying conferences, aimed primarily at the business and banking sectors, are a relatively new innovation. The first such event, a half-day conference on **Economic Prospects for the Third World** held in October 1983, was judged to be a great success as was **Prospects for the next Lomé Convention** held in May 1984. Such conferences are now a regular feature of ODI work, giving attenders an opportunity to discuss issues at a depth not possible in lunch-time meetings.



The Library



From its inception ODI has maintained its own library, primarily to serve the requirements of the staff and support current research interests. Its present collection reflects ODI's past and present fields of interest, with particularly strong holdings on Africa and parts of Asia, mainly the former colonial countries. Other areas of the developing world are covered less extensively, although basic information is available on all countries.

Most aspects of development are covered, including economic, rural and social development, agricultural policies, aid, finance, foreign trade, labour and social conditions. Bibliographies, guides, directories, statistics and general reference books support the collection. This pamphlet and book collection is supplemented by a large collection of press clippings culled daily from incoming newspapers and weeklies. A special agricultural collection assembled by the AAU concentrates on agricultural administration, irrigation, pastoralism and social forestry, much of it unpublished 'grey

literature'.

Most important to users is the periodicals collection, which embraces nearly 400 current titles. To facilitate quick and efficient access to this valuable resource, the library indexes all relevant articles, by subject and geographical area. The subject index thus created serves as useful current awareness tool to all users of the library. Every two months the library compiles a **Periodicals Reference Bulletin**, listing the longer and more important periodical articles. This is currently distributed to more than 30 countries.

Over the years the library has become fairly comprehensive in its own specialised field and, although it exists primarily to serve ODI staff, it has opened its doors to the public as well. In recent years there has been a large increase in the use of the library facilities, and many of these outside users comment on the usefulness of the information available, and its accessibility.

Economic adjustment

Jargon phrase that hides the issues

By Tony Killick

THE NEED for economic adjustment in the face of balance of payments difficulties has become a common theme for statesmen, public servants and academics alike. But — the litera-

To a major extent, import savings have been achieved by the intensification of trade and payments restrictions. The 1983 IMF report on exchange controls found that many ldes had tightened import restric- tions, payments regulations and "invisible"

WORLD BANK

Policy changing

Stanley Please, lately a senior adviser at the World Bank with special responsibility for structural adjustment programmes and leader of the team which produced last year's report *Towards Sustained Development in Sub-Saharan Africa*, recently addressed a meeting at the Overseas Development Institute in London which was attended by representatives from more than 60 organisations. Afterwards he spoke to James Barrington.

YOU SAID that the World Bank will be has been given to the smallholder in mos Africa countries since their independence

ODI attaches great importance to briefing the press and broadcasters on development issues, as one of the most effective ways of fulfilling its objective of keeping development issues to the forefront of public debate. ODI now enjoys good contacts with those sections of the media concerned with development issues. Press releases are sent regularly to more than 300 journalists on the Institute's media list, and every effort is made to respond to enquiries from the press about many diverse development topics. ODI meetings and publications receive regular publicity in the national press, as well as specialist Third World papers and magazines, and are always well covered by the BBC's external services. Staff frequently give interviews and provide background briefings to journalists.

Many journalists come to ODI's meetings and conferences, but the Institute also holds press briefings, both on ODI projects, and for other agencies. Press launches have been held regularly

Businessmen and Lomé

by Adrian Hewitt

THE sixth European Development Fund replenished under the Lomé III convention, allocates 7,400m. ECU (4,400m.) aid to the ACP countries for the duration of the convention. Not all the funding will be disbursed over the five year period to which the convention applies, but most of it ought to be committed, and at least half spent, by the time Lomé III expires in March 1990. Africa alone will receive nine-tenths of total ECU aid, an additional 1,000m. ECU. Harder terms will be applied to other countries.

Developing countries face gloomy future

By our Economics Editor

Developing countries are facing a disturbing fall in their income from basic commodities over the next decade despite an improvement in their debt position, according to a new central projection completed by the Washington based World Bank.

Mr Alan Winters, a World Bank economist, told a London conference organised by the Overseas Development Institute on Monday that on the basis of this year's forecast, the rate of growth in the economies of developing countries will be 4.7 per cent, compared with 4.7 per cent for the industrialised world.

and adjustment, albeit painful, was taking place in some countries. There was now a revised view about borrowing by low income Asian countries. India and China, were for instance, he said, potentially good countries to lend to. The net result of all this, he added, was that export revenue in developing countries would fall but reduced lending would enable more imports to be financed than the Bank had forecast earlier in the year. Mr Christian Ossa of the international economics branch of the United Nations said that the economies of developing countries were expected to grow at 4.7 per cent, compared with 4.7 per cent for the industrialised world.

at ODI for the World Bank World Development Reports; the OECD's Review of Development Cooperation; and the Inter-American Development Bank's Economic and Social Progress Report.

Over the past decade, public and government interest in and sympathy for developing countries had declined significantly both in Britain and other Western industrialised countries. The extensive media attention given to the famine in Africa certainly heightened short-term public concern about the immediate African food crisis, but much more needs to be done to increase and sustain public awareness of the longer-term and more complex issues in development, both in Africa and elsewhere in the Third World. For this reason ODI aims to expand and develop its services to the media, not only to provide more publicity to the fruits of its policy related research, but also to enable it to respond more effectively to enquiries from journalists. However, to do this effectively, the Institute will need substantial additional funds.

Informing Parliament



As a key part of its efforts to keep policy-makers informed on development issues, ODI has long provided research support and advice to Parliamentary Select Committees, MPs and Peers. During the past 12 years ODI staff have advised Select Committees of both Houses on at least 12 occasions. Most of the Committees serviced have been concerned with issues of aid and development, but in 1974 ODI provided a special advisor to the Trade and Industry sub-committee of the House of Commons Expenditure committee. More recently, an ODI staff member has acted as a special advisor to the Secretary of State for Trade.

The Institute was involved in the initiation of an All-Party Parliamentary Group on Overseas Development, which was formed in May 1984. ODI provides the new Group with research and administrative support. The Group enjoyed considerable success in its first year, achieving a membership of around 80 MPs and Peers by

mid-1985. Regular meetings are held, addressed by a variety of eminent speakers. The All-Party Group, with its brief to monitor and influence policy on issues relating to overseas development, is contributing in an important way to ODI's objective of keeping development topics to the forefront of debate. A notable success was achieved in October 1984 when members helped to avert substantial cuts in the aid programme apparently planned for 1985/6. The Group has also launched an initiative to increase UK government support for the World Bank's Special fund for Sub-Saharan Africa. It is establishing Working Parties to carry out in-depth investigation on particular issues, and these too receive research support from ODI. The first such report dealt with British aid to African agriculture and made proposals for reversing the apparent trend of decline in this element of Britain's aid programme.

Giving Advice

Increasingly, as the work of the Institute has received national and international recognition, ODI has been asked to advise many different organisations on a wide range of development issues. This advisory activity, which has become an important feature of the Institute's work, is another indicator of the success of ODI's policy-oriented research programme. Requests for ODI to advise policy-makers or policy-making institutions resulting from research projects, provide a clear indication of the impact ODI work is having, and recognition of the professionalism of the staff.

In 1984 ODI was asked to prepare the keynote paper on development policies and current issues for a Council of Europe conference in Lisbon as well as to provide technical advice during the conference.

Moving from the political to the administrative arena, ODI's personnel and expertise have been called upon by various governments, ministers and departments. The Overseas Development Administration has frequently requested ODI staff to conduct aid evaluation exercises or to assess potential projects by undertaking feasibility studies. In mid-1985 an evaluation of British aid to the Kosi Hills in Nepal had recently been completed and a substantial evaluation of UK aid to African agriculture was underway. An examination of a forestry project in Oman was soon to be undertaken. Briefings have been provided to civil servants in various ministries in Britain at the Foreign and Commonwealth Offices' Wilton Park conference centre, the Royal College of Defence Studies and the Civil Service College.

Outside Britain, the EEC has asked ODI to do specific work on trade and aid issues. This has included studies on Stabex and the Generalised System of Preferences. Additionally the Danish

government requested an ODI staff member to contribute to a study of the Danish Aid Loan Programme in Egypt. Developing countries themselves also ask for advice and consultancies. ODI's Director is a member of the Government of Zimbabwe Tax Commission while ODI has evaluated agricultural and other projects for the government of Kenya; and the Dominican Republic recently sought ODI's advice on the design of its balance of payments adjustment programme. The ACP Secretariat in Brussels sought help in the recent negotiations for the Lomé III Convention.

ODI was also requested to give advice to the Japanese External Trade Organisation (JETRO) on a particular aspect of UK/Third World trade relations, and CIDA, Canada has been briefed by ODI on EEC-Third World relations. The Institute is constantly called upon by international agencies to carry out consultancies in specific areas or on specific topics. Between 1981 and 1985, over 20 such consultancies were carried out for the OECD, ILO, World Bank, UNIDO, UNCTAD and the Commonwealth Secretariat.

In recent years, ODI's expertise and advice has also been sought by private companies and business-oriented organisations. For example, an international oil company recently sought ODI's views on the investment potential of a number of African countries. ODI staff have prepared papers for a newly-formed academic consultancy agency, while staff are regular contributors to quarterly reviews published by the Economist Intelligence Unit.

Apart from all these activities, a great deal of informal advice is given to journalists, television producers, consultants, voluntary agencies, civil servants, academics, students and international visitors.

The Fellowship Scheme

The ODI Fellowship Scheme was established in 1963 with two objectives: firstly, to provide young graduates in economics and related fields with practical development experience by arranging for them to work for two years in ministries and public corporations in developing countries; and secondly, to provide host governments with high calibre staff at the junior professional level where gaps in local manpower often exist. Since then, 229 Fellows have been placed in a total of 16 developing countries in Africa, the Caribbean, and the Pacific (see table opposite). Starting with a modest three appointments in 1963, the Scheme grew steadily, rising to 15 appointments in 1977 and 1978. Since then financial constraints have reduced the number of new appointments to a maximum of 12 in any one year although there is a demand for expanding this number.

Most Fellows are assigned to government ministries, in either central planning offices or sectoral ministries, where they undertake a wide variety of assignments calling for both economic and administrative skills. Typical responsibilities have included: assisting in sector planning, examining investment proposals, preparing aid applications, appraising and evaluating projects, examining monetary policy or international economic relations. In most years some Fellows are assigned to para-statal organisations, such as development corporations and marketing boards, where commercial as well as economic considerations apply, and a few have worked as economic statisticians.

The Scheme has earned a high reputation amongst prospective applicants, their universities, host governments and potential future employers. Competition for Fellowships is intense, with candidates outnumbering Fellowships by more than ten to one in recent years. The calibre of applicants remains high, with all now offering post-graduate qualifications and/or some work experience. Governments continue to view Fellows as a cost-efficient means of filling temporary gaps in manpower, particularly when local economists undertake further training abroad. The confidence of governments in the Scheme is further demonstrated by the considerable responsibility they are prepared to entrust to Fellows, responsibility which would not usually come to such people until later in their careers.

Among the reasons for the scheme's success have

been its emphasis on personal contact and discussion both in the recruitment and placement of Fellows, and on the careful matching of Fellows to posts. An important element in this personalised approach is the annual placement tours. As well as providing an opportunity to talk to serving Fellows about their assignments and to employers about their performance, these enable ODI representatives to discuss with prospective employers their requirements for Fellows and the suitability of particular individuals. The tour is followed by personal consultations with the prospective Fellows themselves in order to match Fellows' own preferences as closely as possible with the requirements of governments.

Although Fellows are selected and appointed by ODI, they are employees of the governments for whom they work. These governments therefore bear local employment costs, while the Institute, by virtue of a grant provided initially by the Nuffield Foundation and since 1966 by the Overseas Development Administration, supplements their salaries and meets the costs of Fellows' passages and other expenses.

Since its inception there have been a number of developments in the Scheme, in response to changes in demand from overseas governments. As shown in the table, most Fellows are now posted to countries in Southern Africa, rather than East Africa, as in early years. However the demand for Fellows in some of the former countries is likely to diminish as the number of qualified local graduates increases and ODI has therefore extended the geographical coverage of the Scheme. The first step was taken in 1975 with its establishment in the Eastern Caribbean and Belize. More recently, coverage has been extended to the Pacific region and in 1984 the first ODI Fellows were placed in Papua New Guinea and Fiji.

After completing their assignments, Fellows are usually highly successful in securing jobs they regard as satisfactory. They enter a wide variety of fields. Around 25% work in organisations in the development field, with a similar percentage in the UK private sector. 15% work in developing countries themselves, with a similar percentage in the UK public sector; and most of the remaining 20% are employed in universities or research institutes. Significantly, about half of those whose occupations are known continue to work on development issues.

Placement of ODI Fellows 1963-1985

	<i>1963/80</i>	<i>1981</i>	<i>1982</i>	<i>1983</i>	<i>1984</i>	<i>1985</i>
Sierra Leone	1	—	—	—	—	—
Kenya	12	—	—	—	1	—
Uganda	8	—	—	1	1	—
Tanzania	16	1	—	—	—	—
East African Community	4	—	—	—	—	—
Zambia	18	—	—	—	—	—
Malawi	29	3	2	1	—	3
Botswana	44	4	3	3	2	2
Lesotho	16	1	—	3	—	2
Swaziland	22	—	2	2	2	1
Mauritius	1	—	—	—	—	—
Dominica	1	—	1	—	1	—
St Lucia	5	—	1	—	—	—
St Vincent	3	1	—	1	—	1
Belize	5	1	1	—	1	—
Fiji	—	—	—	—	1	1
Papua New Guinea	—	—	—	—	3	1
	185	11	10	11	12	11

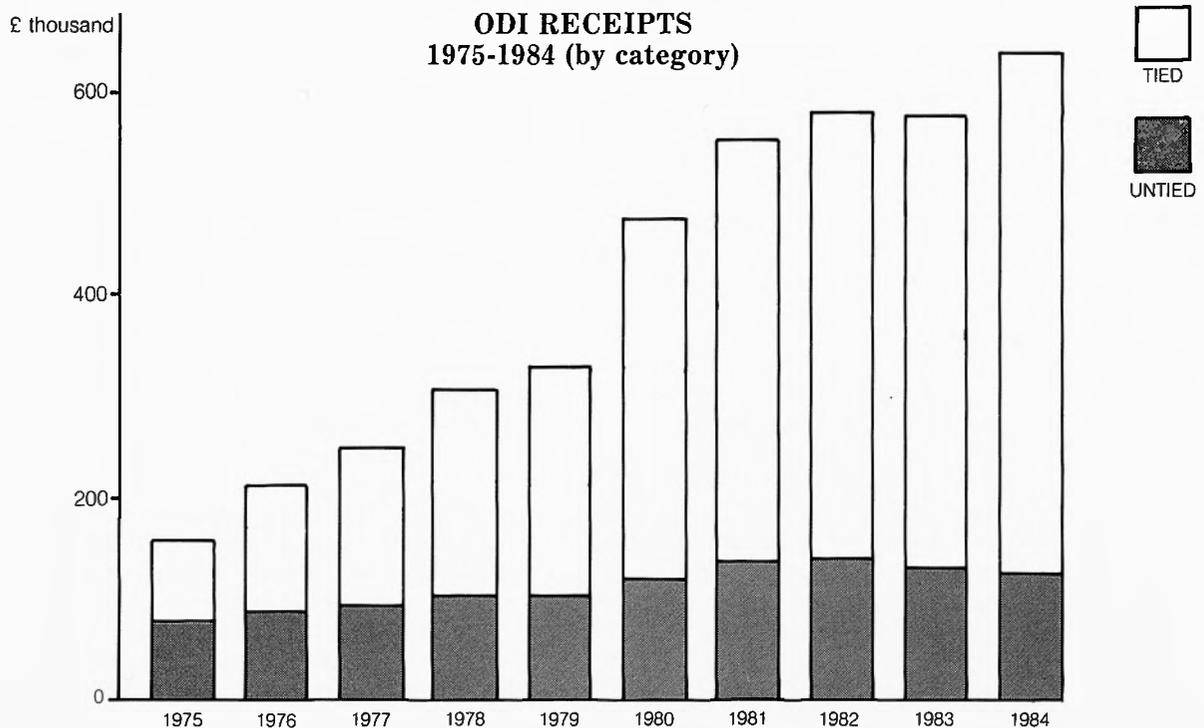
Paying for it All

The growth and expansion in the ODI's activity charted here has not been matched by an equivalent growth in the Institute's financial resources. Unless further regular sources of income can be secured the future growth and even the present work of the Institute will be severely restricted. Until 1981, taking one year with another, the Institute was able to balance income and expenditure, achieving a small surplus, and reserves were accumulated. However, the Institute's financial position then began to deteriorate; in 1982 a deficit of £17,000 was recorded and in 1983 this worsened to £66,000. Vigorous action was taken in 1984 to remedy the position, and administrative procedures were tightened considerably, tackling one of the principal causes of these deficits — a tendency for research projects to take longer than planned, and for long lags to occur between the completion of one funded project and the start of the next. Project timetables have been followed much more successfully and a portfolio of new projects for the next round of research has been created.

In 1984 just over half of ODI's income came from the Government's Overseas Development Administration. Such a dependence on a single source is undesirable if the ODI's flexibility and independence is to be maintained. The Institute is

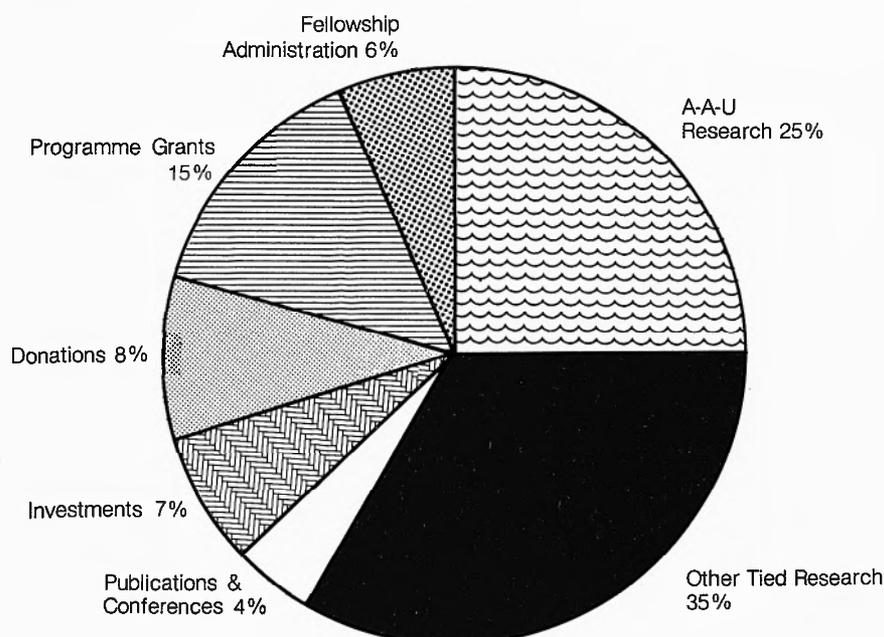
seeking to increase the proportion of funds obtained from the private sector and trusts, both in the UK and overseas. Some notable successes in this direction have already been achieved. The World Bank, the International Research Centre of Canada, the Ford Foundation, the Rockefeller Foundation, the Aga Khan Foundation and the Leverhulme Trust have numbered among recent major donors. As a result of this, a considerable increase in income from research grants was achieved in 1984/85.

In the earlier years much of ODI's funds were originally made up of 'untied' income, not allocated for any specific purpose. With the independence and flexibility this provided, the Institute was able to develop its information programme and to respond to new and urgent needs as they arose. But since the mid-1970s, as grants have increasingly been tied to specific activities, this has become much more difficult to achieve. Recently 70 to 80 per cent of the Institute's income was 'tied' in this way as the bar graph below clearly shows. The main sources of 'untied' funds, other than the government, are now private donations and income from investments. However investment interest has declined in recent years as reserves have been eroded, falling steeply from £34,000 in 1980 to £20,000 in 1984. Fees from commissioned work by



ODI's NET INCOME IN 1984

Full details are available from our Annual Report and Audited Accounts.



individual members of staff generate an additional useful source of income for the Institute.

ODI's 'tied' income is made up primarily of research grants and other grants for specific purposes. Examples include a grant received from the Barrow and Geraldine Cadbury Trust to finance the servicing of the All Party Parliamentary Group on Overseas Development; commissioned work from such agencies as the European Community, UNCTAD, the World Bank and the Commonwealth Secretariat.

ODI's recent experience has suggested that if worthwhile research proposals are produced, funds can usually be found from one source or another. But private foundations in the UK are under great pressure, and few of them specialise in development issues. The ODI is competing for funds with other research organisations concerned with UK domestic problems, and this competition is becoming fiercer, although ODI's ability to raise funds internationally does alleviate this problem. Moreover, despite vigorous efforts it has proved much more difficult to secure funding for ODI's informational and advisory work.

A significant amount of income is generated by publications and conferences, but it would be impractical and undesirable to charge for much of ODI's output, especially when the need to reach the widest possible audience is so critically important. Funding for the EEC and the Third World Survey project has also been difficult to secure. If a greater proportion of research expenses cannot be covered from specific grants, the continuation and further development of ODI's information programme will be restricted through lack of resources.

The major financial challenge facing ODI in the medium-term is therefore three-fold: first to strengthen the funding of its research, releasing 'untied' income for other purposes; second, to build up untied income to sustain the further expansion of the Institute's information programme; third, to further diversify the sources of its funding.

NET ODI INCOME AND EXPENDITURE

by activity (1984)

	<i>Income</i>	<i>Expenditure</i>	<i>Balance</i>
Research	282,100	292,600	- 10,500
Fellowship	31,200	35,100	- 3,900
Information	99,900	144,800	- 44,900

The balance of costs of activity of -£59,300 was financed by donations of £38,000 and investment income and earnings of £33,500 which resulted in a surplus of just over £12,000 in 1984.

NET COST STRUCTURE (1984)

Direct Costs

	£
a. Salaries	
Research	121,600
Fellowships	13,900
Information	56,900
	<u>192,400</u>
b. other Direct Costs	
Research Fees	24,700
Travel	28,000
Publications	9,500
Meetings	4,400
Printing	15,400
	<u>82,000</u>

Overhead costs

(not attributable to any one project)

Salaries	115,200
Accommodation	47,500
Other Costs	35,800
	<u>198,500</u>

ODI Publications 1960-1985

This list includes books and pamphlets published by the Overseas Development Institute for public distribution. Working Papers and the network papers of the Agricultural Administration Unit have not been included; details of these are available on request. * denotes books currently in print.

AGRICULTURE

***Pesticide Use in Tanzania**
Peter Cox, in association with the Economic Research Bureau, University of Dar es Salaam, Tanzania, 1985, £2.95.

***Recurrent Costs and Agricultural Development**
Edited by John Howell, 1985, £11.95.

***Management of Pastoral Development in the Third World**
Stephen Sandford, 1983, in association with John Wiley, £16.95.

***Borrowers and Lenders: Rural Financial Markets and Institutions in Developing Countries**
Edited by John Howell, 1980, £2.95.

***Agricultural Development and the Rural Poor**
**Edited by Guy Hunter*, 1978, £3.00.

Policy and Practice in Rural Development
Edited by Guy Hunter, A Hugh Bunting, Anthony Bottrall. First Published 1976, in association with Croom Helm, ELBS Edition 1978, £2.35.

Food and Interdependence: The Effect of Food and Agricultural Policies of Developed Countries on the Food Problems of the Developing Countries
David Jones, 1976.

Change in Administrative Structures: A Case Study of Kenyan Agricultural Development
Christopher Trapman, 1974.

Serving the Small Farmer: Policy Choices in Indian Agriculture
Edited by Guy Hunter and A F Bottrall, 1974, in association with Croom Helm.

The Implementation of Agricultural Development Policies: Organisation, Management and Institutions
Guy Hunter, 1974.

The Food Research Institute's Fiftieth Anniversary Conference: Strategies for Agricultural Development in the 1970s: A Summary and Critique
Guy Hunter, 1973, in association with the Food Research Institute, Stanford University.

Fertilisers

Peter Collins, 1963

Co-operatives. Co-operation and Agriculture in Developing Countries

Margaret Digby, 1963.

Agricultural Administration Unit

Occasional Paper Series

***No.5 Managing Large Irrigation Schemes: A Problem of Political Economy**

Anthony Bottrall, 1985, £3.95.

***No.4 Enlisting the Small Farmer: The Range of Requirements**

Guy Hunter, 1982, £2.00.

***No.3 Institutions, Management and Agricultural Development**
1979, £2.

No.2 Extension, Planning, and the Poor
1977.

No.1 Stimulating Local Development
1976.

EEC POLICY STUDIES

***Europe and Africa: Issues in Post-colonial Relations**

Edited by Margaret Cornell, 1981, £2.50.

***The EEC's Generalised System of Preferences: Evaluation and Recommendations for Change**
Ann Weston, Vincent Cable, Adrian Hewitt, 1980.

South Asia's Exports to the EEC — Obstacles and Opportunities
Vincent Cable and Ann Weston, 1979.

The Politics of Preferences: EEC Policy Making and the Generalised System of Preferences

Peter Tulloch, 1975, in association with Croom Helm.

L'Agriculture en Question:

L'Impact de la Politique Agricole Commune sur les Etats Associes et Associables

Frank Ellis, John Marsh, Christopher Ritson, 1973.

The Seven Outside: Commonwealth

Asia's Trade with the Enlarged EEC

Peter Tulloch, 1973.

Farmers and Foreigners: Impact of the Common Agricultural Policy on the Associates and Associables

Frank Ellis, John Marsh, Christopher Ritson, 1973.

Europe's Chosen Few: Policy and Practice of the EEC Aid Programme

David Jones, 1973.

Britain, the EEC and the Third World

Lord Campbell of Eskan, Anthony Kershaw MP, Gerhard Schiffler, Tom Soper, Christopher Trapman, Charles Van der Vaeren, David Wall, 1971.

EEC and the Third World: A Survey

An annual series recording and commenting on major developments in the EEC's economic relations with developing countries.

Edited by Christopher Stevens and

Joan Verloren van Themaat and published in association with the Institute of Development Studies, Sussex and the Institute of Social Studies, The Hague, by Hodder and Stoughton Educational.

Pressure Groups, Policies and Development: A Survey 5
November 1985.

***A Survey 4: Re-negotiating Lomé**
1984, £7.95.

***A Survey 3: The Atlantic Rift**
1983, £6.95.

A Survey 2: Hunger in the World
1982.

A Survey 1: EEC and the Third World
1981.

***Europe et Tiers Monde: Un Bilan**
1983; (Selected chapters of Surveys 1 and 2 in French translation), £5.00.

AID

***Food Aid and the Developing World**

Christopher Stevens, 1979, in association with Croom Helm.

L'Aide Alimentaire et le Monde en Developpement

Christopher Stevens, 1978.

Aid and Dependence

Kathryn Morton, 1975, in association with Croom Helm.

The Management of Aid Agencies

George Cunningham, 1974.

Les Elus de L'Europe: Politique et Application du Programme d'Aide de la CEE

David Jones, 1974.

Aid Performance and Development Policies of Western Countries: Studies in US, UK and Dutch Programs

Edited by Bruce Dunwiddy, 1973, in association with Praeger.

Food Aid and Britain,

Hal Mettrick, 1969.

The Aid Relationship

Andrzej Krassowski, 1968.

Pledged to Development

John White, 1967.

Aid in Uganda — Agriculture

Hal Mettrick, 1967.

Aid Management Overseas

Tom Soper, 1967.

Effective Aid

ODI, 1967.

Aid in Uganda — Programmes and Policies

Ralph Clark, 1966.

Aid in Uganda — Education

Peter Williams, 1966.

Two Views on Aid to Developing Countries

Barbara Ward and P T Bauer, with the Institute of Economic Affairs, 1966.

French Aid

Teresa Hayter, 1966.

Aid to Education: An Anglo-

American Appraisal

Peter Williams, 1965.

Aid in the Commonwealth

Peter Williams, 1965.

German Aid

John White, 1965.

Aid to Africa

IMD Little, 1964, in association with Pergamon Press.

French Aid: The Jeanneney Report 1964.

Japanese Aid

John White, 1964.

Aid to the West Indies

D J Morgan, 1964.

British Aid — 5: Colonial

Development

1964.

British Aid — 4: Technical

Assistance

Peter Williams, 1964.

British Aid — 3: Educational

Assistance

1963.

British Aid — 2: Government

Finance

1964.

British Aid — 1: Survey and

Comment

1963.

Why Help India

Maurice Zinkin and Barbara Ward, 1963, in association with Pergamon Press.

Staffing African Universities

A M Carr-Saunders, 1961.

PRIVATE SECTOR INVESTMENT

Industry, Employment and the Developing World: The Contribution of Private Foreign Business to the Employment Objectives of Developing Countries 1975.

The Business of Development

Donald Tyerman and Ernest Parsons, 1968.

Private Enterprise in Developing Countries

WM Clark, 1966, with the Commonwealth and International Library of Science, Technology, Engineering and Liberal Studies.

Investment and Development

Sir Leslie Rowan, J H Loudon, Sir Jock Campbell, Arthur Gaitskell, William Clark. 1965.

British Private Investment in East Africa

D J Morgan, 1965.

REGIONAL AND COUNTRY STUDIES

Aid and Development in Southern Africa

David Jones, 1977, in association with Croom Helm.

Aid and Inequality in Kenya

Gerald Holtham and Arthur Hazlewood, 1976, in association with Croom Helm.

Development Prospects and Options in the Commonwealth Caribbean

Edited by E Hodgkinson, 1976.

Promoting African Enterprise

Bruce Dunwiddy, 1974, in association with Croom Helm.

Development and the Debt Trap:

Economic Planning and External Borrowing in Ghana

Andrzej Krassowski, 1974, in

association with Croom Helm.

Economic Prospects of Bangladesh

Austin Robinson, 1973.

India at Mid-passage

William Clark, K B Ball, Robert Neild, E F Schumacher, 1964.

TRADE AND FINANCE

*The Quest for Economic Stabilisation: The IMF and the Third World

Edited by Tony Killick.

Contributors: Tony Killick, Jennifer

Sharpley, Graham Bird, Mary

Sutton, 1984, in association with

Heinemann Educational. Re-issued by Gower, 1985, £13.50.

*The IMF and Stabilisation:

Developing Country Experiences

Edited by Tony Killick.

Contributors: Tony Killick, Jennifer

Sharpley, Mary Sutton, 1984, in

association with Heinemann

Educational. Re-issued by Gower,

1985, £11.50.

*Protectionism and Industrial

Decline

Vincent Cable, 1983, in association

with Hodder and Stoughton

Educational, £10.50.

*Handmaiden in Distress: World Trade in the 1980s

Carlos F Diaz Alejandro and Gerald K Helleiner, 1982, jointly with North-South Institute, and Overseas Development Council, £2.00.

*Adjustment and Financing in the Developing World: The Role of the IMF

Edited by Tony Killick, 1982, in

conjunction with the IMF, £6.75

(cloth), £4.50 (paper).

Trade Adjustment and the British Jute Industry: A Case Study

Stuart McDowell and Paul Draper, 1978, in association with The Fraser of Allander Institute, University of Strathclyde, Glasgow.

Trade and Developing Countries

Kathryn Morton and Peter Tulloch, 1977, in association with Croom Helm.

A Hand Worth Playing: The Stake of Developing Countries in the International Trade and Monetary Negotiations

Kathryn Morton, 1974.

Regional Development Banks, John White, 1970.

The Less Developed Countries in World Trade

Michael Zammit and Alison Franks, 1967.

NON-GOVERNMENTAL ORGANISATIONS AND DEVELOPMENT

Development Guide: A Directory of Development Facilities in Britain

ODI, 1962, revised 1970, 1978, in

association with Allen and Unwin.

A Third Force for the Third World:

A Study of the Channels for Investment of Church Trust Funds in Economic Development.

Report of working party sponsored

jointly by Christian Aid and the

Catholic Fund for Overseas

Development, 1972.

Opting for Development: A Guide

to Opportunities for Development

Studies in British Higher

Education

Nicholas A Sims, 1968.

Consultancy in Overseas

Development

Charles Young, 1968.

Volunteers in Development

Adrian Moyes, 1966.

Not by Governments Alone: Non-

government Organisations in the

Development Decade

Peter Williams and Adrian Moyes,

1964.

GENERAL

*Rich Country Interests and Third World Development

Edited by Robert Cassen, Richard Jolly, John Sewell, and Robert Wood,

1982, in association with Croom Helm, £17.95.

***British Interests and Third World Development**

Vincent Cable, 1980, £2.00.

The Commonwealth and Development

ODI, 1976.

Britain's Role in the Second Development Decade

UK Standing Conference on the Second UN Development Decade, 1972.

World Development Handbook

Juliet Clifford and Gavin Osmond, 1971, in association with Charles Knight.

The Role of Science and Technology in Developing Countries

Graham Jones, 1971, in association with Oxford University Press.

Construction in Overseas

Development: A Search for Appropriate Aid and Trade

Measures for the 1970s

Charles Cockburn, 1970.

Co-ordination of Strategy for Economic Development and

Technical Assistance: Ditchley

Paper No.35

Tom Soper, 1970, with the Ditchley Foundation.

Rich World/Poor World,

Edited by James Lambe, 1967, in association with Arrow Books.

Technology for Developing Countries

Sir John Cockcroft, 1966.

A Decade of Development: A Study in Frustration

Barbara Ward, 1965.

World III: A Handbook on Developing Countries

Adrian Moyes and Teresa Hayter, 1964, in association with Pergamon Press.

Power Supplies

E W Golding, 1962.

ODI Reviews of British Development Policy

Review 6

Edited by Bruce Dinwiddy, 1973.

Review 5

Edited by Bruce Dinwiddy, 1972.

4 British Development Policies: Needs and Prospects 1970.

Edited by Andrzej Krassowski.

3 British Development Policies: Needs and Prospects 1969.

Edited by James Lambe.

2 British Development Policies: Needs and Prospects 1968.

Edited by A Krassowski and T Soper.

1 British Development Policies 1966.

DEVELOPMENT POLICY REVIEW

The journal of the Overseas Development Institute. Volumes 1-3, published twice yearly from 1983-85 for ODI by Sage Publications in May and November. Beginning with Volume 4 in 1986, the Development Policy Review will be published quarterly.

ODI Review

Published twice yearly, in April and October, from 1974-82.

BRIEFING PAPERS

1985

Protecting Workers in the Third World

Exchange Rate Policies in Developing Countries

Foreign Investment in Developing Countries

1984

The UK Aid Programme

Economic Forecasts for the Third World: 1984

The World Bank: Rethinking its Role

Fisheries and the Third World Africa's Food Crisis

1983

Economic Forecasts for the Third World: 1983

Refugees and the Third World

UNCTAD VI: Background and Issues

World Trade: Trends and Negotiations

Developing Country Bank Debt: Crisis Management and Beyond

EEC Development Policy After Lomé

1982

Africa's Economic Crisis

The Integrated Programme for Commodities

1981

World Food Production and Security

Overseas Students: Facts and Policies

The Sahel: Problems and Prospects The Third World and the Law of the Sea

1980

The IMF and the Third World

OPEC Aid

The Slump of 1980 and the Third World

The Brandt Commission

Lomé II

1979

Integrated Rural Development

Agrarian Reform: A Preview of the FAO Conference

UNCTAD V: A Preview of the Issues

Compensatory Finance to Stabilise Export Earnings

1978

Basic Needs

Whither the Common Fund?

Debt and the Third World

Protectionism in the West — The Third World Link

British Aid Administration and the Central Policy Review Staff Report

1977

The World Food-grain Situation and the 1977 World Food Council Conference

The Tokyo Round and the Developing Countries

United Nations Conference on Desertification

Human Settlements and their Place in Development

1976

The Textile Trade, Developing Countries and the Multi-Fibre Agreement

The Paris Conference on International Economic Co-operation (CIEC)

