Alan Gibson (Mar 2014)
The Springfield Centre

If we want better development, cut the UK aid budget

The UK government, like its predecessor, is pursuing a policy of increasing the foreign aid budget. Aid this year is scheduled to be £11.3bn, almost three times (in real terms) its level in 2000. At a time when most other areas of public expenditure are being cut, it is an extraordinary increase. It will also mean that the 0.7% aid/national income target set by the UN has been reached (it was 0.31% in 2000). This growth trend and this "achievement" have been widely praised – "historic", "landmark" – from within the development world. And any criticism from outside that world has been decried variously as "out-of-touch", "insulting" and "misguided".

Noticeably, there have been few if any voices from within the development world which have publicly questioned the wisdom of this budget increase, let alone advocated for a budget cut. In that context, and as someone who has spent their working life within the development sphere, here are four reasons why the cause of international development will best be served not by an increase in UK aid but by the opposite: a substantial reduction.

Reason 1: The 0.7% target is based on a false premise

Almost lost in the mists of time, the original rationale for this target stemmed (loosely) from the financing gap model, in which growth was seen simply as a function of investment levels with the role of agencies being essentially to plug the gap between actual and desired investment. Even if one assumes this had some validity five decades ago, it is now widely seen as lacking any relevance to a vastly changed modern world. Moreover, the notion that what developing countries "need" can be represented as a simple formula related to rich country economies is flawed. Indeed, Michael Clemens and Todd Moss[1], in their comprehensive demolition of the validity of the 0.7% aid target, calculate that applying the same method used to arrive at the 0.7% figure to conditions now yields an aid goal of a paltry 0.01% of rich country income. A slightly different picture.

Although propagated as though it represents a deep truth arrived at through precise scientific calculation, the 0.7% target has no credible intellectual underpinning to suggest that it is the "correct" amount of aid to make a decisive lasting difference to poverty. It is essentially made up – an arbitrary figure emerging from a political judgement arrived at in 1970 in the UN which has mysteriously gathered trappings of moral certainty. There is no tangible, technical reasoning at its heart; it's a convenient number for aid advocates and politicians to quote. If the 0.7% target was simply that – well-intentioned but harmless fluff – it would matter little. But in practice it looms large over aid debates and policies, and its effect on the functionality of aid is damaging and significant.

Reason 2: The focus on aid amounts (how much) perpetuates the myth that more is better

Running through discussion on aid is the tacit opinion that a higher UK aid budget is, inherently, a good thing, which is, in turn, based around two flawed views of the nature of development.

Development as charity: Development is seen as a "good cause", a slightly more complicated, institutionalised way of extending a whip-round for the needy and unfortunate, where the kindest and best people, organisations and countries give the most. This is development as a continuing fund-raising bash. What use is made of this giving, whether it makes a significant difference or only acts as a short-term palliative, matters less. The point is to give. The more you give the better. This trumps any other concern. Seeing development in this way essentially relegates it to a do-good

[1] MA Clemens and TJ Moss (2005); *Ghost of 0.7%: origins and relevance of the international aid target*; Center for Global Development; Working Paper No. 8, Washington

endeavour and to the mix of objectives associated with this: wishing to make a lasting effective difference, yes, but also being seen to help and feeling good about ourselves for offering to help. The danger, as with all charity work, is that the superficial trappings of giving, and the "vanity of the giver", take precedence over concerns about the substance of achievement.

Development as a 'deliverable' by rich country governments: As DFID's budget has risen so the tendency has grown to justify aid in the same way as other areas of public expenditure, such as education, health and pensions (more than half of UK government spending), as "public goods" that government delivers. Again, the more that government spends the more that it can claim to be meeting its responsibilities. Seeing aid as another state responsibility to be delivered invites it to be managed and perceived in the same way. Hence, DFID:

- Has introduced the "business case" process, used throughout government spending departments, to examine programmes.
- Emphasises "direct deliverable" targets in its operational plans – children supported in schools, vaccinations delivered, malaria nets distributed, jobs created etc. – in the same way as other departments in the UK.
- Highlights "value for money" (VFM) as a central mantra in all its work, and with it stresses the efficiency of delivery.
- Now makes a proportion of contractor payments conditional on direct deliverables.

The problem with these efforts to normalise and assimilate DFID spending and make it directly comparable to other areas of expenditure is that it misunderstands and distorts the fundamental essence of what development is. Aid and development are not "normal". The UK government cannot deliver the development of other, sovereign countries in the same way that it can, for example, a better education system in the UK. Indeed, the more it tries to play a delivery role the more it may undermine the essential goal of development, to allow countries and people to develop themselves.

Reason 3: Higher budgets draw us away from the core, facilitating task of development

The essential role of development, ultimately, is to enable others to do, rather than do itself. This, of course, can be frustrating. For some, talk of facilitation and sustainability is self-indulgent sophistry, nuanced nonsense that excuses inaction. However, the core mission of development is nuanced. It is not about delivering insecticide-treated malaria nets directly; it is about developing sustainable systems of net provision. It is not about paying for children to attend school; it is about developing more inclusive, higher quality school systems. It is not about subsidising loans; it is about developing better functioning financial markets. It is not about doling out seeds; it's about developing sustainable, high outreach agriculture input supply networks. But following a facilitation path faces considerable hurdles. Development as facilitation:

- Does not immediately lend itself to easy messaging. Much easier to talk of lives saved, to proffer images of kids in school etc., than attempt to communicate the progress of something as apparently amorphous as the development of self-reliant functional systems. Not impossible – but more difficult.
- Can be undermined by too much direct support, especially in the weakest economies. Individuals and organisations in both public and private sectors become accustomed to "support" – financial, technical – and behaviour and incentives (logically) become skewed towards the expectation of more aid flows.
- Is more difficult. Much easier just giving things to people – and responding to the symptoms of under-development – than dealing with the more complicated causes of why people are poor. "Just do it" is the implicit message of a large swathe of the development world – with Jeffrey

Sachs as their unofficial head – that rails against anything more than direct, intensive giving (nets, fertiliser, money, seeds, machines…) and the short-term illusory imagery of "progress" this offers.

Reason 4: Higher budgets are distorting the development process

Amongst the development world's secrets, the growing dysfunctionality of DFID and the UK aid bandwagon that it finances is perhaps the biggest and dirtiest. The overarching pressure to spend makes DFID and the contractors who work for it seek ever more creative, tortuous ways of spending money. New funds to dosh out grants are invented. Governments are loaded up to the limits of their absorptive capacity. Private sector firms of any size and importance are offered support. Cash is given directly to households, shelled out like some extension of the UK welfare state. Some smaller countries – such as Malawi and Nepal – are simply saturated, full up, with development initiatives from DFID and other donors tripping over each other. The spending hot house creates a range of grotesque distortions: costs escalate, salaries inflate, the best people are attracted (at the expense of the real economy), government officials demand cash for any interaction with projects – a parallel, artificial aid world develops.

The contortions within DFID are most striking. Staff incentives are aligned not with "good" development but with meeting spending targets – and with the ability to deliver politically-appealing symbols of progress. Contractors, taking their cue from DFID, know that success in spending money is very likely to be rewarded with budget increases. At the same time, the level of stultifying bureaucracy around (larger) DFID projects grows, with two consequences: (a) demands for tight delivery-oriented accountability steer projects to pursue change that is most easily measured, rather than change that is most important; and (b) although with more resources, spending, paradoxically, becomes more difficult, with decision-making processes clogged in VFM fears. The grand transformational ambitions of development flounder and fold amidst DFID's organisational realities.

And shaping this organisational paralysis, the twin sister of higher budgets, is the heightened politicisation resulting from DFID's more visible profile. The ex-Development Secretary Andrew Mitchell boasted of the UK being a *"development superpower"*; David Cameron says *"aid makes me proud to be British"*; DFID issues detailed instructions over when and how to put the Union Jack on anything touched by UK aid; DFID officials obsess over the 'optics' of new initiatives (ie. what they look like). Inevitably, as it has become more political and prominent, DFID has become more concerned with the superficial and saleable, with what aid looks like to the government's key audiences: generous and large-scale ("heed that, compassionate conservatives") but also cost-cutting, pro-British and delivering ("we hear you, sceptical right-wingers").

For all of the above reasons, the size of DFID's budget has pushed the UK's development effort into a political space which has twisted its incentives and functioning. This new political economy of aid makes effective development increasingly difficult, and often impossible. Never has the contradiction between the high aspirations of development and its absurd, unworkable processes been more obvious. There is of course no guarantee that cutting the aid budget will remedy this situation, but certainly without a cut there is little possibility of consistency between the objectives and practices of UK development.