Good Intentions, Mixed Results: Why Aid in Uganda Is Fragmented and What Can Be Done About It

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SIT Study Abroad
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Abstract

This paper examines the phenomenon of aid fragmentation and donor proliferation in Uganda. As the development cooperation landscape has become increasingly complex in recent years, there is significant interest in examining how this complexity, also called fragmentation, affects development outcomes in recipient countries. Specifically, this paper sets out to understand the driving forces behind aid fragmentation in Uganda, the recent trends in fragmentation and coordination, and potential pathways forward to address the problem.

Research for this paper came from a series of interviews with economic experts in Uganda, an exploratory study of quantitative indicators of fragmentation over the last decade, and an extensive review of secondary literature on the subject, both in Uganda and worldwide.

This paper finds clear evidence for increasing fragmentation of aid in Uganda over the last decade, despite donor commitments for increased coordination. Additionally, aid fragmentation translates to sub-optimal development outcomes, both directly through increased transaction costs and indirectly through undermined governmental quality. There are a broad range of potential approaches to donor coordination; the primary aspect is the necessity for donor countries to embrace recipient leadership in the design of aid programs.
Acknowledgements

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While this study benefited from the help of many individuals who provided their viewpoints and perspectives, it is important to note that the opinions presented here are my own and do not represent those of the respondents. Any mistakes herein are also mine.
List of Acronyms

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<th>Description</th>
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<tr>
<td>CPA</td>
<td>Country Programmable Aid</td>
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<tr>
<td>DRC</td>
<td>Democratic Republic of the Congo</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>DoL</td>
<td>Division of Labor</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>Gross National Income</td>
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<td>HLF</td>
<td>High Level Forum</td>
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<td>IDP</td>
<td>Index of Donor Proliferation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<td>NDP</td>
<td>National Development Plan</td>
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<td>NPA</td>
<td>National Planning Authority</td>
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<td>NGO</td>
<td>Non-governmental organization</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>SAP</td>
<td>Structural Adjustment Program</td>
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<td>SDG</td>
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Introduction and Background

Uganda is a highly aid-dependent country. In 2018, Official Development Assistance (ODA) made up 7.3% of the country’s Gross National Income (GNI) (OECD, 2020a). In addition to ODA, Uganda also receives a significant amount of loan assistance and nongovernmental aid. Considering that all government expenditures make up around 20% of the nation’s Gross Domestic Product (GDP), the potential for aid to provide a significant portion of a national development strategy is clear. While aid’s potential impact should not be discounted, there are debates by both scholars and practitioners over the potential for aid to contribute positively to a country’s development trajectory. Some scholars view increased aid outlays as the primary mechanism through which poor countries will be empowered to meet the basic needs of their citizens (Sachs, 2006). Other scholars characterize aid in a negative light, noting its potential to entrench harmful dictators and rob individuals of the ability to improve their own circumstances (Easterly, 2013). Still other authors reserve judgment, claiming that aid as a development tool can only be fully evaluated within a sensible implementation environment. In order to get a clear picture on the potential of aid, institutions must be restructured and technical issues must be addressed (Bolton, 2012). In this view, it is critical to obtain a clear understanding of effective aid practices before drawing broad conclusions.

This study examines the specific issue of aid fragmentation and donor coordination in the Ugandan context. Aid fragmentation generally refers to the negative aspects of a complex foreign aid system, with a multitude of donor agencies providing development services (Klingebiel et al., 2016, p. 4). There is a clear trend in recent years to a more fragmented aid system. The proliferation of new bilateral donors combined with the rise of non-governmental and non-traditional donors have led the aid landscape to resemble a “non-system” (Reisen, 2010, as cited in Klingebiel et al., 2016, p. 6). Fragmentation leads to a number of straightforward negative consequences, including duplication of efforts, increased transaction and evaluation costs, and undermining of local bureaucratic capacity. Some of these consequences (transaction costs) have short-term effects on the efficiency of aid in translating to growth outcomes, while others
(bureaucratic degradation) have more insidious long-term effects that can depress a country’s growth potential for many years. A more in-depth definition of fragmentation and an examination of cross-country empirical results are given in the Literature Review.

Donor coordination is a framework for addressing the negative impacts of fragmentation. Coordination, also known as “harmonization,” spans a wide range of changes and policy directions, from simple technical practice improvements to full-scale institutional overhauls. Technical aspects of coordination can include utilizing in-country management and evaluation capacity, engaging in communication with other donors to create a sensible aid agenda, and establishing a cross-donor Division of Labor (DoL) for specific sectors. Technical fixes and best practices, however, have limitations in what they can accomplish. Aid donors are not perfectly altruistic; political and commercial interests are always at play. Consequently, analysis of donor coordination must go beyond technical changes, including reforming the structure of the donor landscape and establishing firm criteria for the acceptance of aid. This study aims to gauge the potential for technical solutions to improve the fragmentation situation in Uganda as well as the potential necessity for a large-scale rethinking of the aid system.

**Research Questions**

What are the trends in aid fragmentation and donor coordination in Uganda over the last decade? How do these issues affect the impact of aid on the country’s development trajectory and what can be done to change the aid system to make it more effective?

**Research Objectives**

The overall objective for this study is an evaluation of the extent to which donor coordination and aid fragmentation have presented barriers to Uganda’s development during the last decade, from the perspectives of both donors and government. This begins with an investigation into the structure of aid in Uganda, with an aim of identifying the current “donor club” structure and the specific management of bilateral aid, nongovernmental donations, and concessional grants. Secondly, I examine the challenges to aid implementation within the current
aid club structure, identifying the specific mechanisms by which coordination hampers the achievement of development outcomes. Internal and governmental evaluation mechanisms are of specific interest here, as they point to the capacity for these challenges to be addressed directly.

By working with both donor agencies and local government agencies, I will attempt to synthesize a dialogue between sides that is critical for aid to work well. While this study will not necessarily present solutions for problems of coordination and cooperation in aid in Uganda, it has the potential to increase understanding of aid dynamics in this specific country.

**Research Justification**

Uganda is a highly aid-dependent country, so the manner in which aid is furnished has the potential to drastically impact the trajectory of the country’s development. As scholars have noted the dwindling value in large-scale, cross-country studies of aid effectiveness, understanding the functional reality of aid within countries and regions is paramount to discerning its potential to contribute to development. This study can contribute positively to the micro-level literature on aid practice in Uganda, combining a review of cross-country theory and empirics with a more specific examination of Uganda’s unique experience.

As an economics major with a specific interest in development, I am interested in understanding how the actions of Western governments and organizations affect development outcomes in lower-income countries like Uganda. Personally, this project serves as an opportunity to begin my experience in field-based research unavailable in a classroom setting. Establishing connections both within government and international aid organizations will set the foundation for a potential career within the aid industry or the academic study of development.

**Literature Review**

The scholarly literature on foreign aid and its relation to economic growth is extensive and contentious; accordingly, this review is in no way comprehensive. In this section, I will discuss the debate around aid fragmentation and its effects, situating that within the larger discussion of aid effectiveness that has come to dominate the modern aid literature.
I first examine the historical context for aid fragmentation, noting its evolution over the history of the modern aid system. I then review some foundational concepts within aid fragmentation and conceptual frameworks for analyzing its effects. Within aid fragmentation, scholars emphasize two main theoretical dynamics for ineffective aid delivery: collective action problems deriving from the private furnishing of a public good, and principal-agent problems between donors and partner governments. I will briefly summarize the intuition from these two theoretical perspectives and note their predictions for empirical observation of aid fragmentation. Next, I review the empirical toolkit used by scholars to assess the extent of fragmentation, followed by an exploration of the macro-level empirical literature on aid fragmentation. I then will examine the limited literature on fragmentation in Uganda, noting the existing gaps and areas for future research in sub-national studies. Finally, I will summarize a few recommendations in the literature on addressing fragmentation and creating an aid landscape that more effectively delivers development outcomes.

**Historical Context of Aid Fragmentation**

There is evidence that concern over aid fragmentation and coordination mechanisms goes back to the very beginning of the modern aid system in the mid-20th century. At the 1944 Bretton Woods Conference that created the World Bank (WB) and International Monetary Fund (IMF), the United Nations Development Programme (UNDP) was tabbed as the coordinating body for aid providers, showing that donor nations recognized the need for coordination at the very beginning of contemporary aid relations (Bigsten, 2006, p. 7). Additionally, the creation of the Development Assistance Committee (DAC) by the Organization for Economic Cooperation and Development (OECD) was justified by the need to overcome fragmentation. In fact, aid fragmentation was a central focus of DAC work throughout the later half of the twentieth century (Klingebiel et al., 2016, p. 9). It is clear that aid fragmentation and coordination is not a new concept; it is a central problem in the system of modern aid.

The vision outlined at Bretton Woods of the UNDP centrally coordinating aid has not
panned out, as UN organizations remain some of the most fragmented aid donors in the world, with an alphabet soup of development programs in a highly decentralized structure (Mahn, 2016, p. 248). Multilateral financial institutions like the WB and IMF present a potential way for individual nations to coordinate their development efforts, but to this day, multilaterals only account for about a quarter of total aid. The differing interests of donor nations lead each country to maintain its own bilateral presence, limiting the ability for multilaterals to serve as a coordinating body (Bigsten, 2006, p. 8).

Since the 1970s, the issue of donor proliferation has increased greatly, with more countries joining the donor ranks. There are now 30 active DAC donor countries (OECD, 2020b) and 20 non-DAC donor countries (OECD, 2020c). Additionally, the prevalence of non-governmental development groups has exploded; there are now over 3,800 Non-governmental organizations (NGOs) operating in Uganda (National Bureau for NGOs, 2019). At the same time, donor focus has shifted away from “easily coordinated” aid, in the forms of budget support, balance of payments assistance, and general logistical support, toward “difficult to coordinate” forms of aid, such as project-based aid and sectoral interventions (Bigsten, 2006, p. 12). Part of this shift can be explained by the end of the structural adjustment period in international aid policy. Structural adjustment refers to a set of programs imposed by the multilateral financial institutions that require recipient nations to shift their macroeconomic policy to a market-oriented, neoliberal framework. In theory, these policy reforms would help to make the recipient nation more competitive on the world market and experience the development benefits of international trade and competition. In practice, while Structural Adjustment Programs (SAPs) may have led to an increase in economic growth as measured by GDP, they have contributed to a significant decline in public sector quality and bureaucratic capacity, giving the appearance of growth while disguising a worsening economic situation (Asiimwe, 2018, p. 146).

Given the poor results of the SAPs, research focus has shifted toward analyzing institutional implementation factors rather than policy regimes (Bigsten, 2006, p. 9). The current aid paradigm endorsed by the UN focuses on internationally recognized development goals (Millennium
Development Goals (MDGs) and Sustainable Development Goals (SDGs) connected to a national development plan or Poverty Reduction Strategy paper. While this structure reduces the policy conditionality component from the SAPs, generally focuses efforts toward sensible, pro-poor development goals, and gives a sense of country ownership of aid policy, National Development Plans (NDPs) and Poverty Reduction Strategy Papers (PRSPs) place a high burden on local administrative capacity for implementation, resulting in a large gap between stated goals and outcomes (Bigsten, 2006; Easterly, 2002).

The contemporary research on structural and institutional factors surrounding aid implementation takes place against the larger backdrop of the aid effectiveness debate. Confronting increased skepticism about the potential for aid to contribute positively to development outcomes, scholars and practitioners alike have an interest in finding technical causes of aid dysfunction and solutions to render it more effective (Klingebiel et al., 2016, p. 9).1 Interest in aid fragmentation has been highlighted at multiple international conferences on foreign aid, including the 2003 Rome High Level Forum (HLF), the 2005 Paris Declaration, and the 2008 Accra Agenda for Action. These international meetings resulted in commitments from donor countries to a division of labor based on comparative advantages as well as reducing fragmentation both within and between developing countries (Klingebiel et al., 2016; Nunnenkamp et al., 2016). Following these commitments, there is a robust literature assessing how donors have responded, tracking the trends in fragmentation through the last two decades. Additionally, many scholars have set out to clarify the theoretical basis and definition for aid fragmentation, in order to guide future empirical studies and clarify the approach to understanding the concept. This literature will be summarized in the next section, followed by a review of the cross-country empirical studies of aid fragmentation.

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1 This skepticism is seen clearly in the World Bank report Assessing Aid (Dollar & Pritchett, 1998), which summarizes barriers to aid effectiveness and kicked off a multi-year debate on the topic.
Aid Fragmentation: A Theoretical Framework

Defining Aid Fragmentation. Before in-depth analyses of the degree of aid fragmentation and its effect on development outcomes, it is necessary to establish a consistent definition that can be applied across studies. Fragmentation has been defined many ways, but is generally defined as “the phenomenon of a multiplication of actors and growing atomization, affecting goals, modalities, and instruments as well as the numerous operational and non-operational activities” (Klingebiel et al., 2016, p. 1). In the field of development cooperation, fragmentation is used as a framing concept for discussions on aid effectiveness, referring to the challenges that arise from a multiplicity of actors in the aid sphere. The term “fragmentation” typically refers to the negative aspects of complexity in foreign aid; it is necessary to recognize that pluralism in itself is not necessarily negative. The negative view of fragmentation points to the superfluous costs it imposes on both donors and recipients through a lack of specialization and a duplication of many efforts (Aldasoro et al., 2010; Anderson, 2012; Fuchs et al., 2015). Other authors point to negative impacts of aid fragmentation on bureaucratic quality in recipient countries as an additional cost (Knack & Rahman, 2007). The positive view of aid pluralism and complexity views a multitude of donors as necessary to create a “market for aid” where recipients have agency in choosing the donor that offers the most favorable terms (Easterly, 2002; Klingebiel et al., 2016). Thus, an analysis of aid fragmentation and coordination must focus on balancing the trade-off between the high transaction costs of a fragmented system and maintaining the bargaining power of the recipient country to negotiate beneficial terms (Pietschmann, 2016, pp. 223–24). Thus for this investigation a broad definition of fragmentation is adopted, referring generally to complexity within the aid sphere and all the potential benefits and drawbacks it entails. Coordination is similarly broad, referring both to institutional arrangements and policies as well as informal agreements and aid modalities.

Collective Action Problems. Many authors in the aid fragmentation literature point to “collective action problems” as a major reason the aid system remains fragmented and ineffective (Bigsten, 2006; Klingebiel et al., 2016; Knack & Rahman, 2007; Pietschmann, 2016). Introduced
by Olson (1971), collective action problems refer to difficulties that arise when public (collective) goods are furnished by a number of private firms. A pure public good is non-excludable, meaning that individuals cannot be excluded from enjoying its benefits, and non-rival, meaning that one individual’s use of the good does not hamper its availability to others. Common examples of public goods include parks, schools, public roads, and environmental protection. The immediate conclusion from basic public goods theory is that they will be provided in suboptimal amounts that do not maximize social benefit. Applied to the provision of foreign aid, suppose that all donors have the common goal of increasing development in recipient nations, and for the sake of simplicity, suppose this development is measured by GDP. Although each donor agency is pro-growth, donors have a second, individual goal of maintaining their own aid funding from their domestic constituency. This mixed set of incentives leads donors to pursue highly visible and observable goals, such as construction of schools and roads, rather than focusing on less visible but more beneficial goals such as coordinating general budget support and bureaucratic assistance (Bigsten, 2006, p. 5). The increased focus on project aid in recent decades and the continued proliferation of donors can be traced to this collective action problem. The structure is difficult to change, since credit for development outcomes is shared among donors, no individual donor has the incentive to improve their aid policies individually. Rahman and Sawada (2012) formally consider the free-rider problem in the context of team-production models. They are not optimistic about the potential for coordination to lead to optimal levels of aid provision; they suggest that international commitments to aid levels must be enforceable to ensure that donor countries follow through (611). Torsvik (2005) formally considers the extent to which coordination can address these collective action problems. He finds that coordination can potentially solve the “free-rider” problem of aid and improve aid provision levels, but introduces a separate set of issues that are analyzed from a principal-agent framework.

**Principal-Agent Models.** Separate from the collective-action problems that lead to underprovision of aid, it is critical to consider the impact of aid on domestic policy in recipient countries from a theoretical point of view. In many non-academic circles, there is concern that aid
can undermine policy and governmental policy in recipient countries, relieving local leaders from their responsibility to provide adequate services for their citizens and propping up corrupt and undemocratic regimes (Easterly, 2013). Torsvik (2005) considers this question employing formal theory and explores the potential for coordination to address the issue. Torsvik finds that a united front of pro-poor donors has the potential to increase the income of the poor in recipient countries, but contributes significantly to “crowding out” of local government support for the poor. However, if donors can use enforceable contracts to extract policy concessions from the recipient government, this is no longer a problem. Given the historical failures of conditionality and enforceable contracts, Torsvik finds this situation to be unlikely (514). Instead, a more realistic situation is that donors face a “Samaritan’s dilemma,” where they are unable or unwilling to respond to bad government policies by removing their support for the poor. In this scenario, coordination does not worsen the “crowding out” problem of local government support for the poor, leading Torsvik to conclude that donors should coordinate aid (515). This conclusion is based on the idea that while the impact of coordination on domestic policy is dubious, the savings in transaction costs make coordination worthwhile.

Empirical Investigations and Results

Following the theoretical literature, empirical studies on aid fragmentation aim to answer three main broad categories of questions: (a) What is the state of aid fragmentation, i.e., how fragmented is aid, how has it changed in recent years, and how can it be measured, (b) what are the costs of aid fragmentation on donor and recipient sides, and (c) how has aid fragmentation affected policymaking and bureaucratic capacity in recipient nations. Most of these studies focus on fragmentation across countries, although a smaller empirical literature aims to measure sub-national fragmentation and its effects.

Measuring Fragmentation. A key area of interest in aid fragmentation research is measuring the extent to which aid is fragmented and observing macro-level trends between

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2 Easterly (2002) provides historical justification for this point, noting that in the late 1990s, Cameroon was eligible for WB and IMF aid despite having one of the worst records on domestic policy in the entire world (237).
countries over time; a consistent set of tools is needed to accomplish this. Schulpen and Habraken (2016) review the toolkit used by researchers in measuring fragmentation. First, they note that fragmentation is sometimes measured by simply the number of countries in which a given donor is active. Another method involves observing the percentage of a donor’s aid that goes to one of that donor’s top 10 recipients. This measure aims to see if donor countries specialize their efforts in certain nations or spread themselves with insignificant efforts in many countries. Neither of these approaches account for budget sizes, meaning their ability to detect significant and insignificant relationships is limited. Additionally, since most donors have much more than 10 recipients, a significant amount of information is simply ignored. The authors conclude that neither of these are ideal ways to measure proliferation (37).

An alternative approach that attempts to address the shortcomings to the above methods are Indices of Donor Proliferation (IDPs), also called fragmentation indices. Anderson (2012) uses two fragmentation indices, the Herfindahl index and the Theil index. The Herfindahl and Theil index are defined respectively below as

\[
F_H^i = \sum_j \left( \frac{A_{ij}}{A_i} \right)^2
\]

(1)

\[
F_T^i = \sum_j \left[ \frac{A_{ij}}{A_i} \cdot \ln \left( \frac{A_{ij}}{A_i} \right) \right]
\]

(2)

where \( A_{ij} \) represents the value of aid given to recipient \( j \) from donor \( i \) and \( A_i \) is the total value of aid given to all recipients from donor \( i \) (800). These measures represent how concentrated a single donor’s aid is, meaning that a higher value corresponds to less fragmented aid. This can be converted to a fragmentation index by simple inversion (Schulpen & Habraken, 2016, p. 40). While the Theil index is more commonly employed in research (Aldasoro et al., 2010; Ericsson & Steensen, 2016), both of these indices account for the relative significance of donor-recipient aid relationships and provide a meaningful way to compare donor behavior. They do have shortcomings, however, as they fail to capture fragmentation within recipient countries. The OECD approach to measuring fragmentation offers a potential way to remedy this. The OECD
approach is based on two separate criteria: the concentration on the donor side and the importance on the recipient side. A donor-recipient aid relation is defined as *concentrated* if the donor gives a higher share of aid to the specific recipient country than the donor gives to the overall share of global aid (Ericsson & Steensen, 2016, p. 26). An aid relation is *important* if the donor is among the group of largest providers that collectively amount to at least 90% of the recipient’s total aid (27). These two criteria result in four categories of aid relations:

- A. Concentrated and important;
- B. Concentrated, not important;
- C. Important, not concentrated;
- D. Non-significant.

These four categories provide a normative guide to reforming aid relations to be more concentrated, illustrated in Figure 1.

![Figure 1. OECD Aid Relationship Categories. Adapted from Ericsson and Steensen (2016).](image)

As relations become less fragmented, they will move up and left on the figure, resulting in more significant aid relations in category A. This approach takes both the donor and recipient sides into account, balancing the biases of the two criteria and providing a more robust picture of fragmentation than a simple donor-side index. This approach also allows for the calculation of ratios to capture the broad picture of fragmentation. The concentration and fragmentation ratios
are defined respectively below as

\[ R^C = \frac{A + B + C}{A + B + C + D} \quad (3) \]

\[ R^F = \frac{D}{A + B + C + D}. \quad (4) \]

The concentration ratio (3) shows the fraction of aid relations that meet any of the two criteria compared to the total number of aid relations. The fragmentation ratio (4) shows the fraction of completely insignificant aid relations compared to the total number. Note that the concentration ratio captures the donor’s perspective, as the goal is to maximize relation significance across the donor portfolio. Conversely, the fragmentation ratio captures the recipient perspective, as it shows how many non-significant partnerships are active in the country (Ericsson & Steensen, 2016, p. 29). While still imperfect, the OECD approach is the most robust of comparable quantitative approaches to measuring fragmentation, as it correctly captures the distinct interests of both donors and recipients.

With this established set of tools, many authors have attempted to capture the broad trends of fragmentation in recent years. Using the OECD approach, Ericsson and Steenson (2016) find that the global “fragmentation ratio” is about 39%, meaning that approximately 39% of donor-recipient relations fall into the “non-significant” category (29). They find that fragmentation is relatively stable in middle-income countries but has recently risen in low-income countries. Additionally, the authors note that while many DAC donors have lowered their total number of partnerships in the past decade, this is primarily due to nations “graduating” from the recipient category. They also note that while multilateral institutions like the WB and IMF are generally more concentrated than bilateral donors, the recent increase in “vertical funds” tabbed to address a specific development need have decreased their concentration level in recent years (31).

Aldasoro et al. (2010) use Theil indices to comprehensively review changes in donor specialization and coordination from 1995-2006, through a time period of multiple international commitments to aid harmonization. They use a two-step model approach, first to see whether
major donors have specialized over their time period by concentrating on specific countries or sectors, second to observe the extent of coordination through intra-industry trade. They do not find evidence of increased aid concentration over their period of study except for two donor nations, France and the Netherlands. Additionally, major donors, especially the United States, “show a systematic decrease in the degree of aid coordination” (935-36). Their results are consistent with those of earlier studies, such as Mascarenhas and Sandler (2006), who find that 15 of the largest donor nations do not exhibit cooperative behavior. In effect, the recent cross-country empirical literature demonstrates the general trend toward fragmentation despite commitments to the reverse.

The Impact of Fragmentation on Costs and Growth. A number of studies attempt to quantify the degree to which aid fragmentation decreases the positive impact of aid, both through increasing transaction costs on the donor side and less efficient allocation on the recipient side. Anderson 2012 conducts a direct inquiry into donor transaction costs. Using OECD annual aggregate data, Anderson finds clear empirical support for the claims that (a) average costs will tend to decrease as more aid is given to a specific country, i.e. aid experiences economies of scale, and (b) transaction costs will decrease with lower indices of fragmentation (800). Applying his model to the data, Anderson estimates that between $1.4 billion and $2.5 billion per year of transaction costs could be saved through coordination, even when maintaining individual partner receipts and donor contributions. This equates to between 25 and 44% of all current aid-related transaction costs (801).

Kimura et al. (2012) use the Herfindahl index to study the impact of fragmentation on economic growth in recipient countries, finding that fragmentation exerts a significantly negative effect on growth, especially in African nations. Djankov et al. (2009) find similar results, showing that a country with only average fragmentation will grow on average one percentage point faster than a country with fragmentation at the 75th percentile (217). These results are consistent with those of Furukawa (2020), who finds that increased proliferation of project aid exerts a negative influence on economic growth. The empirical literature presents a growing consensus that aid
fragmentation has a significant negative effect on growth, although Gehrig et al. (2017), in a comprehensive review of the existing empirical literature and extension of previously utilized methods, contest the sweeping conclusions of earlier authors and claim that blanket conclusions cannot be made about the effects of fragmentation.

**The Impact of Fragmentation on Governmental Quality.** A related question to that of fragmentation’s impact on growth is its impact on local governmental quality, as theoretically suggested by Torsvik (2005). Knack and Rahman (2007) find that greater fragmentation is associated with lower bureaucratic quality in recipient nations, and that African countries are especially vulnerable. They also discuss how “poaching” of local government staff by aid agencies disrupts the local labor market for skilled workers, creates unhealthy blurring between private consulting and public work, and leads to a decline in the local health sector. Although their findings do not ensure causality, there is considerable evidence to support the idea that fragmentation can have detrimental effects on recipient civil service.

**Aid Fragmentation in Uganda: A Case Study.** In the scholarly literature, there is one study that utilizes sub-national data to analyze the extent of aid fragmentation and proliferation in Uganda (Nunnenkamp et al., 2016). The authors use a geocoded dataset to analyze the extent to which aid fragmentation and donor coordination have changed in the period from 2006-2013. They specify “fragmentation” as the degree to which individual donors in Uganda spread their operations between multiple districts and sectors. They found that between 2006 and 2013, six out of the nine major donors in Uganda saw fragmentation rise significantly (159). The authors also conduct a rudimentary analysis to see whether increased fragmentation and duplication are merely results of donor concentration in the most needy areas. They add both population as a control for district size as well as school enrollment rates as a proxy for aid need. Ultimately, they do not find significant evidence for needs-based clustering in their model, meaning that other explanations and further research is necessary to fully explain the behavior of donors (161). While this study provides excellent insight into the general trend of fragmentation within Uganda in recent years, its narrow definition of fragmentation, limited explanatory power, and lack of
coverage of the last seven years of data leave ample room for further investigation into
sub-national fragmentation in Uganda. It also points to the necessity of non-quantitative
approaches to the subject within the country, as the data they used is the only one available that
includes regional codes for project locations.

Proposed Directions, Policy Recommendations, and Further Research

Given the semi-consensus from the empirical literature regarding the negative effects of aid
fragmentation, it is imperative to consider mechanisms by which fragmentation can be managed.
While most economic authors discuss this in a small section called “policy recommendations,” it
is important to note that the policy sphere is not the only arena for social transformation and
change. This section reviews some of the early suggestions for changes within the aid system to
manage the costs of fragmentation; some of the fundamental challenges facing this effort are also
noted.

Managing Diversity: Coordination at the Country Level. Pietschmann (2016), a
longtime practitioner in the aid industry, outlines an approach to tackling the fragmentation issue
she terms “managing diversity.” Rather than focusing on one-dimensional measures of
fragmentation such as partnership numbers or Theil indices, managing diversity represents a
broad approach of different practices aimed at optimizing the effectiveness of aid by harmonizing
complex goals and arrangements. This approach builds off of empirical evidence that bureaucratic
consolidation on the donor side cannot alone solve the problem of fragmentation (Calleja et al.,
2016). There are three main approaches to managing diversity, each with their own strengths and
drawbacks. The first, termed “pooling of resources,” consists of concentrating donor efforts
toward multilateral and in-country institutions away from a multiplicity of bilateral donors. If
donors have a high degree of trust in the recipient government, this approach can be overseen by
the local planning authority. The second approach, the “cross-sector division of labor,” focuses on
donors leveraging their comparative advantage in specific sectors, so aid flows to where it is most
productive. The final approach, “coordination through communication,” focuses the least on
concentration, but more on harmonization of efforts through mechanisms such as working groups, common monitoring systems, and consultative groups. For this approach to be effective, however, communication must begin before the start of implementation (ex ante) and not after the fact (ex post).

Each approach has relative advantages and drawbacks. Resource pooling has great potential to reduce transaction costs and lead to a more coherent strategy, but it also has the potential to lose donor expertise in specific sectors and interrupt processes of mutual learning. Sectoral division of labor also can reduce costs over time, but fewer donors in a given sector could possibly lead to an increase in tied aid, or the practice of donors requiring certain services to be performed by individuals or companies from the donor country. Tied aid is widely regarded as ineffective for development, and would be an unwelcome consequence of coordination. Finally, coordination by communication has the least potential to reduce transaction costs, but can help maintain recipient ownership of aid policies.

After outlining the strengths and weaknesses of each approach, Pietschmann argues that no single approach is best and should be universally applied. Each country needs to individually analyze the trade-off between transaction costs and recipient bargaining power, framing their approach from that analysis. Many factors including the quality of existing local government, the existing coordination structure, and the nature of the relationship between donor and recipient governments all must be taken into account. Ultimately, Pietschmann argues that the most important aspect of any coordination approach is the leadership of the recipient country. Success in coordination, Pietschmann argues, has more to do with utilization and strengthening of in-country systems than it does with quantitative measures of active donors per country or sector. To accomplish this, there needs to be a “decisive push” from the recipient government to establish clear priorities, standards for aid acceptance, effective management institutions, and reliable data (227). Ericsson (2016) echoes the need for additional data, especially new statistical measures that fully capture fragmentation dynamics from the recipient side. Moving forward, both donors and recipients have the responsibility to improve dialogue between actors, establish mutual
monitoring systems, and promote more policy discussions of fragmentation on the international stage (228-29).

Another approach outlined in the literature is lead donorship, where an individual donor country serves as the primary coordinating body and also provides the majority of aid. This practice has the potential to increase the donor’s incentive to pursue efforts that more effectively benefit development, as successes and failures are more directly attributable to that donor’s actions. Counterintuitively, there is empirical evidence that lead donorship also contributes to less tied aid (Knack & Smets, 2013). Despite this potential, there is evidence that lead donorship has been in decline in recent years (Steinwand, 2015). Additionally, lead donorship faces the issues mentioned before of lost expertise and has the potential to undermine bureaucratic development in the recipient country, since it relies on donor capacity as a coordinating body.

While there is little consensus on how aid fragmentation can be ultimately addressed, it is clear that the current system of many bilateral donors “doing their own thing” is ineffective. Donor nations must commit to enabling recipient countries to pursue their own priorities. Solheim (2016) identifies fragmentation as a “challenge of leadership” on three fronts. First, donor agencies must come together to establish clear standards of practice to clarify the environment for recipients. Second, there must be a stricter adherence to effective practices established at the HLFs. Finally, recipient nations must take the lead in setting development priorities and coordinating aid efforts (313-14).

**Structural Shifts: Breaking up the “Aid Cartel”.** Some authors are less optimistic about the prospects for in-country leadership to address the coordination problem. Instead, they advocate for a full-scale upheaval of the aid system. Easterly (2002) is one of the most vocal critics of the aid system, characterizing it as a “cartel of good intentions.” He laments the overbearing and inefficient bureaucracy that is rampant throughout the system and asserts that small-scale policy reforms will not address the perverse incentives at the root of the problem. Easterly argues for an abandonment of the current development aid paradigm and a fundamental rethinking of how well-meaning donors pursue development. He proposes a shift to
“non-bureaucratic” channels of aid, such as cash grants to the poor, additional NGO involvement, and potential private contracting of aid services. Despite the shortfalls of these potential approaches, Easterly argues that “the unsatisfactory performance of aid bureaucracy suggests that fresh thinking and experimentation is badly needed” (247).

Research Methodology

Scope

This study utilizes a primarily qualitative approach to assessing the impact of aid fragmentation in Uganda. The significant majority of studies on this subject and in the broader aid economics literature utilizes quantitative data and statistical techniques from both national and subnational datasets. Due to the COVID-19 pandemic during the research period, my ability to contact and conduct interviews was sharply limited. With greater time and resources, research scope could be expanded to include a broader swath of stakeholders in the Ugandan aid industry, including public servants, aid agents, members of civil society, and more. In this study, interviews were focused on local economic experts with experience in the aid industry. This methodology gathers informed perceptions of recent trends in aid fragmentation and its impact on Uganda’s economy.

In addition to qualitative interviews, a comprehensive review of secondary literature composes a significant portion of the project. Some exploratory quantitative data analysis and visualization helps to contextualize the consistent themes and trends identified through the interviews.

Data Collection Techniques

Structured interviews were conducted with experts in the field of aid and development in Uganda. Interviews were conducted in English and were recorded. Interviewees were selected through purposive sampling based on the existing SIT Uganda contact network. A list of interview questions is given in Appendix A, and a full list of interviewees is given in Appendix B.
Ethics

Throughout the research process, all human subjects policies and ethical research guidelines were observed. No interview subjects were in vulnerable positions. Written consent was obtained from all interviewees with additional consents for interview recording and quoting. Consent forms are given in Appendix C. Questions were primarily technical, relating to institutional changes needed to increase effectiveness, and were not sensitive. Compensation was made available to interviewees for the cost of engaging in an internet-based remote interview.

Challenges and Limitations

This study was sharply limited by time and resource constraints. The research period lasted four weeks, in which the researcher identified interviewees, conducted interviews with stakeholders, analyzed data and compiled findings. The global COVID-19 pandemic presented barriers to establishing contacts and scheduling interviews, as the researcher had to work remotely and many offices were not operating during the study period.

The time period under investigation is limited to the last ten years to narrow the focus of the study. Uganda’s history with foreign aid is extensive, and this paper only aims to capture one very recent trend. As aid fragmentation has become an increasing focus of aid research in the last decade, this study is consistent with others in narrowing study to recent years.

It is important to emphasize the exploratory nature of this study. While this paper identifies key trends in aid fragmentation in Uganda, the narrow range of interviews involved mean that its conclusions must be tempered accordingly.

Presentation and Analysis of Findings

Preliminary empirical results are presented from OECD data. These data give a backdrop to the interviews, providing insights and a framing point for discussions. I first discuss national trends in aid dependence and external debt stocks, two measures that are important reference points in the larger discussion of aid effectiveness in Uganda. I then examine some basic
measures of national-level fragmentation to establish a rough empirical idea for the direction of aid fragmentation in the last decade. These preliminary quantitative findings serve as a reference point and are followed by the more substantive qualitative interviews examining specific issues and policy directions to address fragmentation.

Quantitative Investigation

**Aid Dependence and Debt Stocks.** As a highly aid-dependent country, ODA makes up a significant portion of Uganda’s economy. In 2018, the latest year with available data, ODA made up 7.3% of the country’s GNI. Figure 2 shows that the overall degree of aid dependence in Uganda has remained relatively stable, between 5 and 10%, over the last ten years. Additionally, Uganda ranks near the middle of its regional neighbors in this metric, higher than Kenya, Rwanda, and Democratic Republic of the Congo (DRC), but lower than Rwanda and Burundi.

![ODA as Percentage of GNI for African Great Lakes Countries, 2009-2018](image)

*Figure 2. Uganda’s aid dependence compared to peers. Source: Author’s own calculations based on OECD-DAC statistics.*

While aid dependence has been relatively stable, Uganda’s external debt burden, measured as debt as percentage of GNI, has ballooned throughout the last decade. Starting around 15% in 2009, external debt stocks reached 46.3% of Uganda’s GNI in 2018. Figure 3 shows this trend over the last decade. While no absolute rules determine whether a given level of debt is
unsustainable for an economy, the rising debt burden in Uganda raises concern about new sources of development finance and their potential drawbacks for the economy. A major component of fragmentation is the proliferation of new, non-traditional donors such as China. While China and other new donors typically are less concerned about policy concessions than DAC donors, there is rising concern over increasing debt burdens, especially to China and other new sources of development finance. The intersection of new donor proliferation, fragmentation, and rising debt and its impact on development is a key question addressed in the interviews.

Figure 3. Uganda’s foreign-held debt as a percentage of GNI. Source: Author’s own calculations based on World Bank statistics.

National Trends in Fragmentation. Various national statistics can give a rough indication of the state of aid fragmentation in Uganda. First is the number of bilateral donors active in the country. Over the last decade, there has been a worldwide increase in the number of bilateral donor agencies, reflecting new members of the DAC and the proliferation of new, non-DAC donor countries. For this discussion, we define active bilateral donor as any country with positive ODA disbursements to Uganda through its own aid facility (not a multilateral) in the given year. The worldwide trend of increased proliferation is reflected clearly in Uganda, which rose from a low of 29 donors in 2010 to a peak of 36 in 2014/15, finally settling to 34 by 2018.
Figure 4 shows the national trends over the last decade.

![Active Bilateral Donors in Uganda 2009-2018](image)

*Figure 4. Trend in of bilateral donors active in Uganda. Source: Author’s own calculations based on OECD-DAC statistics.*

As mentioned in the Literature Review, simply counting the number of donors active in a given country is not an ideal measure for fragmentation. Other factors may be more important, such as the composition of aid from each donor and the mechanisms through which aid is disbursed. Another potential metric to gauge fragmentation is by examining the relative prominence of different types of aid institutions. A higher prominence of bilateral and private donors point to increased fragmentation, while a greater focus on multilateral donors could point to increased coordination. Observing the trends in Uganda for the past decade, the share of total ODA from all bilateral sources (DAC and non-DAC) increased from around 58% in 2009 to just over 65% in 2018. Private donors also saw an increase, from 2% in 2009 to just over 5% in 2018. Finally, the share of total ODA to Uganda from multilateral donors decreased from 42% in 2009 to around 35% in 2018. While this is also not a definitive measure for aid fragmentation, the trend towards more bilateral and private aid and away from multilateral aid suggests increasing fragmentation in the last decade. These trends are charted in Figure 5.

A more direct national-level measure of fragmentation can be constructed by separating
Country Programmable Aid (CPA), aid which the recipient country has significant control over, from overall amounts of ODA. Note that CPA is a subset of ODA. Observing the proportion of CPA to ODA in a country gives a direct look at the cost impact of fragmentation, as CPA excludes administrative costs, evaluation and research costs, and short-term, unpredictable aid projects. In this way, a higher proportion of CPA indicates a more efficient and coordinated aid system.

Figure 6 shows the reverse trend in Uganda, as the difference between ODA and CPA has grown. This is seen most clearly in the period since 2016, when ODA disbursements increased significantly while CPA remained relatively flat.

In summary, an exploratory review of national-level quantitative data over the last decade suggest a trend toward increasing aid fragmentation in Uganda. The number of bilateral donors have increased, aid has shifted toward bilateral and private sources over multilaterals, and the composition of aid has shifted away from CPA. While Uganda’s overall aid dependence remains steady, trends in external debt stocks are highly concerning.

None of these findings should be read as conclusive; they merely serve as a framing point for discussion and further examination. For example, the increased focus on bilateral donors may
not represent more fragmentation if there is an effective sectoral DoL. It is important to note, however, that these results are consistent with a more detailed district-level analysis of fragmentation in Uganda conducted by Nunnenkamp et al. (2016). Additionally, they are consistent with the broader macro-level literature of increased donor proliferation in recent years (Aldasoro et al., 2010; Djankov et al., 2009). Considered together, these studies paint a clear picture of increasing fragmentation on the donor side.

Further study is necessary to answer questions left unanswered by exploratory quantitative analysis. First, how do the trends of increasing fragmentation translate into development outcomes, through increasing costs, bureaucratic degradation, or “crowding out” of domestic support? Who are the specific actors at play in the Ugandan aid system and what are the institutional arrangements that form the “club” structure of aid? Finally, what changes are needed to address fragmentation and render aid more effective? Do there need to be fewer active donors, or are there effective coordination mechanisms that are not yet fully utilized? These limitations of quantitative approaches necessitate the use of qualitative methods in assessing aid fragmentation and its impact.

Figure 6. Amount of CPA compared to total ODA in Uganda. Source: Author’s own calculations based on OECD-DAC statistics.
Qualitative Interviews

**Challenges Preventing Aid Effectiveness.** An important factor that shapes aid fragmentation is the mismatch between the stated purpose of foreign aid and the forces that affect its implementation. Recipients generally view aid as a mechanism to bridge a financing gap in order to provide services (ID 04, personal communication, May 12 2020). Sometimes, recipients prefer infrastructure-focused aid, as this can be politically expedient if it is focused in a certain area (ID 01, personal communication, May 1 2020). Conversely, donors view aid as a means to achieve general welfare improvements, not necessarily simply a way to shore up government financing. These disparate donor and recipient interests lead to sub-optimal outcomes in terms of aid effectiveness.

In Uganda, a number of experts point to the long history of governance challenges and mismanagement of aid and loans (ID 01, 02, 03). Because of historical governance challenges, aid has shifted away from general budget support and toward project aid, contributing to the fragmentation of the system. This shift, while purportedly aimed at improving the disbursement of aid, serves to “incapacitate” local capacity for service delivery (ID 01, personal communication, May 1 2020). Through the poaching of government workers for highly paying projects, aid institutions disrupt the local skilled labor market and continue to reinforce entrenched patterns of poor governance.

A related challenge to mismanagement and poor governance is the complete lack of accountability and ownership in the aid process. There is no focus on the most pressing issues facing the population, as the design of aid is not in sync with local priorities (ID 02, personal communication, May 4 2020). As aid institutions are accountable only to donor interests, there are no incentives for donors to tailor their aid to recipient needs. Governance challenges and the ensuing retaliatory shift by donors to less centralized forms of aid have served to reinforce poor governance and detach the aid process from the primary stakeholders. The failure of donors to effectively support and utilize in-country capacity, against a backdrop of poor governance, has led to an aid system that is failing to meet its goals.
Another respondent (ID 04) suggested that donors do not have an interest in promoting optimal development outcomes through aid. Instead, aid is primarily a tool for donor countries to exert influence on recipients. This translates to donors pursuing specific projects aimed at extracting raw materials and natural resources. A certain level of development is encouraged so the nation is able to service the debt components of aid, but not a high enough level to escape aid dependency. With this view of donor intentions, aid fragmentation and ineffectiveness is a straightforward result of donor competition for influence.

**Trends in National Aid: Why is Aid Fragmented?** In Uganda, it is clear that the shift away from general budget support has been a strong driver of increased fragmentation and donor proliferation. All respondents highlighted the project-focused landscape as a key feature of recent changes to the aid system. The shift to projects, while partially in response to governance challenges, allows donors to more closely align their aid efforts with their specific sectors of choice. Differing donor interests and priorities both contribute to increased fragmentation in the long run and make it more difficult to manage in the short run. Specifically, although Uganda has a centralized Aid Management Platform, differing donor priorities lead it to be under-utilized (ID 03, personal communication, May 9 2020). A similar phenomenon can be observed on the donor side, as the United Kingdom, a country which was until recently a part of the European Union (EU), maintained its own bilateral facility, the Department for International Development (DFID), throughout its entire period of EU membership. This allows donors to maintain control of their own aid funding.

Another identified challenge is bureaucratic fragmentation within Uganda’s government and resulting confusion over roles of each agency. Three separate government institutions are involved in the aid delivery mechanism in Uganda, each with a different purpose. The National Planning Authority (NPA) is in charge of constructing NDPs, the Ministry of Finance is charged with procurement of funding for initiatives outlined in the NDP, and to some extent the Prime Minister’s office is involved in administration of aid agencies (ID 02, personal communication, May 4 2020). The multiplicity of governmental agencies involved leads to a mismatch between
envisioned and realized outcomes, as responsibility for planning and implementation is separated. This bureaucratic confusion within the Ugandan government is another contributing factor to fragmentation, as donor nations do not trust the capability of the local civil service to effectively coordinate.

Perhaps the largest driver of increasing fragmentation in the last decade has been the emergence of new donors in the aid system. New donors, such as China, have transformed development cooperation in Uganda into something resembling a business, as donors compete for lead status, most notably in the natural resource sector. The presence of China has changed the standards for aid acceptance from other countries, as China’s aid typically involves less stringent oversight than more traditional aid sources. This can incentivize leaders to accept high-interest Chinese loans, as it gives the appearance of “no strings attached.” As one local economist put it, “if you don’t give me the support I need, I’ll go to China . . . with potential disastrous effects given the amount of interest they charge” (ID 01, personal communication, May 1 2020). All of the interview participants displayed a high level of concern about China’s rising influence in the Ugandan aid sector, with one saying “they will be even more exploitative and hegemonic than the traditional” (ID 02, personal communication, May 4 2020). In addition to China, the proliferation of NGOs in the aid sector has further complicated the landscape. Put together, the emergence of new donors, differing donor interests, and retaliatory actions to historical governance challenges have rendered the aid system in Uganda highly fragmented and ineffective. At the present moment, it appears that the trend continue to be toward increased fragmentation and confusion in the aid system despite efforts to coordinate.

Changing the Aid System. Despite the many challenges, respondents proposed a wide range of policy and institutional changes to address the fragmentation of the aid system. I will highlight a few main approaches: general budget support, change at the design level, and sectoral basket funds.

One respondent (ID 01) emphasized the need for a shift back to the aid model of general budget support. While project-based aid can have some positive impact, that impact is highly
GOOD INTENTIONS, MIXED RESULTS

geographically restricted. Budget support offers a way to extend aid support to a much larger cross-section of citizens. Budget support, however, is accompanied by a difficult set of governance challenges that must be addressed. Under the budget support framework, aid is not as easily suspended or reprimanded. Thus, a shift to a budget support-based model should be accompanied by a concurrent effort to support and strengthen oversight institutions within government. Not only would this approach return ownership of aid and its use to citizens, but it would make strategic investments in building institutional capacity and clamping down corruption within government.

Another respondent (ID 02) argued that change is needed at the design level of aid to a more “demand-driven” model. This idea has a number of implications, but primarily involves using representative oversight institutions (such as local councils) to set priorities. Another important aspect of changing the design of aid is shifting to more long-term project horizons. Currently, many aid projects are implemented on a two to five-year time frame, with no attention paid to areas with slower, longer-term growth. This means that organizations suddenly have to “conjure up” results at the end of their funding period whether anything was accomplished or not. A shift in aid design to locally-identified, long-term needs will more closely connect allocations to the most impactful areas.

Limited potential was identified with sectoral basket funds, also called vertical funds. Vertical funds are specific sources of development finance from a variety of sources that are earmarked for a specific sector, such as education or infrastructure. While some respondents (ID 01) argued that coordinating from a vertical fund approach would be “worthwhile,” others argued that the differing interests between donors limit the potential for vertical funds to accomplish goals (ID 03). Basket funds do provide an important way to maintain donor comparative advantage and efficiency (ID 02) and present a potential path forward to establish a sensible in-country DoL.

It is also important to note that none of the respondents claimed that there needed to be a reduction of the number of active bilateral donors in the country. While a number of quantitative
approaches in the literature emphasize this number as an important indicator of in-country fragmentation, respondents made it clear that addressing fragmentation has more to do with the utilization of in-country systems and responding to pressing needs than it does with simply reducing the number of actors. One respondent (ID 02) noted that even if one wished to lower the number of bilateral donors, donor influence would make this a difficult policy to achieve.

One respondent (ID 03) pointed to the necessity to evaluate aid and its effectiveness outside of the traditional confines. While this study and many in the literature focus narrowly on aid and its impacts on growth and development, this respondent pushed for a comprehensive shift in both the purpose and the scope of aid. In the future, aid should be shifted to support domestic revenue mobilization, ultimately ruling out the need for aid. Additionally, aid cannot be fully and sensibly evaluated without considering the impact of international trade. Even with wide adoption of the most sensible best practices within the aid industry cannot counteract the harmful effects of uneven international trade regimes. Thus, future analyses and discussions of aid must be expanded to include the more politically charged trade sector. This represents an important direction for future research and policy analysis.

Conclusions

The modern foreign aid industry has become increasingly complex, with a multitude of actors pursuing disparate goals. This phenomenon can be observed clearly in Uganda, as an increasing number of donor agencies and instruments make the landscape increasingly difficult to navigate. This study aimed to understand why this trend is present in the country, how it affects development outcomes, and what can be done to address the problem going forward.

Fragmentation in Uganda is primarily a result of differing donor interests which are not easily reconciled. Each donor nation brings its own priorities and biases to the table and structures its development assistance accordingly. These interests can represent mere preference for certain sectors over others, but can also reflect an underlying competitive structure as donors compete for influence in key sectors like natural resources. They also come against the backdrop
of historical poor governance, as donors distrust local civil service to effectively deliver aid funds. The emergence of new, non-traditional sources of development finance such as China further complicate the aid landscape and add to growing concerns about rising levels of indebtedness. In addition to an increasing number of actors, fragmentation is realized in the composition of aid, as aid continues to shift away from easily-coordinated budget support to projects.

Increasing fragmentation has a direct and negative impact on both short-term and long-term development in Uganda. On the donor side, a duplication of efforts, large expatriate office presences, and inconsistent evaluation lead to elevated transaction costs and a lower development impact. On the recipient side, fragmentation and project aid disrupts the local market for skilled labor as productive workers are “poached” to work on highly-paying projects in lieu of the civil service. This contributes to the continued ineffectiveness of the public sector and cripples its capacity to provide basic services. Against a backdrop of historical governance challenges, aid fragmentation is worsening the problem. This, combined with rising debt burdens from new sources of development finance, put significant downward pressure on the long-term growth potential of the country.

Addressing aid fragmentation is a pressing concern for Uganda and many other development countries. Donor countries have committed to do better at multiple HLFs; they are simply not living up to their promises. The path forward to addressing fragmentation lies primarily in donor utilization of in-country systems. Instead of duplicating efforts, donors should focus resources toward building capacity in local government and channeling funds to align with existing NDPs. At the very least, donors need to take care in their project efforts to not disrupt local markets for skilled labor, undermining local governmental capacity. Change is sorely needed to align aid goals with those that are locally identified, the NDP could serve as a starting point for this. Aid decisions must be made with the long run in mind, as a short-term focus is insufficient to produce lasting change. The institutional framework is in place for aid to be coordinated, donor nations must start honoring their words. While this approach does not necessarily guarantee the end of fragmentation and the effectiveness of aid, it is clear that the
current “do your own thing” system is not producing the desired result.

**Directions for Future Research**

There are many open questions in this field that each warrant further research. First, empirical studies into the publicly available data on Uganda’s Aid Management Platform could provide a valuable view into the extent to which current governmental frameworks are utilized. Further qualitative studies with more respondents would be invaluable, especially those which are able to synthesize dialogue between local policymakers and those in the aid industry. A continued examination into the more wide-ranging effects of new donors like China would serve to contextualize the results presented here, as the involvement of China in Uganda’s economy goes far beyond the traditional ODA framework. Finally, more investigation into the interplay of foreign aid and trade policy is warranted, as the effects of detrimental trade policy can outweigh even the best-implemented aid plans.
References


Appendices

Appendix A: List of Interview Questions

- What do you see as the intended impact of foreign aid on Uganda’s economy? Does this intention match reality?
- What challenges, if any, face the effective implementation of aid in Uganda? If aid is ineffective, what are the specific causes of ineffectiveness?
- Where does aid coordination/fragmentation rank vis-à-vis other barriers to aid effectiveness?
- In your view, have aid allocations become more or less coordinated/fragmented in the period since 2010?
- Is fragmentation of aid efforts more a result of donor organizations’ unwillingness to coordinate and specialize or a failure of local government to serve as a coordinating body?
- In your view, how can aid to Uganda be improved to be more effective? What goals do you think are most important for government/aid agencies to focus on? What specific policy or institutional changes can assist in accomplishing this?
- To what extent can aid fragmentation be addressed within the existing institutional structure of aid in Uganda? To what extent must that structure be changed?
- What frameworks/forums are in place for donor organizations to coordinate their aid efforts? How widely are these being utilized and how effective are they?
- How best can foreign aid contribute to achieving the specific goals outlined in Uganda’s National Development Plan? Are there specific aid modalities that would be most effective?
- What do you think accounts for the “implementation gap” between the stated NDP goals and outcomes and how have aid donors contributed to this gap?
- Do you have a preference for project-based foreign aid or more general budget support aid? Which do you believe best supports the achievement of national development goals?
- Have you observed “poaching” by donor agencies of local skilled staff? What contributes to this phenomenon?
• How does the aid coordination/fragmentation situation in Uganda compare to its neighbors in the African Great Lakes region (Tanzania, Kenya, Rwanda, DRC)? How does it compare to low-income countries worldwide?

• What can the local government do, in addition to its current efforts, to facilitate more coordination between aid donors and alignment with national goals?

• How has the rise of non-traditional bilateral donors such as China affected the aid landscape in Uganda? What are the inherent costs and benefits?
Appendix B: List of Interviewees

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Appendix C: Informed Consent Form

Independent Study Project Topic: Aid Coordination in Uganda
Student Name: Samuel Johnston

Thank you for taking the time to participate in the project.

My name is Samuel Johnston. I am a student with SIT Study Abroad Uganda Global Development Studies program. I would like to invite you to participate in a study I am conducting. However, before you agree to participate in this study, it is important that you know enough about it to make an informed decision. If you have questions at any time, please ask me. You should be satisfied with the answers you get before you agree to be in the study.

Brief description of the purpose of this study
In recent years, the number of foreign aid donor organizations and the spread of projects they fund has grown considerably, creating a difficult situation for national planning offices. The purpose of this study is to examine the issue of aid coordination in Uganda and its impact on the country's development trajectory.

Your participation will consist of a virtual interview with the researcher and will require approximately 1 hour of your time.

There are no foreseeable risks in participating in this study and no penalties should you choose not to participate; participation is voluntary. During the interview you have the right to not answer any questions or discontinue participation at any time.

Rights Notice
In an endeavor to uphold the ethical standards of all SIT ISP proposals, this study has been reviewed and approved by a Local Review Board or SIT Institutional Review Board. If at any time, you feel that you are at risk or exposed to unreasonable harm, you may terminate and stop participation. Please take some time to carefully read the statements provided below.

a. Privacy — all information you present in this interview may be recorded and safeguarded. If you do not want the information recorded, you need to let the interviewer know.

b. Confidentiality — all confidential information will be protected. Each interview will be assigned a number code and responses will be stored on a password-protected, encrypted computer.
c. Withdraw – you are free to withdraw your participation in the project at any time and may refuse to respond to any part of the research. Participants who desire to withdraw shall be allowed to do so promptly and without prejudice to their interests.

If you have questions about your rights as a participant, you may visit the World Learning website and check its policies on Human Subjects Research at www.sit.edu or contact the Academic Director at charlotte.mafumbo@sit.edu.

If you have any questions or want to get more information about this study, please contact me at phone: +1 6149407026 or email at: sdjohnston@willamette.edu.

Please digitally sign below if you agree to participate in this research study and acknowledge that you are 18 years of age or older.

Participant’s signature_____________________________________ Date: ____________

Researcher’s signature_____________________________________ Date: 22/4/2020

Additional Consents (if applicable)

Consent to Audio-Record Interview
Initial one of the following to indicate your choice:
_____ (initial) I agree to my interview responses being audio-recorded.
_____ (initial) I do not agree to my interview responses being audio-recorded

Consent to Quote from Interview
I may wish to quote from the interview either in the presentations or articles resulting from this work.
Initial one of the following to indicate your choice:
_____ (initial) I agree to my interview responses being quoted in resulting work.
_____ (initial) I do not agree to my interview responses being quoted in resulting work.