

The
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Foreign aid

Strings attached

Changing how Britain disburses its foreign aid will be a challenge

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BRITISH foreign aid has never been entirely altruistic. In the interwar years, it was often aimed at promoting growth in the colonies partly so as to boost industry at home. Margaret Thatcher's government used aid to help British companies, with recipients encouraged to buy Leyland buses and Westland helicopters. So the recent announcement that aid would be used to promote British interests was hardly a ground-breaking one—but it was significant, nevertheless.



Aid policy tends to be produced in a largely piecemeal fashion. There has been no big statement of intent since 2009. The new strategy is notable for two changes, besides a greater focus on the national interest. First, at least half of aid spending will go to fragile and war-torn countries. And second, the share disbursed by the Department for International Development (DFID) will fall from 86% to around 70% by 2020, with the rest being spent by other government departments and specialist funds.

As Kevin Watkins, of the Overseas Development Institute, a think tank, notes, “the idea that you can have an aid policy that is totally ring-fenced from domestic politics is a bit of a fiction.” Acknowledging this is sensible, given public opposition to high spending on foreign aid. Other departments have much to bring to international development. And although aid is unlikely to bring quick improvements in conflict-ridden states, such countries undoubtedly deserve help.

But making the changes will be tricky. The promotion of British interests in the 1980s led to projects that made little sense in economic or development terms, says Owen Barder of the

Centre for Global Development, a think tank. There is a danger that, to make clear that aid benefits British interests, it could end up duplicating global programmes. Although short-term political interests can coincide with the needs of poor countries—funding for research into climate change and public health, for instance, can be funnelled to British universities and firms—greater transparency and oversight are needed to stop spending on projects simply because they are politically expedient. The government has confirmed that the Independent Commission for Aid Impact (ICAI), an official watchdog, will have responsibility for scrutinising all departments, not just DFID.

Working in fragile countries provokes other worries. Corruption is more entrenched. Changing conditions often undermine projects, as near-empty refugee camps in Jordan show. DFID will have to be more willing to experiment, says Alison Evans of ICAI. “The government has been a bit silent on the costs of pushing more resources into fragile environments. Doing so will require a risk appetite not seen before,” she adds.

Increasing aid spending via other government departments will also be challenging. There is a danger that mixed motives could undermine aid, says Richard Manning of Oxford University. DFID has greater expertise in project management and evaluation than other departments. And it is more transparent: Publish What You Fund, a charity that campaigns for aid transparency, rates DFID as very good, the Foreign Office as poor and the Ministry of Defence as very poor.

Scrutiny by parliamentary committees and ICAI should help. The government has promised that all aid-dispensing departments will be rated at least “good” by 2020. But an aid strategy that was largely written by the Treasury will also require DFID to adapt. Although there are so far few details on exactly how its funds will be divided among departments, it is no surprise that many in DFID now see helping these other departments to spend aid well as a key part of their job.

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