

SUBJECT



FILE

cc: Sir D. Rayner  
Sir P. Reston

10 DOWNING STREET

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From the Principal Private Secretary

25 March, 1982

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MANAGEMENT OF THE ODA

The Prime Minister saw the Foreign and Commonwealth Secretary and Sir Peter Preston this morning to discuss the meeting which she and Sir Derek Rayner had had with Mr Christopher Gerard, a Principal serving in the ODA, on 4 March.

The Prime Minister said that Mr Gerard had shown himself at her meeting with him to be intelligent and articulate. He had argued convincingly that the ODA's R & D organisation had become self-perpetuating and inward looking. It had a large budget but nobody was questioning the purpose of its programme. Mr Gerard had suggested that overseas governments should be allowed to put forward proposals for R & D which, if accepted by the ODA, would then be contracted out to suitable outside bodies like the Medical Research Council and the universities. Many of Mr Gerard's criticisms had chimed with her own experience of R & D organisations which all too often came to believe that they had a right to exist permanently without any regard for the value and relevance of the work they were doing. She was quering whether the ODA should maintain any R & D units of its own at all. She believed that there was a strong prima facie case for R & D work carried out as part of the aid programme to be contracted out to non-governmental organisations like the universities.

The Foreign and Commonwealth Secretary said that he wondered whether the Prime Minister was looking at the aid programme in an entirely commercial light. The United Kingdom had run its aid programme for years not in order to make money but to help the very poor countries. Part of that help had been in the R & D field. He had himself seen recently when he was in Manila how immensely useful well directed R & D in the aid field could be. Perhaps we should be doing less; or perhaps we should be doing in a different way what we were doing now. The ODA already had a Rayner Study in progress which was addressing precisely these questions. Mr Gerard had suggested

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in his letter that the ODA had been doing nothing to improve the management of its R & D programme, and that simply was not true. Sir Peter Preston had only been shown Mr Gerard's letter and had not had a copy of it. He should now be given a copy so that he could answer properly the allegations it contained.

Sir Peter Preston said that he did not accept what Mr Gerard had said to the Prime Minister. His letter was inaccurate and slanted. He was, as the Prime Minister had herself said, an intelligent and articulate man but he was also incapable of working effectively as a member of a team and within a structured organisation. Much of his work was directed more by personal whim than by the requirements of the department. He had had a series of fairly indifferent confidential reports from a considerable number of senior officials covering a wide range of posts he had held in the past. His suggestion that the ODA did not control its R & D programme was completely unfounded. Following a management review which was completed eighteen months ago and with which Sir Derek Rayner had been associated, the system for controlling the department's R & D units had been overhauled. All the R & D programmes were subjected to regular review by both internal management committees and by bodies with outside membership to ensure that they were cost effective and producing an output to maximum value to the developing countries. He was not keeping staff in business for the sake of it, and the R & D units were in fact already being run down at a rather faster rate than the rest of the ODA. He had, for example, conducted an internal review of the Land Resources Development Centre, as a result of which its staff was run down from 100 - 40. The Directorate of Overseas Surveys was being cut drastically and would become part of the Ordnance Survey. The remaining two units, the Tropical Products Institute and the Centre for Overseas Pests Research, were the subject of the Rayner Scrutiny which the Foreign and Commonwealth Secretary had mentioned. These units were recognised internationally as centres of excellence and they had done very valuable work in the past. Until now nobody had ever suggested that they should be completely abolished. There was no evidence at present to show that this would be the right course. But he was not saying that they should go on for ever doing their present job and at their present size. It was a perfectly legitimate question to ask whether the units should be maintained as they were, and this was what the scrutiny was looking at. This review had been put in hand long before Mr Gerard had written to the Prime Minister. He had noted the Prime Minister's strong view that, in principle, the ODA should not be doing itself the kind of work now being undertaken by its R & D units but that it should be contracted out to external bodies. He would accept the Prime Minister's view as a directive within which to continue the scrutiny now under way.

The Prime Minister said that she would be grateful if Sir Peter Preston would proceed as he proposed. She would let him have a copy of Mr Gerard's letter so that he could comment on it. No further copies should be made and it should not be allowed out of his keeping.

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STRICTLY PERSONAL AND STAFF

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I am sending a copy of this letter to Peter Preston, together with the copy of Mr Gerard's letter. A copy of this letter also goes to Derek Rayner.

**ICA. WHITMORE**

Brian Fall, Esq  
Foreign and Commonwealth Office