

Annex 2: Understanding British aid to Africa: an historical perspective

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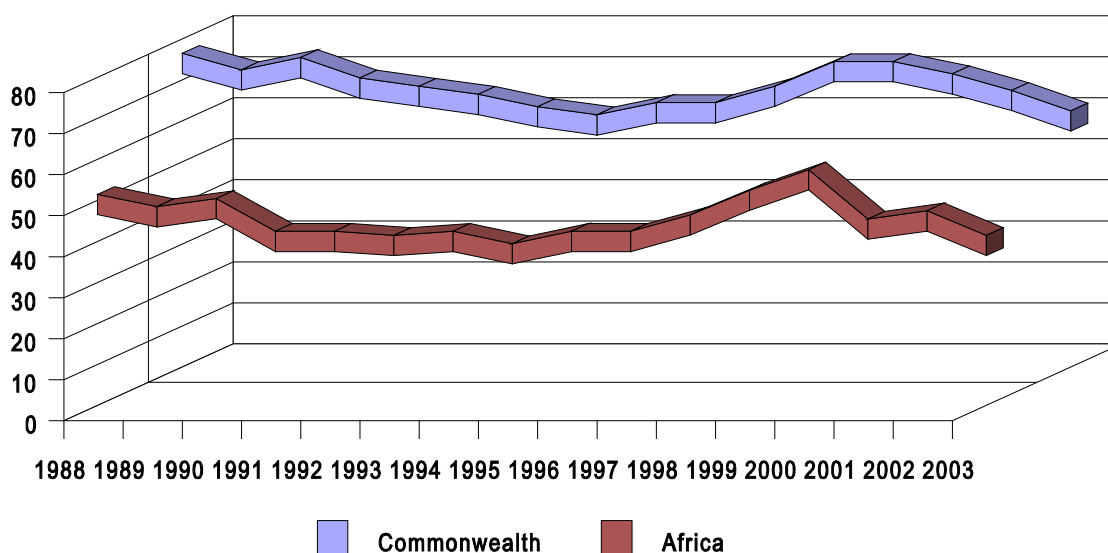
The purpose of this note is to utilise historical information to throw light on the forces shaping British aid policies towards Africa, in the hope that JICA will be able to compare these forces with the influences and constraints determining their own policies. Section 1 summarises some of the key long-term developments in British aid policies towards Africa²; Section 2 attempts to summarise the influences shaping these policies; Section 3 comments briefly, in the light of the foregoing, on the present juncture of UK policies towards aiding Africa.

Elements of policy

Aid volumes and concessionality. The volume of direct British aid to Africa is constrained by the substantial level of its contributions to multilateral programmes (including those of the EU). The multilateral agencies, of course, also provide large volumes of aid to sub-Saharan Africa, of which the UK finances its share, but the following discussion is restricted to the bilateral element in British aid to Africa. The share of the multilateral element in the UK total rose strongly in the later-1970s and early-1980s but in recent years has stabilised at around 45% of the total.

Aid to Africa is, of course, also influenced by what is happening to the UK's total aid programme. Relative to GNP, the total started at the relatively high figure of about 0.5% in the mid-1960s, then went into fairly steep decline through to the mid-1970s, rose again in the second half of that decade, declined gradually but significantly during the 1980s and much of the 1990s, and then rose rather sharply from the later-1990s.

Figure 1. Shares of Commonwealth and Africa in total bilateral aid (%)



How did Africa fare in this context? In real terms, it did quite well, with only relatively modest declines during the retrenchments of the 1980s and 1990s. Figure 1 shows Africa's share declining gradually in the first half of the 1990s and then rising to the turn of the century, although note that

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² I will throughout use 'Africa' to mean sub-Saharan Africa.

this excludes humanitarian assistance. More recently, its share has declined but this was in the context of a rapidly-growing total budget so that the real absolute (current price) value of UK aid to Africa doubled in 1995/96 to 2003/4. Asia's share has risen in the most recent years (partly because of the emergence of Iraq as a major recipient – classified as Asian), although that seems likely to be reversed again in the next few years. The position today remains, as it has always been, that in relative terms Africa is strongly favoured over Asia, as illustrated by the following statistics for UK bilateral aid per capita in 2002 (in £s):

| | |
|------------|------|
| Africa | 1.03 |
| South Asia | 0.28 |

Moreover, British assistance to Africa has always been highly concessional. For most of the last 20 years virtually all assistance to African (and other least-developed) countries has been in the form of grants, as against loans, but even as early as the mid-1970s UK aid to lldcs was recorded as having a 99% grant element. The UK has also implemented an active programme of bilateral debt forgiveness, in effect converting past loans into grants, as well as supporting the international HIPC scheme of debt relief, from which African countries have been among the largest beneficiaries.

Modalities and end-use composition. The dominant form of financial assistance in the earlier years of British aid was to finance discrete development projects, commonly linked to the provision of technical assistance. For reasons discussed in Section 2, the dominance of the project mode in Africa began to diminish during the 1980s, with the emergence of various forms of programme assistance, generally in support of the 'structural adjustment' programmes of the IMF and World Bank (the IFIs). The structural adjustment agenda gathered force in the 1980s and continued strongly into the 'nineties. However, during the latter part of the 'nineties there was a growing realisation among donors, including the UK, that in Africa conditionality-based structural adjustment was bringing few of the intended benefits. This realisation fed into a major re-think of aid priorities and modalities presented by the OECD-DAC in 1996. Among other things, this greatly enhanced the priority accorded to the objective of reducing poverty and related variables – a thrust which eventually evolved into today's Millennium Development Goals (MDGs). OECD-DAC also placed issues of aid effectiveness more firmly on the agenda and this latter thrust helped to sustain the trend towards programme assistance, even though structural adjustment was running out of steam. Since the late-1990s, DfID has been among the more aggressive advocates of programme modalities (largely direct budget support but also sectorally-based by means of SWAPs), as against projects.

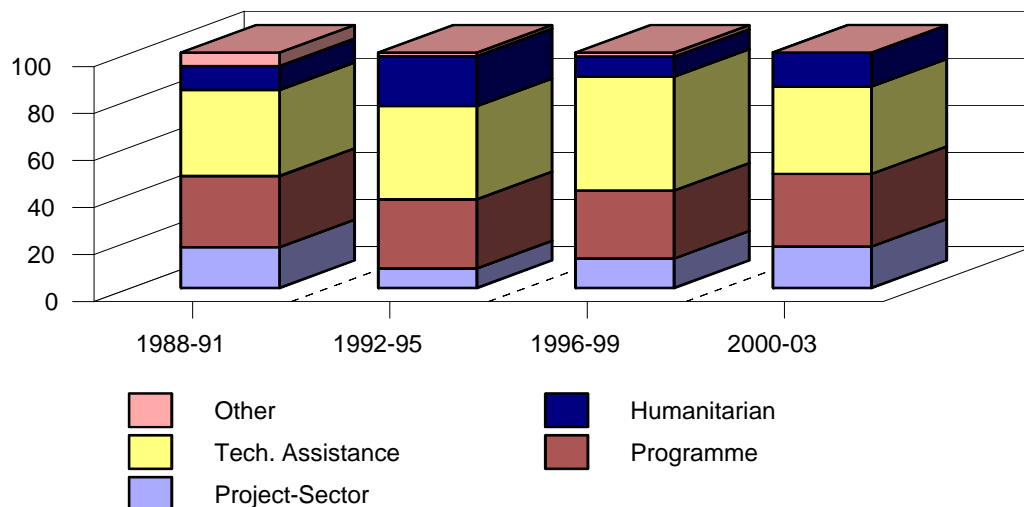
How does the actual composition of British aid to Africa marry up with this description of global trends? We only have comparable time series beginning in 1988/89 and these show a more complex reality that DfID's preferred pattern – see Figure 2.³ First, a rather sharp upward trend is revealed in the share of project aid in total bilateral aid to Africa since the beginning of the 1990s, although the interpretation of this trend is made more difficult by the Department's lumping together into this category of project and sector assistance, even though some of the latter would be better regarded as programme assistance, via SWAPs and similar schemes. In any case, even at its peak, in this period project-sector aid throughout makes up less than a fifth of the total.

Another noteworthy feature has been the persisting large scale of technical co-operation, again somewhat contrary to DfID intentions, although there has been a downward trend since the late-1990s. Technical assistance has throughout been by far the largest category of spending: even in 2003/04 over £250 million was spent on this form of aid (but note the caveat about the data in footnote 3). Many people do not realise the large scale and cost of technical assistance to Africa. Perhaps the biggest surprise is the rather constant share, at around 30%, of programme aid –

³ Figures relate to current-price data on UK bilateral assistance to sub-Saharan Africa. The 'programme aid' category includes bilateral debt relief and (on advice from the statistics section of DfID) the 'technical assistance' category includes 'grants and other aid in kind.' Much of this consists of technical assistance projects although it also includes grants to NGOs in Africa. The 'other' category consists of expenditures under the Aid and Trade Provision which had effectively ceased by the end of the 1990s. The period shown are to be read that the years in question refer to the financial year commencing in that calendar year. For example, '1988-91' refers to 1988/89 to 1991/92.

despite DfID's vigorous espousal of this aid form in recent years. It appears that it was having difficulty in implementing its preferred shift from projects to budget support, with the ratio of programme to project aid in 2000/01-2003/04 being precisely the same, at 1.75, as in 1988/89-1991/92.

Figure 2. UK bilateral aid to Africa by type



If the above trends suggest inertia in the composition of aid, DfID can certainly argue that its present-day support to Africa is strongly consistent with its chosen concentration on reducing poverty and promoting the MDGs. Even though covering only the most recent 15 years, Table 1 shows just how far the pendulum has swung away from assisting directly productive sectors in favour of education, health and other social sectors. Note also the consistently very small share of environmental applications. Humanitarian assistance is excluded from the table. This is apt to fluctuate widely from year to year, but the data suggest an upward trend during the last decade or so.

Table 1: UK aid to Africa by sector of application (percentages of total)⁴

| Period ⁵ | Economic | Social Services ⁶ | Environment | Governance | Rural Livelihoods |
|---------------------|----------|------------------------------|-------------|------------|-------------------|
| 1988/89-1989/90 | 66.4 | 17.2 | 2.6 | 3.5 | 10.4 |
| 1993/94-1994/95 | 56.8 | 23.0 | 3.3 | 8.4 | 8.5 |
| 1998/99-1999/00 | 23.7 | 36.0 | 3.4 | 28.7 | 8.2 |
| 2003/04 | 24.9 | 53.5 | 1.5 | 14.4 | 5.8 |

An even more dramatic demonstration of change is given by the following figures showing aid to Africa for what can broadly be described as investment in 'directly productive' activities (economic + rural livelihoods) as a percentage of 'social' spending (education + health + social + governance):

| | |
|-----------------|-----|
| 1988/89-1989/90 | 371 |
| 1993/94-1994/95 | 208 |
| 1998/99-1999/00 | 49 |
| 2003/04 | 45 |

⁴ These figures exclude humanitarian assistance and aid which could not be allocated by sector.

⁵ The statistics are means of 2-year periods except for 2003/04.

⁶ A combination of education, health and 'social' categories

Assistance targeted specifically at the reduction of poverty has increased sharply – by about four-fifths in current prices during 1998/99 to 2003/04.

The evolution of policy priorities. One obvious way in which the administration of British aid differs from that of Japan is that, from the creation in 1964 of a Ministry of Overseas Development, execution of the great preponderance of the country's total assistance has been concentrated in a single department of government.⁷ However, this does not mean that the disinterested promotion of social and economic development has always dominated the policy priorities of successive administrations. Aid has also, of course, been used to promote Britain's national interest. One obvious issue here is the standing of developmental considerations *vis a vis* foreign policy, security, immigration and commercial objectives. An important clue is provided by the fluctuating status of the government department responsible for aid, which is summarised in Table 2 overleaf.

The points of substance beneath this apparent game of ping-pong were the signals the changes sent about the relative importance attached by successive governments to developmental and foreign policy objectives. Developmental considerations were more likely to be subordinated when the department formally came under the responsibilities of the Foreign Secretary, although the contrasts between the two situations were not in practice as dramatic as might have been expected. Even when part of the FCO, the department had considerable latitude in pursuing developmental goals, just as, when independent, it has been far from immune to the influence of foreign policy considerations. Party politics has been a strong influence in these matters, as is described in Section 2.

Just as the influence of foreign-policy-cum-security considerations has waxed and waned, so too has the influence of commercial motives. Whilst these had always been present, the intrusion of commercial motives was given greater formal legitimacy with the introduction in 1977 of the Aid and Trade Provision (ATP), which linked the use of aid funds with the provision of non-concessional export credits. This became an obvious target for critics, for what they saw as a misuse of funds intended to promote development, but it should be kept in perspective, for its use was limited to a maximum of 5% of the total aid budget. Moreover, as it developed, it came to be applied largely to subsidise exports to emerging Asian countries and hence had little impact on aid to Africa. This explains the extremely high levels of concessionality in support to Africa reported earlier. The ATP scheme was formally discontinued in 2000.

Of considerably greater importance was the common practice of procurement tying. This meant that imports financed by British aid were restricted to goods and services originating in the UK, a form of protectionism which often much reduced the real value of the 'assistance' provided and which effectively reduced its concessionality. In the 1980s nearly half of total UK bilateral aid (to all countries) was tied in this way, although this reduced in the 1990s and was applied to only about a seventh of total bilateral aid by 1996. It was abolished altogether in 2001.

Lessons of experience also led to changes. This was particularly the case with project-based and technical assistance modes of aid delivery, with neither of these now viewed as having been very effective, partly because of the high transactions costs which they involve. Along with other donors the UK has therefore turned towards programmatic forms, as mentioned earlier.

British aid policies to Africa have changed in other major ways. Among the most obvious in recent years is the extent to which DfID's agenda has shifted from a project-led promotion of economic growth to concentration on the goal of poverty reduction and achievement of the MDGs. Indeed, DfID's mission statement is now officially summarised as to, 'eliminate poverty in poorer countries, in particular through achievement by 2015 of the Millennium Development Goals' and the Public Service Agreement which it has with the Treasury is defined almost exclusively in terms of progress towards the MDGs and the reduction of poverty. The poverty goal is reflected in a shift in

⁷ There were aid elements in the activities of the Export Credit Guarantee Department and the Commonwealth Development Corporation but these were always minor parts of the total, so that the policies of the aid department almost represent the totality of the picture.

the end-use of aid to Africa away from directly productive economic sectors in favour of social services and 'governance' noted earlier. It is true that it was the 1975 White Paper which first gave prominence to the poverty-reduction objective but this was a less dominant theme and was viewed more in terms of rural development.

Table 2: Forty years of governments, Prime Ministers and aid administrations

| <i>Period</i> | <i>Party & Prime Minister</i> | <i>Aid Administration</i> |
|---------------|---|--|
| 1964-70 | Labour. Harold Wilson | Independent Ministry of Overseas Development created, with minister having a seat in the Cabinet (1964). Political status down-graded in 1967, with minister losing Cabinet status. Publication of White Paper: <i>Overseas Development: The Work in Hand</i> (1967) |
| 1970-74 | Conservative. Edward Heath | Department re-named Overseas Development Administration (ODA) and becomes formally part of the foreign affairs ministry (Foreign and Commonwealth Office – FCO), represented in Cabinet by the Foreign Secretary. |
| 1974-79 | Labour. Harold Wilson (to 1976) James Callaghan (1976-79) | Reverts to 1964 status – independent of FCO and with Cabinet-level minister. Publication of White Paper, <i>Overseas Development. The Changing Emphasis in British Aid Policies. More Help for the Poorest.</i> (1975) |
| 1979-97 | Conservative. Margaret Thatcher (to 1990) John Major (1990-97) | Reverts to the 1970-74 status. |
| 1997 to date | (New) Labour. Tony Blair | Reverts to 1974-79 status, re-named Department for International Development (DfID) and with additional responsibilities in international economic issues which have a bearing on developing countries. Publication of two White Papers: <i>Eliminating World Poverty: A Challenge for the 21st Century</i> (1997) <i>Eliminating World Poverty: Making Globalisation Work for the Poor</i> (2000) |

The nature of the relationships which the UK as a donor has sought to establish with recipient governments has also undergone substantial change. This has been partly the result of the waxing and waning of non-developmental foreign policy and commercial motivations described earlier. It has also resulted from another change observed above, the move from project to programmatic modalities. This shift first achieved prominence in the 'structural adjustment' era of the 1980s and earlier 1990s, when the IFIs were highly active in the placing of adjustment credits, especially in Africa, and when an increasing share of British aid was used in support of these. As this developed, relationships became increasingly based on donors' desire to improve economic and institutional policies within recipient countries, attempting to use financial leverage through the application of extensive policy conditionality. During the '80s, the UK was largely content to piggy-back on the conditionality of the IFIs (especially the IMF), generally making access to its own programme assistance conditional upon a country's continued satisfactory implementation of IFI adjustment programmes.

An extension of conditionality-based assistance occurred in the early 1990s with a sharply increased use by the UK and other bilateral donors (and with the IFIs this time trailing behind) of political and governance-related conditionality. In the words of the then Foreign Secretary, Douglas Hurd, in 1990, 'Countries tending towards pluralism, public accountability, respect for the rule of law, human rights and market principles should be encouraged. Governments who persist with repressive policies, with corrupt management or with wasteful and discredited economic systems, should not expect us to support this folly with scarce aid resources.'

In practice, neither the IFI's policy conditionality nor the political conditionality of the bilaterals was pursued with consistent rigour and recipient governments quickly learned how to play the conditionality game without prejudicing continued inflows of assistance. It is perhaps not surprising, therefore, that a major feature of the 1997 White Paper was an announced move away from relationships based on conditionality in favour of more even-handed 'partnerships' involving mutual recipient-donor responsibilities. Policy and governance issues were still regarded as of central importance but these were henceforth to be based on local ownership, policy dialogue and mutual agreements among parties. An implication of this shift was also that the UK would henceforth be more selective in the African (and other) governments it supported, reducing its aid to those which did not meet minimum conditions of trustworthiness and desire to promote poverty reduction. However, it is not clear that there has since been any decisive move towards greater selectivity. It is probably also true to say that it has proved quite difficult to draw and maintain the line between a relationship based on conditionality and one rooted in ownership and partnership. It is likely that only in a few British-aided African countries has there been a clear and generally-recognised change in relationships, although DfID's desire is undoubted.

Lastly and related to the moves towards programme aid and policy dialogue, the substantial decentralisation that has occurred in DfID's operational structure should be noted as an important development. In virtually all major African recipients, substantial financial and policy authority is vested in the local DfID representatives, with reference back to London restricted to the most major or sensitive issues. A possible down-side of this is that DfID headquarters may now find it harder to secure uniform implementation of its policy intentions.

To sum up, it is evident from the above account that there has been quite a lot of fluidity in British aid policies towards Africa over the last four decades. Major movements have occurred in almost every dimension, although inevitably the reality of change on the ground has often been less dramatic than the observable shifts in headquarters policies. The main task of the remainder of this paper is to try to identify the main determining influences on the evolution of policy described above.

Determining influences

The long-term course of the policies of any institution is the result of interplay between inertial forces, tending to perpetuate the *status quo*, and active forces for change. Policy-makers are constrained by history, by special interests who benefit from existing policies, by settled ways of viewing problems, by the perceived dangers or uncertainties of changing course. The extent to which they are free of inertial forces – especially the restraining hands of interest groups – shows the extent of their *autonomy*, a concept which became popular in the literature explaining the relative success of East Asian 'miracle' economies, where policy-makers were seen to have enjoyed substantial autonomy from special interest groups.

In what follows, both inertial and proactive forces are described but what is already suggested by the policy fluidity described in Section 1 is that British aid administrators have enjoyed quite a high degree of autonomy, although more so at some times than others. The following account identifies three broad influences: historical; ideological and intellectual; and what is termed the global politics of aid.

(a) The influence of history

British imperialism – and post-colonial guilt – offers an obvious starting point. A direct line can be traced back from the creation of ODM in 1964 to grants in aid provided to colonies from the 1870s. Such assistance was more formally organised under the 1929 Colonial Development Act and subsequent Colonial Development and Welfare Acts of 1940 and 1945. The provision of this support was intended to end as colonies became independent, with what would now be called development assistance then to be restricted to the provision of some technical assistance and contributions to multilateral institutions like the World Bank. The strength of the British anti-colonial movement, adoption elsewhere of bilateral aid programmes and a change of government altered that, however, and led to the creation of ODM in 1964.

Forty years later the influence of the UK's colonial history is still evident, even if it is gradually being eroded. The persistently large share of Commonwealth country recipients is illustrated in Figure 1 (page 2). As recently as 1999/2000 no less than 72% of DfID's total bilateral aid (excluding humanitarian assistance) went to Commonwealth countries, about the same as ten years earlier. This share has since diminished but was still as high as 60% in 2003/04, when 15 of the top 20 recipients were Commonwealth countries. Former British colonies in Africa have benefited from this bias. Twelve of the top 20 were African countries, of whom only one (Ethiopia) was not a Commonwealth member.⁸ The strength of the historical factor is illustrated by the continued enjoyment of substantial British assistance to Malawi and Zambia, neither being a country that would appear to merit priority in terms of the effectiveness of such aid. It is also illustrated by the absence of any clear downward trend in the Commonwealth's share of UK aid, illustrated in Figure 1.

The lingering influence of British imperialism, then, has acted as an inertial force. A more recent historical development, however, served as a spur to change. This was the end of the Cold War at the beginning of the 1990s. This undermined the *raison d'être* for supporting certain corrupt and anti-developmental regimes which, however, had enjoyed geopolitical importance during the period of East-West standoff (although this was not a factor which greatly influenced the distribution of British aid to Africa). More generally, the end of the Cold War tended to reduce the weight attached to foreign policy considerations in British aid allocations. It was not a coincidence that the political conditionality referred to earlier was introduced after the end of the Cold War. In principle, the collapse of communism as a possible threat could have brought a 'peace dividend' to the aid budget but the priorities of the government of that time did not favour that. Indeed, the decision of the incoming Labour government of 1997 to stick with the announced spending allocations of its predecessor for two years meant that it was not until the end of the 1990s that the aid budget could begin a period of rapid real growth that has continued through to today.

History enters the story in another way too, through its influence on the course of British domestic macroeconomic policies. There were long periods during the post-World War II period when, from today's perspective, successive administrations pursued inappropriate macro policies which, in turn, impacted on the scale of the country's aid budget. Thus, throughout much of the 1960s and 1970s governments sought to maintain relatively fixed ('adjustable peg') exchange rates which were inconsistent with governments' fiscal stances and the relative inflexibility of the economy. This led to sometimes acute balance of payments difficulties ('sterling crises'), which governments sought to resolve through imperfectly executed policies of financial stringency. As an economic advisor in the then Ministry of Overseas Development in the late-1960s, the present writer well remembers the balance of payments justifications offered for the squeeze on the aid budget of that time. The huge macro pressures that were generated during the first years of the 1990s by Britain's attempts to sustain a stable exchange rate at an inappropriately high rate through membership of the EU's Exchange Rate Mechanism are a more recent memory, as is the financial stringency which followed its collapse. Interestingly, the move since to a policy of market-determined exchange rate flexibility has assisted the aid programme, not only eliminating the

⁸ The picture is made a little more complicated, however, by the fact that one of these Commonwealth recipients was Mozambique, a former Portuguese colony which, uniquely, opted to join the Commonwealth.

foreign exchange constraint but also, via a competitive exchange rate, removing the last rationale for protecting British exporters through aid tying and the ATP.

Of course, Britain's aid budget is a small part of total state spending (under 5%), so it has always been possible to argue that it would not matter in macroeconomic terms if the government of the day chose to give priority to maintaining the aid budget even during periods of general financial stringency. It is certainly the case that the administrations in power in the periods when aid was in decline – the second half of the 1960s and the 1980s and much of the 1990s – demonstrated a relatively low regard for aid (Mrs. Thatcher, who was premier for much of the latter period famously dismissed it as 'hand-outs') but even with good will it could be electorally difficult to justify such special treatment when the domestic provision of state services was being squeezed. As it is, although the existence of an aid budget enjoys considerable public support, general election results have been little influenced by controversies about development assistance.

(b) Ideological and intellectual influences

The last paragraph brings us naturally to consideration of ideology and party politics. The design of aid strategies and the specifics of policy have, by and large, not been the subject of any deep disagreement between the two main political parties, although differences have arisen on the extent to which aid should be used explicitly to promote British interests and on the desirable scale of the aid budget.

As regards the pursuit of British interests, the main contrast that is often drawn is between the view of successive Conservative administrations during 1979-97 and its Labour predecessors and successors. Although the Conservative administrations chose not to fully articulate an aid policy, it was significant that early on, in 1980, the then Minister announced the intention to 'give greater weight in the allocation of our aid to political, industrial and commercial considerations, alongside our basic development objectives.' Although developmental concerns throughout were still accorded considerable weight and most Conservative ministers responsible for aid were generally held in good regard within development circles, there was a real shift of emphasis, a greater willingness to use aid to protect commercial and investment interests and to promote such foreign policy objectives as maintaining the UK's leadership role in the Commonwealth and its permanent seat on the UN Security Council.

That this was a real difference has been demonstrated by the changes introduced by Labour since 1997. As we have already noted, tying and the mixed-credit ATP scheme have been ended. The status of DfID – and its ability to resist pressures from the ministries responsible for foreign affairs and trade – has been enhanced. In fact, one of the ways in which party politics has played out over the years has been over the status enjoyed by the aid administration. The history of this was set out earlier (Table 2), one of the main points at issue being the extent of independence which the department should enjoy from the foreign policy establishment. In essence, Labour has stood for a relatively strong and independent aid ministry, the Conservatives for a weaker department formally located within the FCO.

In the Japanese context, it is worth speculating on why it proved possible to end tying without any large public controversy. A number of explanations can be suggested. First, the British political culture gives rise to an executive power which is large *vis a vis* special interest groups. Such groups have influence, of course, and some in earlier periods have had major power (e.g. the trade unions in the 1960s and 1970s) but it has become relatively uncommon for governments to be unable to implement a policy change which they regard as important because of interest-group opposition. Second, by no means all British industry is protectionist (tying, of course, is just a form of protectionism) and protectionist lobbying had to be set against the anti-tying propaganda of campaigning NGOs. Third, as evidence accumulated on the high costs of tying to recipients, the British experience was that only a relatively few firms actually benefited much from it, so that the base of their support within industry was not very broad.

Fourth, the credibility of the old defence of tying – that it should be retained as a bargaining weapon in efforts to induce other donor governments to reduce their tying – became seriously

eroded over time, as other donors continued to drag their feet. Fifth, as noted earlier, the change to a competitive, market-determined exchange further eroded the intellectual case for protection. Finally, there was the sheer inefficiency of using an aid programme as a way of supporting domestic industry. If the government wished to engage in protectionism, it was seen as more efficient (to the extent that protectionism can ever be described as efficient) and equitable to do so through the normal instruments of unfree trade, rather than using a spending programme ostensibly intended for quite different, developmental, purposes.

In any case, within the UK, since 1997 the primacy of developmental considerations has been powerfully reasserted, not least through publication of two White Papers and supporting legislation. In fact, the 2002 International Development Act made it unlawful for British aid to be used for any purpose other than the furtherance of sustainable development or improving the welfare of the populations of assisted territories. Interestingly, these changes were not the subject of much party-political controversy. The Conservative response to the seminal 1997 White Paper was muted but essentially supportive. More recently, the Conservative Party has formally pledged to match Labour's commitment to achieving the UN target of an aid programme equivalent to 0.7% of GDP by 2013 (although with more of it going through bilateral programmes). Indeed, in the specifics of aid policy, there has throughout been a degree of consensus between most interested members of both parties.

We should also not neglect the changes that can be brought about by Ministers with political standing and strong personalities. The early candidate here was Barbara Castle, appointed Minister when ODM was created in 1964. A more recent example is Clare Short, Secretary of State from 1997 to 2003. Without question, her political strength and willingness to fight her Department's corner within government had a great deal to do with the changes that have occurred in British development policy under the Blair administration, albeit with the strong support of the Prime Minister and Chancellor of the Exchequer. As her former Permanent Secretary has written, the incumbency of Clare Short meant for him a change 'from Administration to Delivery', to a far stronger focus on getting developmental results.

What have these political-cum-ideological influences meant specifically for aid to Africa? Obviously, as discussed earlier, what happens to the total aid budget has a strong bearing on how much can be provided for Africa. Beyond that, a more aggressive use of aid to promote British interests, under Conservative administrations, might have favoured economically and politically more important countries in Asia but the sheer number of African countries meant they were bound to carry weight when Britain looked for support at the UN or in the Commonwealth. In the design of aid policies towards Africa, it is not clear that inter-party differences have made much difference.

Changes in the intellectual climate have had more impact. Evolving perceptions of the meaning and nature of 'development', and of how aid can best contribute to this, have certainly fed into the redesign of aid policies. In the 1960s and beyond, an economic view dominated, in which development was largely seen in terms of economic growth, with the pace of growth largely viewed as a function of the rate of investment. Poor countries were seen as having limited saving capacities, resulting in major gaps between domestic investible resources and the volume of investment required to raise per capita incomes at an acceptable pace. Aid, then, was to help fill this financing gap (and also a foreign exchange gap). One way of ensuring that aid was indeed used for investment (it was then believed, before the subversive notion of fungibility took hold) was to devote it to the financing of development projects, hence the dominance in this earlier period of the project mode in aid delivery.

Thinking about development has since moved on in many ways that have had a bearing on aid policies. A more multi-dimensional view is now taken, with social, quality-of-life and 'governance' variables now also seen as central, alongside economic ones. While poverty has always been a concern of development economists, there is now much less willingness to take for granted that economic growth will provide a sufficient solution, not least because poverty is now viewed as involving more than material deprivation and as having important non-economic dimensions. Even in the economic sphere, experience has taught that there is more to achieving growth than simply

maximising the rate of investment: the quality of investment decisions, the productivity of past investment and associated rates of technological progress are all important. In turn, these variables came to be seen as crucially determined by the policy environment, and a more sceptical view was taken of the efficacy of the state as an economic agent.

Amongst students and practitioners of development, there has also been a growing awareness of the limitations of what can be achieved by external assistance, and of the centrality of domestic sources of change within poor countries (although the most recent developments imply a return to the aid-optimism of an earlier time – see ‘Conclusion’ below). It is this realisation, partly fuelled by the perceived ineffectiveness of conditionality and financial leverage, which lies behind the present-day emphasis on the salience of domestic ownership of policies and institutional development.

Mention should also be made of the existence within the UK of a strong and increasingly sophisticated group of civil society organisations which have been supportive by raising public awareness of the problems of Africa (e.g. by mobilising the public during the Ethiopian famine of 1984) and other poor countries. Although these bodies have not always enjoyed the influence to which they aspired, they have undoubtedly been a strong influence on specific UK policies relating to the quality of aid (for which the Independent Group on British Aid was an effective lobby during the 1980s and into the 1990s). The umbrella NGO group Jubilee 2000 was highly effective in campaigning for debt forgiveness at the turn of the century, while well resourced and organised NGOs like Oxfam and Christian Aid exert an on-going influence through their research-based campaigning

(c) The global politics of aid

It is sufficiently well-known to need no elaboration here that, by comparison with other developing regions, Africa has emerged as the most problematical and the biggest challenge to all who aspire to end poverty in the world (although this is subject to the usual caution against over-generalising about a continent that actually contains a wide range of experiences). The long-term lagging pace of growth and development in much of Africa, the tendency for poverty to increase overall, rather than decline, its record of failed states, of international and internal conflicts and associated mass movements of refugees, is well known. It is this which explains the extent to which international aid efforts have become especially concentrated on Africa during the last two decades or more. The UK, as shown earlier, has shared in this concentration.

Conditions in many African countries also help explain other aspects of the changing policies recorded above, such as the extremely high levels of concessionality and the (albeit lagging) provisions of debt relief, the retreat from project assistance, the intense focus on structural adjustment in the 1980s and beyond, the growing interest in issues of ‘governance’ and institution-building, and the rise in the scale of humanitarian assistance. To a substantial extent, then, UK policy changes have been a response to conditions in Africa and the slow progress of much of the continent.

British policies have also been shaped by other agencies working in the aid field. The IFIs have been particularly important, not least through their influence on the changes in attitudes towards development sketched earlier. The direct influence of the IFIs on British policy during the structural adjustment phase of the 1980s-1990s has already been noted, formalised by cross-conditionality between country execution of IFI (especially IMF) adjustment conditionality and access to British programme aid. It is similarly said that the theme of the 1975 White Paper on the need to meet basic needs was a result of work by the Bank’s staff. More generally, the Fund has been important in changing developing-country attitudes towards the importance of sound macroeconomic management, while the Bank’s research and publications have influenced thinking about many aspects of development. The IFIs have exerted influence in more personal ways too. It is likely that Clare Short was influenced by her good relationship with the Bank’s President, James Wolfensohn. And both IFIs have provided key individuals to work within DfID in recent years.

In parallel with this, the Development Assistance Committee (DAC) of the OECD has been working quietly, trying to induce bilateral donors to co-ordinate better and to reform practices, like tying, which reduce the value and effectiveness of aid. For long an ineffectual talking shop, the DAC has become somewhat more influential over the past decade, as concerns with aid effectiveness and transactions costs have grown and with its initiation of a process which culminated in the formulation of the MDGs. The work of the DAC and the views of other members of that Committee have undoubtedly fed into the evolution of British policies, which are nowadays focussed around achievement of the MDGs and are strong on the desirability of donors working collectively to harmonise their efforts and to become more cost-effective. There have been other external influences too: various United Nations conferences (e.g. the 2002 Monterrey conference on financing for development), the work of the UNDP on country-level aid co-ordination and other UN agencies, the Development Committee, the Strategic Partnership for Africa, and others. 'Like-minded' aid ministers and their agencies – a shifting body of alliances – have also been influential at different times.

However, while these various donor-based activities have doubtless fed into UK policies, it is probably accurate to say that DfID and its predecessors, as among the most professional of the bilateral aid agencies, has been more leader than follower. This has certainly been the case in the most recent period, when, working with other 'like-minded' donors, DfID has rather self-consciously sought a leadership role, in the vanguard in advocacy of harmonisation around the MDGs, in favour of programme aid and other measures to lower aid's transactions costs, working towards collective donor decisions to increase their aid budgets, and promoting the creation of an International Financing Facility (IFF). In other words, participation in the various collective forums has more often represented a platform than a constraint. (See also Sven Grimm's accompanying paper on continental European responses to UK aid policies.)

Conclusion and implications for the future

We have shown that there have been many influences on British aid policies, both generally and towards Africa. There have been some important forces making for continuity: the influence of the country's imperial past; the influence of commercial interests intent upon preserving trading and investment advantages; delays in turnaround leading to discrepancies between what headquarters says its policies are and what actually happens in the field.

Overall, however, it is change, not inertia, which marks the record of British aid policies towards Africa. On election to power, political parties have been relatively unconstrained in pursuing desired policies in a top-down manner – what we earlier called policy autonomy. What governments have wanted to do has, in turn, been influenced by the evolving intellectual climate, by what the IFIs and other bilateral donors are doing, and by the campaigns of civil society organisations. Parliament has rarely been much of an influence, because of the degree of cross-party agreement, because of the general weakness of Parliamentary scrutiny in the UK, and because the specifics of aid policies have largely been seen as technocratic matters in which Parliament has little expertise or interest. On the face of it, the relatively recent introduction of a Public Service Agreement between DfID and the Treasury could be seen as constraining the freedom of DfID's policy-makers but, at present at least, the goals written into this are highly congruent with the Department's own priorities (and were probably drafted by it), so it operates more as a constraint on any who would wish to dilute DfID's development priorities than it does on the department itself.

This fact of policy autonomy is important in understanding the present juncture of British policy towards Africa, for it is clear that the present government is on the cusp of a major shift. The UK intends to use its 2005 Chairmanship of the G8, and Presidency of the EU in the second half of 2005, to push for a massive increase in efforts to reduce poverty in Africa. As the Prime Minister has stated of the G8, 'There will be calls to double aid to Africa.' The Prime Minister initiated and is chairing an Africa Commission which is expected to back calls for a doubling of aid to achieve the MDGs when it reports in spring 2005. The government, notably the Chancellor of the Exchequer,

continues to promote the creation of an IFF, which would, in effect, mortgage future aid flows to secure a massive short-term increase.

To those who are sceptical about such a shift, it represents an implicit rejection of the greater realism that emerged during the previous two decades about what can be achieved by external assistance. There is, thus, an implicit rejection of the primacy of domestic ownership. The intended scale of the operation and the enormous pressures to spend which it would create would, the critics argue, undermine the efforts of the recent past to enter into partnership-based relationships. On this view, by going beyond countries' absorptive capacities, it would also undermine efforts to improve the cost-effectiveness of aid.

Whether or not these fears are justified, the changes now planned by the government (predicated, however, on the return of a Labour government in elections expected in May 2005) would represent a prime example of the top-down policy autonomy which has been the theme of this paper. Of course, the change would not be unconstrained. Above all, the government will want to carry other donors with it, a good few of whom are more or less reluctant, although the signs are that the government will, if necessary, adopt the policies unilaterally if necessary (the Prime Minister: 'We are doubling our bilateral aid to Africa; it will reach £1 billion in 2005 and will rise further'). Moreover, the lead time between announcement of a major change and its implementation is bound to be substantial, just as DfID has found it difficult to shift further towards direct budgetary support as fast as it wished. Moreover, there is likely to remain a strong Anglophone bias in DfID's aid programmes in Africa, although this is being diminished by the emergence as substantial recipients of such countries as Ethiopia and Mozambique.

There will be constraints, then, but nothing powerful enough to frustrate a governmental exercise of political free will in favour of much more aid to Africa.

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