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The Political Economy of Development Effectiveness in Uganda

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Preface

With the advent of the Sustainable Development Goals (SDGs), discussions on development finance have been revitalised. Mobilising sufficient financial support to meet the resource gap in SDG implementation is a critical challenge for developing countries.

Traditional aid flows to these countries have been restrained by both supply-side limits and demand-side pulls. However, new actors and innovative financial instruments create opportunities for additional funding. In this context, improving the quality of development cooperation (including financial flows) and assessing its effectiveness have become more pertinent than ever.

Economic and political factors aggravate the challenge of effective development cooperation. The current global development finance architecture lacks necessary political ownership and momentum. Further, the discourse suffers from an obvious lack of credible knowledge that reflects realities on the ground. Demand is thus high for Southern perspectives so as to embed them in future reforms.

That is what Southern Voice, a network of over 50 think tanks from Africa, Asia, and Latin America, is facilitating. It provides structured inputs from the Global South for debates on the 2030 Agenda for Sustainable Development. With capacity gained through the successful execution of various research programmes, Southern Voice aims to contribute to the global discussion on the effectiveness of development cooperation in the era of SDGs.

The new initiative, "Rethinking Development Effectiveness: Perspectives from the Global South," is being carried out in partnership with the Centre for Policy Dialogue (CPD) in Dhaka, Bangladesh and with support from the Bill & Melinda Gates Foundation. The present study is the sixth in a series of nine occasional papers on rethinking development effectiveness. It examines the political economy of development effectiveness in Uganda in the context of externally financed development.

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Abstract

This paper examined the political economy of development effectiveness in Uganda in the context of externally financed development. We conducted extensive desk-based review and analysis of Uganda's national policy documents and other relevant national documents. We interviewed national-level stakeholders including government officials, Civil Society Organisations and donors with in-country offices. The paper found that the Government of Uganda's National Development Plan guides the setting of development priorities. Negotiations exist within that process, involving agreements and disagreements especially in areas related to governance and financial accountability. The Government of Uganda has a higher leverage in decision making where funding is channelled through budget support. Partnership with non-traditional donors, especially China has given more room for the Government of Uganda to focus on productive infrastructure which is not a priority for traditional donors. But this has contributed to fast rising sovereign debt. Non-traditional donors negotiate funding informally and less transparently with the Government of Uganda, which is a threat to accountability. This is exacerbated by the State House' continued interference with the formal structure for negotiating with donors. Off-budget support requires a common coordination framework for all implementers. Further, stronger coordination among donors would enhance their ability to effectively hold the Government of Uganda accountable for donor funds.

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Acronyms and abbreviations

aBi	Agricultural Business Initiative
AMP	Aid Management Platform
CSO	Civil Society Organisation
DAC	Development Assistance Committee
FY	Financial Year
GDP	Gross Domestic Product
GoU	Government of Uganda
MDG	Millennium Development Goal
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPA	National Planning Authority
NSIS	National Statistical System
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPM	Office of the Prime Minister
OWC	Operation Wealth Creation
PEAP	Poverty Eradication Action Plan
SDG	Sustainable Development Goal
USD	United States Dollar
USMID	Uganda Support to Municipal Infrastructure Development
UN	United Nations
USAID	United States Agency for International Development

The Political Economy of Development Effectiveness in Uganda

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Introduction

Over the last two decades, the global development landscape has witnessed remarkable changes aimed at fast-tracking well-being. The Millennium Development Goals (MDGs) catalysed collective action for development in 2000. They helped lift over 1 billion people out of extreme poverty (United Nations [UN], 2015). In Uganda, income poverty was reduced by two-thirds in the MDG period. This reduction was more than the MDG set target of reducing the proportion of people whose income is less than one dollar a day by half between 1990 and 2015 (Ministry of Finance, Planning and Economic Development [MoFPED], 2015). Further, the MDGs' support for debt relief, which culminated in cancelling the Government of Uganda's (GoU) multilateral debt, significantly contributed to the country's relatively increased fiscal space during the post-2015 era of the Sustainable Development Goals (SDGs). However, the MDGs were criticised for being biased towards the social sector at the expense of economic growth (Jaiyesimi, 2016). They also did not specifically tackle government effectiveness, which limited the strengthening of government systems for service delivery (MoFPED, 2015). It was hoped that the MDGs would increase official development assistance (ODA), but they did not (MoFPED, 2015).

The SDGs built on knowledge gained from the MDGs to create a multidimensional agenda. They were met with mixed reactions, some of which remain unaddressed. Developing countries thought its focus on conserving the environment would jeopardise their development capacities, while developed countries thought some poor country policies threatened the environment (Lally & Machingura, 2017). Some critics have argued that the SDGs are overwhelming and difficult to operationalise (O'Neil, 2015). Pessimists have asserted that the SDGs' focus on private sector participation is a ploy to promote the neoliberal agenda (Weber, 2017). Optimists, on the other hand, have lauded it for being globally collaborative, with greater participation of the private sector and civil society compared to the MDGs (Clarke, 2015). In the middle, there is popular opinion that the SDGs require a more integrated approach (O'Neil, 2015; Geoghegan, 2016) and their broadness calls for more partnerships and resources to be mobilised.

The SDG era has seen the GoU turn to, and get more support from, other developing countries. In what has been termed South-South cooperation, the GoU's quest for support from countries such as China and Kuwait or multilateral institutions like the African Development Bank is premised not only on the country's increasing need for resources to fund infrastructure, but also its desire to secure financial sources that have fewer conditions on its political environment. A look at the Aid Management Platform, the GoU's online aid tracking tool, shows that four of the 10 top donors that disbursed funds to Uganda from January to December 2018 are developing country sources. These four donors are shown in Table 1 below.

The broadness of the SDGs calls for more partnerships and mobilisation of resources.

Table 1. Uganda's top South-South donors (disbursements), between January and December 2018

Donor agency	Actual disbursements (USD)
African Development Fund	42,789,687.46
Islamic Development Bank	18,411,372.13
African Development Bank	11,318,230.16
Kuwait Fund for Development	4,007,699.30
Saudi Fund for Development	1,750,462.13

Note. The African Development Fund is managed by the African Development Bank. For reasons unknown to this study, the AMP records it separately from other African Development Bank disbursements.

Source: Ministry of Finance, Planning and Economic Development (2018)[1]; compiled by the authors.

A key argument for South-South cooperation is that developing countries can share knowledge, skills, expertise and resources that can help achieve the SDGs within their

1 Note, however, that the Aid Management Platform may not capture off-budget support. It is also not yet fully being used by all development partners, so this table is not exhaustive (e.g., China, a key funder, is missing). Uganda has been very supportive of other developing countries, especially within the East African region. A case in point is its hosting of refugees from South Sudan and the Democratic Republic of Congo.

own contexts (IFAD, 2017). For the GoU, whether or not that argument holds remains to be seen.

The SDGs were embraced by the Government of Uganda (GoU). In fact, timing was favourable given that the development of GoU's Second National Development Plan (NDPII) for the 2015–20 period and the intergovernmental negotiations on the SDGs both occurred in 2015. The GoU grabbed this opportunity to integrate the SDG framework into the NDPII (Uganda National NGO Forum, 2017). The GoU made key policy and institutional reforms in the areas of resource mobilisation, data and information, which enhanced its SDG implementation. Some of these reforms were in the pipeline prior to the SDGs. Key frameworks like the Public Private Partnership Act (2015), Public Finance Management Act (2015) and Uganda Partnership Policy (2013) have helped to strengthen public service delivery, increase domestic resource mobilisation (Office of the Prime Minister [OPM], 2017) and improve the operating environment for collaboration between private and public service providers.

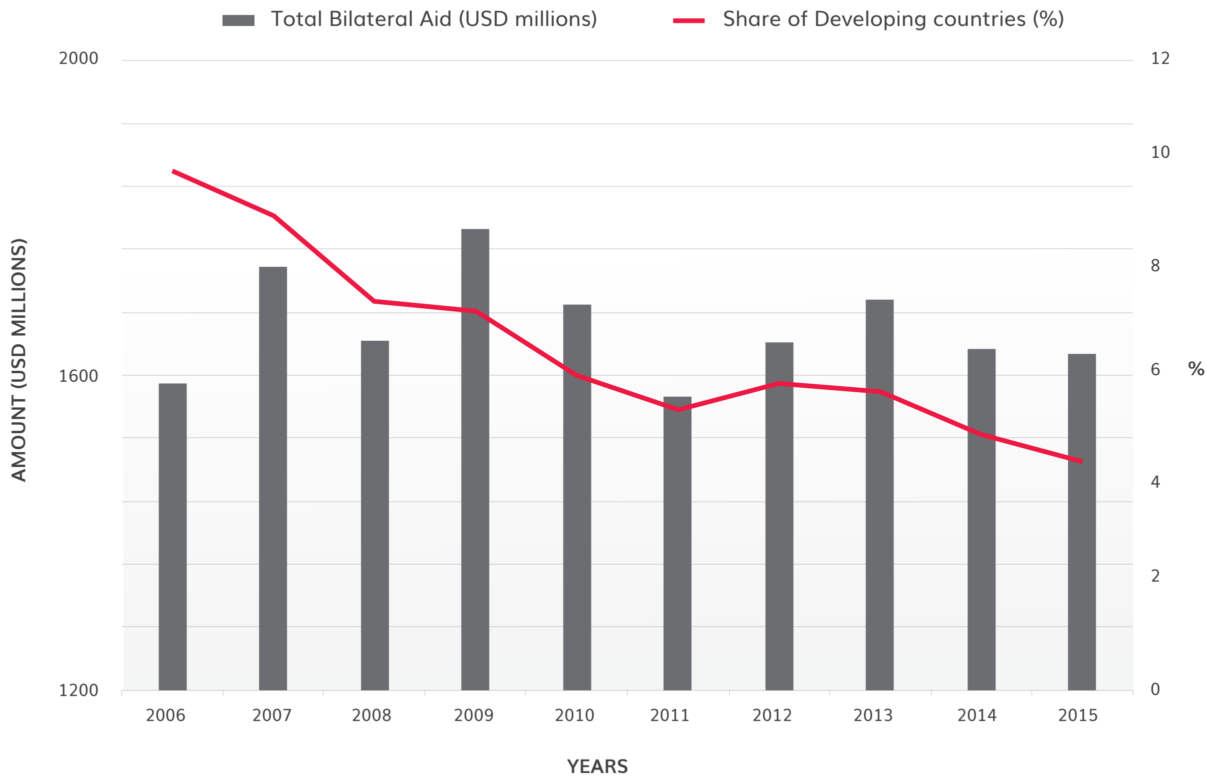
For the GoU, a major change in the assessment of development effectiveness under the SDGs is the integration of SDG indicators in its national statistical system. By 2016, the NDPII was aligned with 76% of the SDGs, with full integration of SDGs 1, 2, 5, 6, 7, 8, 9, 12 and 13 (United Nations [UN], 2016). With support from the United Nations, the GoU also put in place a SDG coordination framework to facilitate their integration across ministries and sectors. This framework integrates key stakeholders in SDG implementation including government, donors, civil society and the private sector. Together with donors, the GoU developed a national standardised indicator framework made up of indicators at four levels—at national level, at sector level, service delivery outcomes, and routine outcomes and indicators (aligned to budget results)—to monitor and evaluate the SDGs and NDP in an integrated way (OPM, 2017). The national statistical system has seen increased support for strengthening from donors, such as UN support through Pulse Lab Kampala to improve data availability and access (OPM, 2017).

Key challenges remain amidst all of the changes that have been made. The GoU's financing of the SDGs is still inadequate. The Ugandan population is not yet fully aware of the SDGs and their (the population's) roles and responsibilities in implementing it (National Planning Authority, 2016). An academic noted that the SDGs have increased donor commitment, but not knowledge of their effects on the lives of people living in poverty. Civil society organisations (CSOs) also argued that SDG-related investments have not targeted the people living below the poverty line, given that poverty reduction in Uganda has not reduced inequality (Uganda National NGO Forum, 2017). Even though a clear coordination structure has been put in place, its operationalisation has proven challenging because of the inter-linkages among and multi-sectoral nature of the SDGs (National Planning Authority, 2016). Lastly, data for SDG indicators are lacking in several areas—only 80 (35%) of the 230 indicators have data that are relevant to Uganda (National Planning Authority, 2016). A general challenge is tracking donor off-budget support, which makes having a comprehensive country-wide assessment of SDG progress difficult (OPM, 2017). These obstacles may explain why Uganda's overall SDG performance is not good. Despite the fact that Uganda is above Sub-Saharan Africa average in SDG performance, its global performance ranking is low at 125th out of 156 classified countries (Bertelsmann Stiftung and Sustainable Development Solutions Network, 2018).

Financing the SDGs remains a significant challenge, especially for developing countries (Jaiyesimi, 2016). In attempts to raise more resources for development globally, external development finance has seen some major changes over the last decade, not only in the way that it is packaged but also in the type of donors doing the financing. Relatively new forms of external finance like remittances and blended finance have increasingly gained recognition. To meet its SDG financing gap, the GoU's broadened its resource mobilisation strategy, especially targeting the private sector. New approaches to raise finance for development from the private sector have become an integral part of government development projects. Instruments include credit guarantees, lines of credit, matching grants and concessional loans, all within the context of public-private partnerships, which have been used in key national projects such as the Tororo Phosphate plant, the Bujagali hydroelectric project and the Kilembe mineral project (National Planning Authority, 2016). More attention is also being given to increasing domestic tax revenue, but this has not yielded much since Uganda's tax-to-gross domestic product (GDP) ratio stagnates at 13%, which is lower than that of countries in the region like Kenya (National Planning Authority, 2016).

The increasing reach of non-traditional donors, like, Brazil China, India and South Korea, and philanthropic foundations has already had a significant impact on doing development in the Global South. The GoU, whose major external development finance source is the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC), has seen stagnation in the value of bilateral ODA from OECD-DAC member countries at about USD 1.6 billion during the 2006-2015 period (Figure 1). Uganda's share in total bilateral aid more than halved from 9.8% in 2006 to 4.3% by 2015 as the composition and sources of ODA have changed.

Figure 1. Bilateral aid from OECD countries to Uganda, 2006-2015



Source: Based on data from OECD (2016); elaborated by the authors.

The GoU has been a major beneficiary of aid from non-traditional donors, with a significant proportion coming from China, which accounted for over 90% of non-DAC financing between 2000 and 2013 (Munyambonera and Nagawa, 2017). China's support has arguably had some reasonably positive effects on Uganda's growth, though there are negative aspects as well (Dollar, Mugyenyi, and Ntungire, 2017). Evidence also shows that between 2012 and 2015, about USD 127.8 million was mobilised for Uganda in private finance through blended sources (Benn, Sangare, and Hos, 2017). The use of instruments like credit lines and guarantees by donors is increasing and attracting private players to development. The emergence of new players in external development finance means that the GoU now has more choice and potentially more bargaining power (Prizzon, Greenhill and Mustapha, 2016). New modalities like blended finance could add to that effect, especially in terms of widening the choice of development packages. The changing global development landscape has given reasons to revisit key development debates, including that on effectiveness.

Development effectiveness is an old debate, but increased diversity in external development finance has raised new questions as far as effectiveness is concerned.

For example, how does the increasing influence of non-traditional donors affect development cooperation, especially in the Global South? This study contributes to the debate by revisiting the political economy of aid effectiveness in Uganda. It focuses on the context of development cooperation characterised by a multiplicity of development interventions, different financial instruments and a diversity of development actors with their own understandings of development effectiveness. Specifically, the study answers the following questions:

- How does the GoU define and determine development outcomes?
- Who determines these outcomes?
- From the perspective of the GoU and in the context of Uganda, are there fundamental factors to be taken into consideration to define and assess development outcomes?

For this study, the authors engaged in extensive desk-based review and analysis of the GoU's national policy documents and other relevant national documents. We also interviewed national-level stakeholders including government officials, Non-Governmental Organisations (NGOs)[2] and donors with in-country offices. A list of all interviewees is provided in Appendix 1. The study presents new knowledge and opportunities for diverse dialogues on the future of development effectiveness.

The rest of the study is organised as follows. In the next section, we provide the context for development assistance in Uganda since independence. The following section covers approaches to development effectiveness in the country. The next two sections address partnership and cooperation then institutions and actors. After a section on development outcomes, the final section concludes.

Uganda's context: an overview of development assistance (1962-2018)

Since independence in 1962, the GoU has pursued several strategies for development. Between 1962 and 1976, development was led by three development plans that largely focused on economic development. During this period, ODA to Uganda averaged 2.4% of gross national income. The period from 1977 to 1980 marked a breakdown in national development planning and the emergence of the Economic Rehabilitation Programme under the presidency of Idi Amin (Lakuma and Sewanyana, 2018). This

2 NGOs in this context refers to non-state organisations implementing development initiatives.

was a period of political and economic turmoil. From 1981 the structural adjustment programme/Economic Recovery Programme was in play under the auspices of the International Monetary Fund and World Bank. However, the programme could not take off and had to be re-introduced in 1987 (Makokha, 2001). The structural adjustment programme came with swift economic and political reforms in both the public and private sectors. At the beginning, the structural adjustment programme brought economic instability, which was addressed by the political reforms and increased external support from donors. However, these programmes were largely considered to be donor-driven and as such grappled with issues concerning local ownership. The Poverty Eradication Action Plan (PEAP) followed from 1997 to 2010, overlapping with the Enhanced Structural Adjustment Facility (used from 1997 to 2000) (Lakuma and Sewanyana, 2018). The PEAP was characterised by debt forgiveness, integration of the MDGs into the GoU's development strategy and further increased aid spending especially in the social sector. The PEAP was also considered to be donor-driven and did not get much favour from the Ugandan parliament (National Planning Authority, 2013a).

Development Planning made a comeback in the form of the National Development Plan (NDP) with the establishment of the National Planning Authority as a statutory planning agency in 2002. The NDP is a part of the GoU's long-term development plan that seeks to transform Uganda into a middle-income country by 2040, the Vision 2040. The implementation of this vision began in 2010 and is being phased through the five-year NDP. Unlike with the PEAP, the production of the first NDP took a domestic approach, with less involvement and influence of donors (National Planning Authority, 2013a). While external assistance has further increased during the NDP period in absolute terms, it has declined as a percentage of Uganda's national income compared to the structural adjustment programme and PEAP periods. The NDP period has so far focused on macroeconomic policy and growth unlike social development during the PEAP period. Some reports attribute this shift to increased political competition in the country[3] and a shift in donor interest to that effect (UNICEF, 2018).

Increased political competition is a consequence of the return to multi-party politics in 2005. Since 1986, the ruling National Resistance Movement party had banned the formal operation of other political parties and was running Uganda with a one-party system. In 2005, the country held a successful referendum on the restoration of political parties. For the 2006 national elections, the National Resistance Movement party competed against three other parties. One of the strategies that the ruling party employed then—and continues to use against competitors to this day—is political patronage,

3 Increased competition compels the government in power to concentrate on building physical infrastructure, like roads, to secure quick wins in elections.

where politicians and voters are rewarded for their electoral support of the ruling party through creation of new districts and construction of roads and other infrastructure. As a result, the government has tended to allocate a lot of resources to public administration and productive infrastructure which has consequently strained Uganda's fiscal space.

As noted, since the country's priority has shifted to productive infrastructure, this has had to be offset by reducing social spending. The arrival of non-traditional donors, especially China with an incentive that appears to be largely economic, has increased financial support for productive infrastructure. Particularly, roads, transport and energy sectors, which were not favoured by traditional donors, have received significant financing in the recent past from non-traditional donors like China. This is a major game-changer in development cooperation in Uganda.

Like many developing countries, the GoU has relied on and continues to use aid for its development. Reforms introduced by the GoU in the mid-1980s led to commendable growth and development, while the country received considerable praise from the donor community with regards to its use of aid (UNICEF, 2018). Beginning in the 2000s, Uganda's good relationship with the donor community began to fade owing to corruption and human rights abuses. This situation, compounded by the country's drive to increase self-reliance through domestic resource mobilisation, has led to a significant decline in aid dependence in the recent past. Specifically, the share of the national budget externally financed (through loans and grants) was reduced by more than half from 38.7% in the financial year 2007-2008 to 17.7% by the financial year 2017-2018 (MoFPED, 2019). Furthermore, projections by the Ministry of Finance, Planning and Economic Development indicate that donor loans and grants as a share of the GDP will decrease from 4.8% in the financial year 2018-2019 to 0.7% by the financial year 2022-2023 as Uganda's tax-to-GDP ratio increases to 16%.

To some extent, the increasing focus on domestic resource mobilisation is linked to the GoU's acknowledgement of traditional donors' unwillingness to support its current major development priority, productive infrastructure. This means that the country has had to look both inward and to China for other ways of financing such infrastructure.[4] According to the World Bank, aid as a percentage of gross national income declined from 14% in 2006 to 7% in 2016 (World Bank, 2018b), while the International Monetary Fund estimate for total grants and loans to the GoU was 4.8% of the GDP in the financial year 2015-2016 compared to 10.3% in the financial year 2004-2005 (UNICEF, 2018). Less dependence on aid has allowed the GoU more control over its spending priorities.

4 Resources will be mobilised domestically through taxation to pay back loans, so loans can be considered postponed taxes.

Worthy of note is the fact that external development funding has seen more diversity recently, not only in sources but also modalities. Alternative financing sources, including remittances and foreign direct investment, have gained prominence. In particular, the potential of remittances as a significant source of financing is increasingly recognised, with personal remittances received averaging 4% of Uganda's GDP between 2006 and 2016 (World Bank, 2018c).

Notably, foreign direct investment has registered a steady decline from 5.2% of the GDP in 2012 to 2.7% in 2017 (World Bank, 2018a). This decline is not linked to the changing ODA landscape, but rather largely attributed to transparency issues such as cumbersome regulatory and administrative policies that affect the cost of doing business in Uganda (Anyanzwa, 2017).[5] The heightened need to attract private financing for development also led to the increased use of blended finance. Estimates show that between 2012 and 2015, USD 127.8 million was mobilised for Uganda using blended finance instruments dominated by guarantees, shares in collective investment vehicles and credit lines (Benn et al., 2017).

The emergence of new big players has contributed to changing external development finance and their influence cannot be understated, especially the rise of China and its growing influence in Africa. Uganda is not an exception in this case as the country is shifting to less-concessional loans to support its increased public spending on infrastructure. This shift is attributed to, among other things, China's aid being free from interference in the GoU's domestic affairs. China is the GoU's largest non-traditional donor, accounting for over 90% of external support from non-traditional donors (Munyambonera and Nagawa, 2017), with other new players being Brazil, India and South Korea. China's emergence was considered timely since the GoU shifted away from social expenditures favoured by traditional donors to productive infrastructure. In addition to China, the GoU's current top donors are the World Bank's International Development Association, the United States, the African Development Bank and the European Union (MoFPED, 2019). The World Bank and European Union are also the key drivers of spending on development effectiveness, especially around accountability, capacity building, environmental protection and value for money within budget support. Through project aid and a focus on social development, the United States Agency for International Development (USAID) is visible in the areas of financial accountability and value for money.

5 Oil prices fell from a peak of USD 113 per barrel in 2011 to USD 26 by 2016. Prices had increased to USD 51 as of December 2018, but remain less than half of the 2011 peak value.

Approaches to development effectiveness in Uganda

Development effectiveness from the local perspective

Given the GoU's long-term aspirations in Vision 2040 and the rolling NDP, stakeholders consider development in a multidimensional way. Common perspectives among all of the people who were interviewed for this study revolve around poverty reduction, economic growth, macroeconomic stability, and improvement in social welfare—particularly health and education. As a result, country assessments of development progress, such as the regular Uganda National Household Surveys, track indicators that focus on these areas. Indeed, key national-level debates about whether or not the country is developing are mostly based on changes in poverty and employment levels, the size of the economy, and availability of and access to quality healthcare and education.

> **Prioritisation, participation, and sustainability were identified as critical cross-cutting issues for development effectiveness in interviews with stakeholders.**

Prioritisation, participation, and sustainability were identified as critical cross-cutting issues for development effectiveness in interviews with stakeholders including representatives of NGOs, government officials, and donors. Stakeholders were of the view that for a development initiative to be effective, it should address the priorities of intended beneficiaries. In this context, donors need to work closely with the GoU to ensure that their prospective support addresses the priority needs of the country. Government also needs to ensure that priorities reflected in its development agenda are a true reflection of the needs of the population. There should be wide participation by all stakeholders, with partnerships based on trust and equality of all players. Efforts should be made to ensure that the primary beneficiaries of a development initiative take active part in it to ensure sustainability. As such, efforts should be made to build local capacity and secure local government buy-in. Local stakeholders believe that key outcomes like equity, reduction in inequality, less dependence on external support, and social development are likely to occur if participation and sustainability are considered at the time of project initiation.

The ways that aid is delivered are an important aspect of development. Specifically, whether aid is delivered through budget support—using the mainstream government system or through standalone projects can affect the cost of delivering aid as well as the potential benefits. In a competing environment of a poorly resourced public service and endowed aid projects, government officials are bound to neglect duties that are not donor-financed. For project aid, even if government and donor priorities align, they will not address citizen priorities, so structural problems are bound to persist.

Contrasting views on effective development approaches in Uganda

The government's preference is for budget support, which is based on the understanding that budget support reduces transaction costs by using government systems, encourages dialogue between government and donors focusing on policy priorities, gives flexibility to the government to implement public programmes, enhances the capacity of public servants to deliver services, and strengthens the government's accountability. Some donors (especially bilateral donors) disagree with budget support and have stayed away from it. Their argument is that government financial management and accountability systems are not effective and efficient enough, with unsecure systems having compromised development interventions many times. References are mostly made to corruption scandals involving aid money that have tended to be more prevalent via budget support. A case in point is USAID, which has maintained the delivery of aid through projects rather than budget support. An interviewed donor official confirmed that in 2012, USAID considered a switch to budget support, yet a corruption scandal in the GoU's Office of the Prime Minister that year was enough to cancel consideration. The donors that argue against budget support prefer to provide direct project support.

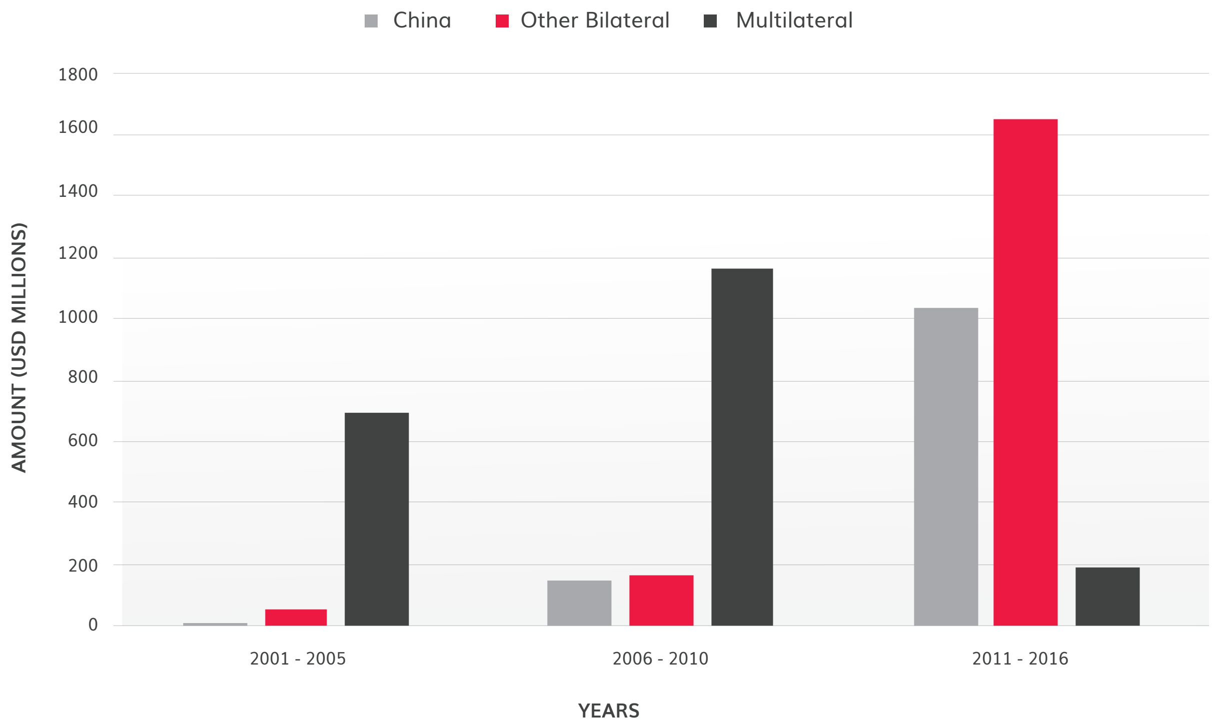
Apart from considerations for budget support, concerns about project support versus programme funding exist among donors and within government. There are development partners that prefer doing short-term projects for quick results. Most donors focusing on providing project support are perceived by local actors as proponents of short-termism. These partners usually do not trust that government systems can deliver services effectively. They are also seen to prefer doing development through a micro-level approach, with the belief that it is more effective. According to an interviewed government official, some partners, especially multilateral institutions (e.g., the World Bank and Africa Development Bank), prefer long-term programmes and many work within the systems of government. They exercise oversight by delivering multi-year projects but disbursing funds on a quarterly basis and requiring approval or objection from the funder(s) for each activity of an implemented project. Within government, this debate is themed around project and programme budgeting. Some government officials prefer that a budget focuses on many short-term goals whose collective achievement will lead to better development outcomes. On the other hand, those who believe in long-term programme budgeting argue that development effectiveness requires a focus on perfecting one key agenda, the achievement of which will complement or drive development across the rest of the economy.

It is worth noting that on the government side, preference has shifted to programme-based development, where budgeting changed from being based on output to outcome- and programme-based budgeting starting in the financial year 2016-2017. This change occurred due to the recognition that outputs alone cannot effectively help assess welfare improvement among citizens, hence the need to focus on programmes (programmes bring together expenditures with shared objectives, otherwise known as outcomes). However, at a general level, especially outside of a budget, there has not been any restriction or agreement on whether projects or programmes prevail because there are specific short-term issues that may require projects and long-term issues that require programmes. The fact that the government is inadequately resourced means that projects, even if planned for the short term, remain important.

The government's current focus, as outlined in the NDPII, is productive infrastructure development. This prioritisation has biased public expenditure towards physical infrastructure and crowded out social expenditures in relative terms. It has also increased external borrowing from both concessional and non-concessional sources, which has raised criticism from traditional donors and NGOs. Traditional donors argue that progress cannot occur at the expense of the social well-being of the population—economic and social development should be balanced. According to AIDDATA (2018), some traditional donors, like Germany and Japan, have nevertheless continued to fund major infrastructure projects, while multilateral support for such projects appears to have decreased between 2011 and 2016, as indicated in Figure 2 below. Specifically, China, Germany, Japan, and Norway have expanded their roles in road and energy infrastructure over the years.

The fact that the government is inadequately resourced means that projects, even if planned for the short term, remain important.

Figure 2. Trends in road and energy infrastructure funding by key donors, 2001–2016



Source: AidData Research and Evaluation Unit, (2018); GoodMan, BenYishay, Runfola, (2016); elaborated by the authors.

According to Figure 2, China's total spending on road and energy (productive) infrastructure in Uganda from 2006 to 2010 was USD 149 million. However, from 2011 to 2016, China's total spending on the same was over USD 1 billion. Relatedly, Uganda's debt as a percentage of GDP rose fast from about 33% in 2015 to over 38% in 2017. The implication is that the proportion of the GoU's national budget spent on servicing debt is increasing. Interest payments for the financial year 2018-2019 made up about 9.8% of the GoU's national budget and are expected to increase.

The GoU is convinced that in order to transform the country and meet the aspirations in Vision 2040, productive infrastructure development—especially in transport and energy—is key and therefore must be developed first (National Planning Authority, 2015). In particular, infrastructure for oil has been prioritised based on the understanding that other sectors can catch up using revenue from oil. However, broad concern exists among academia, non-governmental organisations (NGOs), and traditional donors that oil may actually lead to worse development outcomes if not well managed and that the government needs to focus on how to reinvest oil revenue in other sectors, especially the agricultural sector which employed 68% of the population by 2018 (World Bank, 2018).

The government must also decide whether to borrow domestically or externally to finance development interventions. CSOs are highly opposed to the rapid increase in government debt, especially debt that is externally financed. For instance, Uganda Debt Network highlighted that borrowing terms are not friendly to Ugandan taxpayers and the way in which loans are utilised is neither efficient nor effective enough to service debt (Uganda Debt Network, 2017). The alternative is raising revenue for development domestically in a bid to reduce dependence on donors. The argument is that this approach will give the GoU more autonomy to address its own priorities and interests with minimal interference by donors.

The GoU's ability to increase its domestic resource mobilisation through taxation is constrained by the fact that more than 50% of its economy is considered informal. In 2013, 95% of all firms in the country were unregistered (Lwanga, Lakuma, Sserunjogi & Shinyekwa, 2018). Despite numerous reforms, Uganda's tax-to-GDP ratio stagnated at about 13% during fiscal year 2010-2011 and 2015-2016, trailing behind neighbouring countries like Kenya (19%) and Rwanda (16%) (East African Revenue Authorities, 2017). One factor contributing to low domestic revenue mobilisation is political interference. The GoU has long been challenged in striking a balance between the desires to increase tax revenue and appeal to some segment of society (e.g., low income individuals) for political popularity. For instance, the abolition of poll tax payable by all adult Ugandans—which predominantly financed local governments—in 2001 was driven by electoral considerations (Bakibinga, Kangave and Ngabirano, 2018). More recently, the government's introduction of a 1% tax on mobile money transactions in July 2018 was met with a public outcry, which came particularly from lower income people who are more likely to depend on mobile money—the same bracket with the highest number of voters. The government had to backtrack and reduce this tax to 0.5% within three months of its introduction. There have also been difficulties in collecting revenue from highly connected government officials who appear to be too powerful to pay taxes. The numerous discretionary tax incentives offered to firms in Uganda are also highlighted as reasons for low domestic revenue mobilisation (Tax Justice Alliance Uganda, 2017).

On a positive note, the private sector has increasingly taken on the financing of development interventions, especially through participating in blended finance facilities. A good example is the participation of commercial banks in financing agribusiness under the Agricultural Business Initiative (aBi). aBi is a multi-donor entity aimed at promoting private sector agribusiness development (aBi Development Limited & Finance Limited, 2019). Under aBi's agribusiness loan guarantee, finance, collateral requirements for agro-business borrowing from participating financial institutions are reduced and credit losses are shared between participating financial institutions and aBi on a 50% basis (aBi, 2019). Loans supported by aBi are advanced through commercial banks. The key question raised regarding commercial capital, however, is about its main incentive, namely profit. Pessimists believe that without proper alignment of priorities among donors and private sector actors, achieving development effectiveness can be tricky and risky.

In the context of Uganda, for instance, development negotiations concerning blended finance approaches take longer because most donors do not have tools[6] to adequately engage the private sector. They are instead adopting tools from the private sector, according to an interview with a staff member of one donor. The result is delays in initiating projects, which tend to add costs to projects and put project/programme goals at risk. Take the case of aBi trust where it was reported that the exhaustion of guarantee limits causes delays in loan disbursements, which means some targeted beneficiaries do not get their loans in time, consequently delaying their agricultural projects. Further, some financial institutions lack the technical personnel necessary to comply with reporting requirements of the blended facility, leading to delays in reporting (Serunkuuma, 2014).

Partnerships and collaboration

Setting agendas for cooperation

According to interviewed government officials and representatives of donors, development outcomes in Uganda are to a great extent shaped by political agendas. This is happening on both government and donor fronts. There is considerable reason to believe the GoU prioritises development programmes that promote its political agenda, while Vision 2040 sets the pace for the country's long-term development trajectory. These kinds of programmes tend to easily garner the political will needed to get them moving. For example, development programmes that implement physical infrastructure projects such as roads and building blocks are quickly welcomed and implemented by politicians. The case is not the same with software programmes that can be difficult for the population to notice.

Under normal circumstances, electorates are assumed to be concerned about their social well-being, but when it comes to voting, the majority of Ugandan voters are swayed by physical infrastructure, which includes both productive and social infrastructure like roads, healthcare facilities, and schools (Juma, 2011). In a context where infrastructure is scarce, just having it in place is a big plus, regardless of quality. Consequently, politicians at both the national and local government levels have increasingly prioritised

6 Tools include mechanisms for holding private service providers accountable such as reporting.

infrastructure spending due to the potential electoral rewards. To illustrate this point, in 2013, the World Bank funded the Uganda Support to Municipal Infrastructure Development project with the objective of granting discretion to a selection of projects that are priorities for local governments. The list of permissible infrastructure included road construction, development of markets and construction of transport facilities such as bus terminals. Most municipal councils prioritised road construction, which reflected municipal priorities, but also scored points for local elected officials because roads are relatively more visible to the population. Furthermore, it is important to note that the country's long-term vision largely focuses on macroeconomic enhancement and boosting of productive infrastructure (especially road and energy infrastructure) for economic growth. By frontloading productive infrastructure, the government contributes to Vision 2040 while at the same time scoring political capital, thus achieving two objectives.

On the other hand, most traditional donors and bilateral actors have their development agendas set by their respective governments. An agenda is often based on the priorities of whichever political party is in power. According to an interview with one donor representative, funding for development priorities changes according to the priorities of the political party in power in the donor country. Stakeholder interviews revealed that traditional donors—both bilateral and multilateral—proceed in a similar way. They develop country strategic papers, which are usually five-year plans for what they intend to support in Uganda, and in doing so consult government, civil society and the private sector. Meanwhile, the GoU outlines its proposed priorities for the next financial year through the annual national budget conference and then invites donors to support unfunded but identified priorities. At this stage, donors identify areas that fit with their country strategic paper and approach government. Sometimes the government approaches a development partner based on that partner's country strategic paper. Such engagements inform the negotiations that take place within Sector Working Groups at the ministry level.

Notwithstanding the differences in the agendas of the government and donors, priorities tend to be aligned over time through a push-and-pull process discussed below. According to an interview with a donor representative, such alignment is also partly because local development agendas are often broad and, as such, whichever priority a development partner chooses has a higher chance of fitting somewhere into these broad agendas. Based on an interview with a government official, increased bargaining power due to possession of resources is something that donors use against the government, and the GoU has to work out a consensus somehow, as discussed below.

There have often been differences between traditional donors and the GoU in approaches to governance and human rights. The government has perpetuated violations many times, including abuse of political opponents, forceful suppression of protests using extreme measures, coercion of voters during elections, and limiting press freedom (United States Department of State, 2016a; Uganda Human Rights Commission, 2017). Donors have reacted in different ways such as threatening to withdraw funding, withdrawal of funding, and imposing travel bans on identified government officials. Such reactions are usually followed by negotiations between donors, the police, and the presidency, which often involve donors demanding that the government release political detainees, reinstate operating licenses for the press or desist from using arms to quell uprisings. The GoU often gives in to such demands, but sooner or later commits the same violations and the cycle begins again. For instance, from 2006–2016, Uganda's main opposition candidate, Kizza Besigye, was arrested and detained several times and also served jail time (BBC, 2016; Naluwairo, 2006). This situation implies that the methods used for negotiation have not found long-lasting solutions.

In regards to governance challenges, there have been numerous cases of corruption, disagreements on programme implementation approaches, environmental protection concerns, and counterpart funding (cost-sharing) shortfalls on the side of the government. Corruption cases have often been met with withdrawal and/or withholding of donor funding in exchange for government reforms, support for systemic reforms by some donors, and a shift to project support from budget support. Funding withdrawals tend to come with demands from donors that must be met by the government before funding resumes. Demands in this case include calls for prosecution of implicated officials, reimbursement of funds stolen by government officials, and improvement of public financial accountability systems. Usually, the government meets some of the demands and donors resume funding. For example, certain government officials involved in corruption have been prosecuted and public financial management systems have been undergoing improvement with support from the World Bank and European Union since 2007. However, the government has not fully kept its end of the bargain. In most cases, it has implicated and prosecuted low-ranking officials and is perceived to shield high-ranking officials from prosecution (Human Rights Watch, 2013).

Even with improvements in public financial accountability systems, the lack of political will exemplified by shielding high-ranking officials has contributed to a lack of trust in government among donors. This lack of trust largely accounts for many donors shifting from budget support to project support, with project support giving them autonomy over managing their resources. Project support has led to a multiplicity of implementing partners and short-term projects across sectors with limited coordination, reviews, and use of government systems where applicable (OPM, 2017). In turn, project duplication and short-term initiatives without long-term effects have been seen. One interviewed government official noted that project support interventions often run parallel to local government institutions, mostly undermining rather than supporting them because such interventions shift the government's best workers to donor projects and thereby crowd out its initiatives. Arguably, project support largely serves the interests of donors at the expense of long-term government interests.

The World Bank remains a salient advocate for environmental protection in its projects and is known to have withdrawn funding owing to the failure of government to comply. The emergence of China appears to be off-setting environmental protection concerns because China does not consider them. The GoU therefore has a new source of finance that is a close substitute for the World Bank and can turn to it when other donors withdraw funding citing environmental concerns. The GoU may then implement more projects that have detrimental effects on the concerns. The other major area of disagreement between donors and government is counterpart funding (cost-sharing). Disagreements often stem from unfulfilled government commitments to contribute or the government refusing to contribute (often due to lack of political will). Donors are known to have used lobby groups at the Ugandan parliament to influence members and push for demands, often arm-twisting the government to contribute, as was the case with the Social Assistance Grants for Empowerment programme. Arm-twisting often happens to secure commitments to social issues with which members believe they can score points from their constituents.

Overall, these disagreements have had lasting effects on development in Uganda. The broader effects have been cancellation of, delay of, and disconnect between programmes, the GoU's shift towards China as a source of finance, and traditional donors' shifts from budget support to project support. Since disagreements between donors and government have repeatedly been over similar issues and the government has over time developed the ability to anticipate donors' reactions (withdrawal or withholding of funding), the government understands that it can negate its commitments. However, an atmosphere of mistrust between the government and donors has also been created. As a result, donors have not been able to reliably honour their commitments to provide adequate resources (OPM, 2017). The disagreements are also partly to blame for delays in disbursement because donors take longer to assess budget support preconditions (National Planning Authority, 2013b). OECD data show that ODA gross disbursements to Uganda were lower than commitments from 2008 to 2016 (OECD, 2018).

Non-traditional donors, led by China, are known to concentrate on development as a business (Ssenyange, 2010). Their aim is to make profit, so they will focus on negotiating terms that favour them. The GoU prefers this relationship due to non-interference in domestic affairs by a donor. China's funding is mainly project support for high-cost productive infrastructure that is of limited interest to traditional bilateral donors.

Chinese-funded projects are typically selected by the government, while their outcomes are determined through select government project committees.

For loans, the GoU normally chooses which country or institution is the best source of potential funding through the Ministry of Finance, Planning and Economic Development. The rationale for choosing China is simply the country's willingness to fund productive infrastructure, provision of relatively cheaper loans, and non-interference in domestic affairs. Yet, there are perceptions of a hidden local agenda with respect to preference for Chinese funding. According to an interview with one academic, preference for Chinese funding is partly driven by opportunities for corruption among local officials in which asking for and receiving bribes is relatively easy. For instance, investigations by the Ugandan parliament's Committee on Commissions, Statutory Authority and State Enterprises showed that the 51-kilometre Kampala–Entebbe Express Highway project constructed by China Communications Construction Company Ltd. was inflated by USD 16 million (Allawi and Chengfeng, 2018). This norm contradicts the argument that Chinese loans are relatively cheap because while they seem cheap to the government, they are very expensive for ordinary taxpayers who have to repay inflated loans. Furthermore, while Ugandan citizens preferred American aid over Chinese aid, citizens' preferences were not shared by policymakers—partly because Chinese aid is susceptible to corruption (Francis, 2015).

China's aid comes with other strong conditions such as the employment of Chinese nationals. In the Kampala–Entebbe Express Highway project, one condition of the loan was for the GoU to award the contract to a Chinese company (Allawi and Chengfeng, 2018). This condition not only means that some of the loan finds its way back to China, but also that the local population is deprived of jobs that would improve welfare and boost the local economy. This is not to say that the government does not negotiate in favour of its economy—it does, especially in regards to issues like costs and jobs. An example is the cost of financing Uganda's standard gauge railway, which was recently renegotiated with China and reduced by 5% (Musisi, 2018). But the government's negotiation has limitations, like limited skills in terms of human capital. Nevertheless, according to an interview with a representative of a major traditional donor, new partnership with donors like China has given more leverage to the GoU with respect to bargaining with traditional donors.

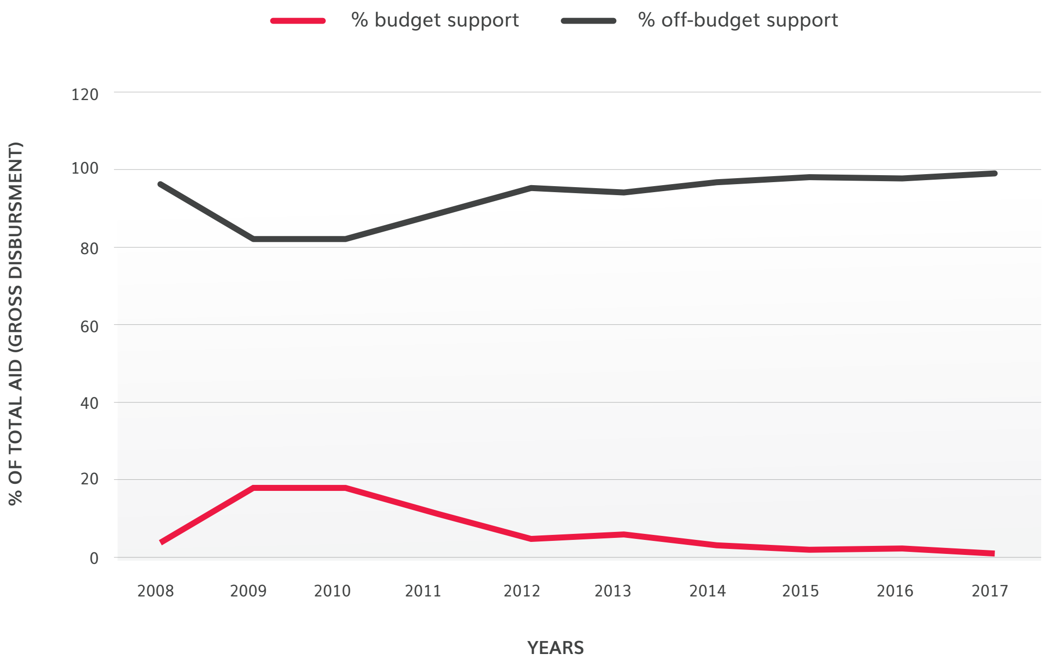
Mechanisms for external support to Uganda

Generally, external development finance to the GoU comes in the form of either budget support—channelled directly through the GoU budget—and project support, which is implemented off-budget by both government and non-governmental organisations.

Budget support was a key funding model for the GoU from the late 1990s to early 2000s. By the mid-2000s, budget support had lost its popularity, especially among donors, because of disagreements around governance and fund usage between government and donors (Williamson, Davies, Aziz and Hedger, 2014). A case in point in the 2006 general elections, were huge budget cuts by donors over democratic governance concerns. Budget cuts peaked in 2012 following the eruption of a huge corruption scandal in the Office of the Prime Minister, which was mentioned earlier.

Sector budget support emerged around 1998 as a complement to general budget support. Presently, some donors continue to work with sector budget support, but several do not agree with the modus operandi of passing all of their project proposals through Sector Working Groups for scrutiny before approval and have thus stayed away from sector budget support (Tabura, 2014). Off-budget support includes project aid (to support specific projects), technical support, vertical funds, and direct funding through NGOs. It is important to note that the GoU's preference for budget support is premised on the argument that it enhances flexibility for the GoU in implementing development plans (OPM, 2013). Nevertheless, available data from the OECD shows that from 2010–2017, budget support to the GoU gradually declined while off-budget support increased. Project support constituted about 85% of off-budget support from 2014–2017 (OECD, 2018). Figure 3 below illustrates the trend.

Figure 3. Proportion of budget and off-budget support to Uganda, 2008–2017



Source: Based on data from OECD (2018); elaborated by the authors.

The politics of partnership

The return to multi-party politics in 2005 forced the government to pay more attention to both checking the rise of political opposition and maintaining its popularity. The former has come at the expense of governance reforms expected by donors and continues to be a point of contention, while the latter has led to spiralling expenditures on public administration since the government's popularity is maintained mostly through clientelism (Wilkins, 2016). The need to remain popular has partly contributed to persistent fiscal indiscipline because the government continues to spend on unplanned priorities. In general, the return to multi-party politics has led to a significant shift in relations between the GoU and donors. Given formal political competition, the consolidation of power became a primary focus for the ruling party. In the process, the ruling party has become more fused with the government and it prefers development programmes that increase its political capital.

> **Several other pertinent development decisions are made at the State House rather than the government institutions legally mandated to do so.**

The GoU's strong influence on development outcomes is best exemplified by numerous reports of the direct meddling by Uganda's state house on the business of other government institutions. The notion "order from above" is synonymous with a state house directive, and is commonly used by government officials such as the police and government ministers to break the law (Ssemogerere, 2018). There are scenarios where foreign investors have been availed resources like land by the president without duly following the stipulated procedures such as public bidding (Tangri and Mwenda, 2013). Several other pertinent development decisions are made at the State House—the official residence of the president—by the president rather than by government institutions legally mandated to do so. This informal channel for influencing development outcomes in the country has often given donors reasons to have reservations about supporting the government, especially through budget support. The State House has created several new government development agencies and projects through presidential directives. While agencies are formed to improve development outcomes, a strong argument can be made that their priority is to build and maintain political capital.

One such agency is the Operation Wealth Creation (OWC) which was created in July 2013 (Operation Wealth Creation, 2018). It is a military-run agricultural agency (Kuteesa, Kisaame, Barungi, Ggoobi, 2018), created through a presidential directive (Wesonga, 2019). The Operation Wealth Creation was not only perceived by segments of the population as duplication of what the statutory National Agricultural Advisory Services programme was already doing, but also a mechanism to sustain military influence over free agricultural input distribution, which is hugely popular[7]. According to an interview with a development partner representative, some donors such as the World Bank, which initially supported input distribution under the National Agricultural Advisory Services programme, have opted not to support Operation Wealth Creation since its methods and intentions are a point of contention.

Still on the influence of state house, an interviewed donor official mentioned that the decision on whether or not to decentralise service delivery to local governments in 1997 was not supported by many donors and key government officials. However, those not in support could not openly oppose the president so the decentralisation idea passed.

Donors' interests and development agendas sometimes diverge, which can be exploited by government. As mentioned, traditional donors are most concerned about governance issues and value for money. Multilateral donors such as the World Bank and European Union also have keen interests in the environmental impacts of infrastructure projects. Such differences have played to the benefit of the GoU. In some instances, donors have failed to reach a consensus on how to hold the GoU accountable. When the corruption scandal was uncovered in the Office of the Prime Minister in 2012, bilateral donors such as Denmark, Germany, Ireland, Norway, Sweden and the United Kingdom were quick to suspend support to Uganda, but multilateral donors such as USAID and

the African Development Bank did not follow suit (Piccio, 2012). Despite the GoU's declining budget credibility, donors' support to the government's policy priorities remains strong. As mentioned, the emergence of non-traditional donors like China has to some extent increased the GoU's leverage in funding negotiations, especially in regards to conditionalities.

In summary, although donors can withdraw or withhold support to Uganda due to noncompliance, the GoU's interests have tended to prevail, especially when disagreements

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7 The mission of Operation Wealth Creation is to increase household incomes through facilitation of sustainable commercial agricultural production, but it is being run by the military whose technical ability and methods to deliver outcomes in agriculture have been criticised by NGOs, grassroots beneficiaries, and government officials. Operation Wealth Creation is the highest government-funded agricultural programme in the country, yet it operates outside of the Ministry of Agriculture, Animal Industry and Fisheries.

between the two touches on political issues such as elections. The government has conceded to some demands or conditions from donors, but only enough to show commitment, after which it negates its commitments. One example is prosecuting low-ranking officials for corruption and shielding high-ranking ones without recovering stolen funds (Human Rights Watch, 2013). The emergence of non-traditional donors, especially China, has increased the GoU's leverage. As long as external concerns do not threaten the government's existence, the government and donors tend to find common ground. For instance, earmarked budget support has mostly been effective in terms of allowing donors to pursue their agendas as long as they do not go against the prevailing political economy[8]. Donors' own divergent priorities affect their coordination and have only worked to the advantage of the GoU. Further, uncoordinated donor efforts to hold the government to account have often been counteracted by support from other donors, hence yielding limited results. Uncoordinated efforts among traditional donors are partly due to their different approaches to solving problems. One interviewed government official said that in cases of misappropriation, multilateral donors such as the World Bank prefer to support broad systemic reforms to improve governance and accountability, while bilateral partners tend to suspend support. Donors are also under pressure to deliver and account to their respective governments, so they may find it difficult to be party to certain collective decisions that negatively affect their performance.

Partnership negotiations

As mentioned, Vision 2040 is the GoU's 30-year blueprint for development and in its eighth year of implementation. Principle 2.2.7 notes that government institutions must "realign their development priorities with the Vision" (National Planning Authority, 2013, p. 12). The same should be done by the private sector, civil society and political organisations in Uganda. Vision 2040 recognises the roles of donors, public-private partnerships, and remittances in financing development. It is implemented through the five-year NDP, which is now in its second phase (financial year 2015-2016 and 2019-2020).

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8 When it comes to issues related to elections, donors that provide budget support such as the European Union have the tendency to exploit their support (through threats of withdrawal) to compel the GoU to address human rights violations, especially against opposition politicians. In most cases, the government has stood firm in telling the European Union to not engage in such political meddling. For instance, during the August 2018 parliamentary by-election in Northern Uganda, scores of opposition supporters were arrested for allegedly stoning the president's motorcade. When the European Parliament responded with threats of aid suspensions, the president insisted that Uganda will not take lectures from the West on managing its domestic affairs (Aine, 2018). Cases that are not politically sensitive are not handled the same way. For example, the World Bank's decision to suspend funds worth USD 1.5 billion in 2016 citing slow implementation and low absorption was met with the government's plea to lift the suspension as it worked on expediting processes (Muhumuza, 2016).

All partnership negotiations with donors are guided by the NDP, which outlines the GoU's priorities in a medium-term framework with which all donors are supposed to align their support to the government (Tabura, 2014). The NDP is developed through a nation-wide consultation process, involving the GoU, local government, donors, the private sector, and civil society (National Planning Authority, 2009). Consultation efforts have been hindered by low participation, especially at lower levels of government, which is attributed to the "high cost of local mobilisation and apathy among the population arising from discontent with budget performance at grassroots" (United Nations Development Programme, 2017, p. 31). The NDP is implemented through sector strategic plans, local government development plans, sector investment plans, annual work plans, and budgets (National Planning Authority, 2013c).

The modalities of external development finance influence the decision-making process and ultimately the development outcomes arising from the funding. With budget support, a donor grants the government autonomy over key decisions. With sector budget support, decisions are negotiated through Sector Working Groups[9]. With off-budget support to NGOs, most key decisions are made by donors. Decisions between donors and government are often arrived at through a collaborative process and are not dictated by any party. Negotiations consider issues at strategic/policy and operational levels, but stay within the scope of the NDP, which feeds into Vision 2040. Negotiations take place according to frameworks put in place by government like the medium-term expenditure framework and Sector Working Groups. There are sector strategic plans to which all donors follow. While the development of these plans is supported by donors, it is led and agreed to by the government through ministries.

Sector Working Groups are the most salient forums for aligning and negotiating priorities. Partner plans and sector development plans are presented and discussed within Sector Working Groups and, in the process, updated to sector working plans. Similarly, global collective efforts on development have served to align development outcomes across countries and donors. About 69% of SDG indicators—to which many donors look when identifying their development priorities—have been mainstreamed in the GoU's NDP (Global Partnership for Effective Development Cooperation, 2016).

Initially, some ministries wanted to use Sector Working Groups to impose their agendas on other actors. They began to use them as a mechanism to have ministerial agendas rubber-stamped without meaningful deliberations. While Sector Working

9 Sector Working Groups are key decision-making entities within sector ministries. They bring together key stakeholders, including donors, government, and CSOs, to discuss not only sectoral policy issues but also development progress and outcomes.

Groups were supposed to provide a balanced platform where government, development partners, civil society, and the private sector present and harmonise their plans with sector development plans, in reality not all Sector Working Groups were operating in the spirit of fair partnership. A case in point is Sector Working Groups within the Ministry of Agriculture, Animal Industry and Fisheries, where at the outset the permanent secretary was presenting sector development plans and pushing other actors to sign up without scrutiny or having them share their plans as well. In other words, the ministry was dictating outcomes. From an interview with a donor official, other actors in Sector Working Groups advocated for the establishment of a technical committee to review proposals and plans from all actors before decisions were taken. Even then, sometimes ministries deviated from sector strategic plans due to political pressure. The donor official added that the shift by the Ministry of Agriculture, Animal Industry and Fisheries to pursue agricultural mechanisation was a deviation from the Agriculture Sector Strategic Plan owing to pressure from the State House.

The achievement of consensus in negotiations is hinged on several factors, like the level of negotiation (strategic or operational), whether an intervention is time bound, for example a funding for a disease outbreak, type of support, and affordability of the intervention. Negotiations can also consider whether support should be in the form of budget or off-budget support and the political sensitivity of the intended programme. When support is in the form of a large concessional loan, there is a constitutional requirement for the Ugandan parliament to approve external borrowing by the government. According to an interview with a member of parliament, this requirement is partly to make sure that the project(s) for which money is being borrowed are aligned with the NDP. Objectivity has been compromised by individual interests many times. For instance, if a loan is for projects that benefit specific constituencies, members of parliament who represent those constituencies tend to lobby for funding irrespective of the terms and conditions that come with it. When an intervention will likely accrue huge political capital for government, the State House has tended to exploit the advantage of a huge government majority in parliament to influence members from the ruling party to approve external loans in disregard of the terms and conditions.

This study found that strategic/policy level negotiations are relatively harder because decisions at that level have broad-based implications, making it difficult to get political buy-in. In the financial year 2017-2018, the GoU took a long time to decide whether to continue co-funding the Social Assistance Grants for Empowerment programme—a social insurance scheme funded by Ireland, the United Kingdom, and Uganda—because it had different priorities and needed to invest in more sustainable infrastructure (Nakajubi and Kiwuuwa, 2017). Interviews with donor officials indicated that the GoU was not bothered when donors threatened to withdraw support. Donors used lobbyists in parliament to push the government to commit more money for the programme.

> **In cases of emergency, negotiations tend to be quick due to the potential humanitarian cost of delays.**

At the operational level, negotiations are less difficult, but donors' interests are accommodated more often than not. Development programmes with time-bound effects are a lot easier to negotiate, especially since the government tends to accord urgency to them, like when there is an emergency such as a disease outbreak (e.g., Ebola or nodding syndrome). In cases of emergency, negotiations tend to be quick due to the potential humanitarian cost of delays unlike in less urgent situations such as road construction. Sometimes negotiations revolve around the type of support—like cash, technical skills or equipment—to be provided by a development partner. When counterpart funding is involved, as it mostly is with budget support, affordability on the side of the government is always a key point for consideration in negotiations. The example of the Social Assistance Grants for Empowerment programme highlighted above also touches on the issue of affordability, since the government may have negotiations drag on when it argues that costs are unaffordable. Based on an interview with a government official, the Ministry of Finance, Planning and Economic Development must issue a certificate of financial implication to show whether or not the government can co-fund a programme. Without the certificate, a programme cannot move ahead.

There are also donor-NGO[10] relationships and blended finance facilities that involve negotiations between government, development partners, and the private sector. When donors fund NGOs directly, the relationship does not involve the government directly, except that the government expects NGOs to operate within the provisions of the National NGO Act of 2016. According to an interview with a donor representative, the general picture is that NGOs have been the weaker side as far as determining and assessing outcomes are concerned. One reason is that many of Uganda's NGOs are supply driven and must focus on the "business of survival". Most of them are always on the lookout for funding to sustain themselves, mostly because they operate on fixed-time project support. With declining external support, many NGOs are competing for funding from the same donors. This makes them vulnerable in negotiating with donors who have many NGOs to choose from. The fact that many of them continue to shift or expand their mandates or thematic priorities in a bid to capture any funding that is available while

10 CSOs in this context are dominated by NGOs.

others have achieved or outlived their agendas are signs that NGOs' need for survival is a source of compromise when it comes to decision making with donors.

For a NGO, its working relationship with a donor also depends on the type of donor and how the relationship is initiated. There are donors that are open to discussions and negotiations on development outcomes and there are those that are rigid in their programming. Accommodative donors like the Konrad-Adenauer-Stiftung tend to give their implementing NGOs room to set their own agendas, though an agenda must be linked to a strategic theme set by that donor. In such contexts, the donor calls for open project/programme proposals from NGOs that specialise in a specific field of interest to the donor, such as youth governance. These NGOs then respond to them in their own ways, after which the donor appraises proposals to select which CSOs to fund.

The case is different with donors that tend to dictate what NGOs should do. An interviewee working with a Non-Governmental Organisation said that donors like USAID and the Democratic Governance Facility[11], are known to have predetermined sets of objectives and indicators to which their implementing NGOs must align when competing for their funding, with call-for-proposal guidelines and outcome assessments usually being structured using objectives and intended outcomes. Further, donor-NGO relationships that are initiated through informal contacts tend to have close working ties and meaningful negotiations about what outcomes should be and how they can be assessed. Negotiations can be difficult for NGOs to initiate when no close ties have been fostered with a donor. Not much is known about why some donors are accommodative while others are not.

As for blended finance facilities, decision making often varies according to the modalities being used. In a public-private partnership, which is the predominant model, there is a Public-Private Partnership Act of 2015 that guides decisions between involved parties. Outcomes are also negotiated between parties. Delays due to technicalities are common and sometimes end with the withdrawal of the private partner. Credit guarantees are another blended finance tool that is increasingly gaining traction. They have increased collaboration between government, development partners and local financial institutions. The creation of blended facilities such as the aBi Trust, where a consortium of development partners elect one representative to the facility's board, has served to give development partners a common voice. However, the emergence of

11 The Democratic Governance Facility was initially established in July 2011 by eight donors—Austria, Denmark, Ireland, the Netherlands, Norway, Sweden, the United Kingdom, and the European Union—as a five-year governance programme aimed at providing harmonised, coherent, and well-coordinated support to government and non-governmental entities to strengthen democratisation, protect human rights, improve access to justice, and enhance accountability in Uganda.

private capital in SDG related development continues to raise questions about whether commercial capital can indeed pursue social goals, especially in situations where the determination of outcomes is left to private partners.

Despite their growing influence, non-traditional donors do not participate in formal negotiation processes. They are not members of the Development Partner Technical Working Group (African Development Bank Group [AfDB], 2017). India, for example, announces its support to Uganda at the India-Africa Forum Summit, while China prefers to deal directly with the State House and through other personal relationships with individuals, especially government ministers. Notably, the GoU's office of the attorney general is investigating a claim that the GoU's sitting minister of foreign affairs received a bribe of USD 500,000 from a Chinese official (Atuhaire, 2018). However, a preliminary report of the investigation shows that a foundation body where the minister is a co-founder received the USD 500,000 as a donation and not a bribe (Kazibwe, 2018).

Non-traditional donors also do not share data on their projects, making it difficult to track how much they have done and to assess their development impact. All in all, the informal operations of non-traditional donors' limit transparency and consequently create opportunities for corruption because not many of their dealings are open to structural monitoring and public scrutiny. Knowing that Chinese companies are tolerant to the idea of bribery is in itself helping to create an atmosphere of shared expectations of corruption between GoU officials and Chinese officials. As a result, the Ugandan media is awash with cases of alleged corruption involving GoU officials and Chinese officials. This raises questions on the cost and quality of the GoU's development projects

With regards to government-donor relationships, generally there is a nod to the fact that the government has tended to be the stronger party as far as negotiations are concerned. Relationships are not the same when it comes to programmes funded off-budget. In this case, development partners have tended to dominate decision-making processes.

Institutions and actors

The development process in Uganda is driven by Vision 2040 through the NDP. Three key government institutions lead the implementation of the plan: The Ministry of Finance, Planning and Economic Development, the National Planning Authority, and Office of the Prime Minister. Before the establishment of the National Planning Authority in 2002, the ministry was in charge of planning and managing the budget. With the shift to the

NDP in 2010, authority over the planning role was moved to the National Planning Authority (UNICEF, 2018), meaning that the ministry now budgets for a plan that it does not develop. While the ministry still leads the conversation on development financing in terms of mobilisation and distribution of resources, it must align itself with what the National Planning Authority has planned. The coordination of implementation, monitoring, and evaluation of development results is led by the Office of the Prime Minister, where a special delivery unit was created to tackle just that. The three institutions are therefore the stakeholders with the highest influence as far as determining and assessing development outcomes in Uganda are concerned. Figure 4 below illustrates the relationships between them.

Three government institutions have the strongest influence as far as determining and assessing development outcomes.

These three institutions are supposed to coordinate with each other for effective implementation of the NDP. There were challenges in coordination and cooperation between the Ministry of Finance, Planning and Economic Development and the National Planning Authority in implementing the first NDP. Specifically, the ministry, which initially controlled planning, had difficulties letting the planning role shift to the National Planning Authority, which affected the implementation of the plan because the two institutions competed "over roles and responsibilities, and control of the national development agenda" (National Planning Authority, 2013, p. 12). The outcome was a lack of linkage between the NDP1 and annual national budgets, with NDPI priority areas not reflected in budgets. This study did not establish whether this coordination challenge was addressed under NDPII which is yet to be reviewed (Nakatudde, 2018).

Among the three institutions, the Ministry of Finance, Planning and Economic Development still commands more influence as far as decision making for development and development cooperation is concerned. As a matter of fact, the Uganda Partnership Policy of 2014 gives sole authority over negotiating cooperation agreements on behalf of the GoU to the Ministry of Finance, Planning and Economic Development, but the ministry must consult with the relevant government ministry, department or agency before reaching a position (OPM, 2013). Ministry of Finance, Planning and Economic Development 'leadership over negotiating cooperation agreements' is based on its mandate, which is to raise resources for the country, and external support is part of those resources. Its leadership is also backed by the ministry's technical ability in negotiating and managing financial issues (e.g., assessing loans and assessing the GoU's capacity for counterpart funding to donor initiatives). In cases where an initiative involves counterpart funding, it has to first issue a certificate of financial implication, which shows whether the government can afford counterpart funding. If not, the initiative will not be in a position to proceed.

Other ministries then come in as the next key stakeholders, with their influence coming through sector strategic plans. Permanent secretaries within these ministries are particularly powerful officials who make sector policy decisions. Ministries are in charge of creating sector development plans in close collaboration with development partners, who actively provide support through consultation, financial support, technical assistance, and analysis (Local Development Partners' Group, 2017). The government acknowledges that engagement with donors at the sector level, while bringing significant benefits, has led to undue influence in policy setting and programming (OPM, 2013).

Development partners are the other influential stakeholder in determining and assessing development outcomes. They engage closely with government at all levels—national, sub-national, and local. The Uganda Partnership policy 2014 provides the overarching framework for collaboration between the GoU and development partners in a bid to implement the NDP[12] (OPM, 2013). The Office of the Prime Minister is leading implementation of the policy in collaboration with the Local Development Partners' Group, a recently formed forum of heads of donor agencies, through the National Partnership Forum, joint Sector Working Groups, and the joint partnership policy task force (Local Development Partners' Group, 2017). At the operational level, donors engage in the development process through participation in budget consultation forums, like the National Budget Conference and Sector Working Groups. Their influence is not the same as it was during the PEAP period, with some donors arguing that their influence is currently limited (UNICEF, 2018). Even with the Uganda Partnership Policy of 2014, the lack of a common position (i.e., coordination) for donors has meant that their influence varies, mostly depending on the funding basket of each donor. One of the aims of forming the Local Development Partners' Group was to improve coordination among development partners.

The media are key actors that have done a lot to influence decision-making processes on development, but find themselves often left out of formal processes. Radio, print,

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12 The policy advocates for coherence in Uganda's relationships with donors. It aims to fully align development cooperation with the NDP and sector strategies as well as maximise the use of government systems and procedures.

television, and social media platforms have been instrumental in breaking stories on key development issues, issuing briefs on development negotiations, and most importantly unearthing things that go wrong like the misappropriation of development funds. They have strongly alerted citizens and drawn attention to issues that would otherwise not be known. They have also continued to keep government and donors on watch to deliver services and pressured government to hold government officials accountable. Most corruption scandals involving aid have been publicised by the media.

Formal actors may also choose to operate informally. Among them, the most important actor is the president who sometimes chooses to make key decisions at the State House and impose them on or override ministries. This situation has been a major source of frustration for both international and local development actors. Some of them have benefited from such informality when decisions are taken to their advantage. A similar situation is found in the Ugandan parliament, where lobby groups exist but are not recognised within the formal structure for decision making on development, yet work with development partners on lobbying members of parliament to support their programmes. This study found that lobby groups are usually registered as parliamentary forums along thematic lines like the parliamentary forum for children or for women and so forth. In many cases, these forums have worked with development partners to mobilise parliamentary support for development programmes. Appendix 2 gives an illustration of Uganda's key development stakeholders and the incentives that drive them in development.

> **The media are key actors that have done a lot to influence decision-making processes on development.**

Determining and assessing development outcomes

The GoU's Vision 2040 has clear development objectives and indicators. The vision is implemented through the NDP which is phased as successive 5-year plans. All development interventions are aligned to the NDP. It has a monitoring and evaluation plan led by the National Planning Authority with support from other institutions including the Economic Policy Research Centre and Uganda Bureau of Statistics, districts and sub-counties. While they may have their own priorities, donors are required to align interventions with the

NDP and they indeed do so. Based on an interview with a donor representative, major development partners align interventions with the NDP through their Country Strategic Frameworks/National Indicative Programme, which are developed in collaboration with the GoU. All development outcomes are therefore priorities according to the NDP. National-level surveys, evaluative studies, and periodic reviews are conducted to assess implementation results.

While development outcomes are determined through a collaborative negotiation process, the assessment of outcomes usually happens on many different fronts. Processes may differ according to the type of donor and type of support. For budget support, a government official interviewed noted that block funds are given to the government with full autonomy to spend them through its systems. The government only has to provide satisfactory accountability regarding the use of funds. With sector budget support, project support, or any other off-budget support, outcome measurement is agreed in advance as part of a memorandum of understanding between the donor and government. Key considerations are the indicators to be measured, the skills required to conduct the assessment, and which party will fund it. In most cases, the donor has the upper hand in terms of skills and funds.

Beyond a memorandum of understanding, there is usually a programme management unit or senior management team made up of staff from both government and the donor. For instance, the senior management team of the Expanding Social Protection programme at the Ministry of Gender, Labour and Social Development is made up of staff from government and Maxwell Stamp, the company contracted by donors and the government to manage the programme funds. This team spearheads the design of programme or project results frameworks at the outset, which are used to assess outcomes. The mix of staff from government and donors caters to the interests of both parties in the design of a results framework. Another government official interviewed noted that during the design, government officials usually focus on policy-level indicators guided by the NDP, while donor staff focus on programme-level performance indicators. In terms of impact, programme-level impact contributes to policy-level impact. Donors then commission independent assessments in line with the agreed results framework.

With budget support, while the Office of the Prime Minister is the key stakeholder in the assessment of development outcomes, there are situations where some donors may not be fully content with the depth of its outcome assessments and therefore go ahead to conduct independent assessments. What is important is that what is to be assessed is mutually agreed upon through the senior management team. Generally, the government—through the NDP—has its national framework and system for assessing development outcomes. A clear monitoring and evaluation framework exists, led by the

National Planning Authority, Office of the Prime Minister, Uganda Bureau of Statistics, and Ministry of Finance, Planning and Economic Development.

Within the national framework, there are national standards indicators developed by government institutions and local government with support from development partners. These indicators guide the Office of the Prime Minister in assessing outcomes, inform the National Planning Authority's planning, and guide the Ministry of Finance, Planning and Economic Development in resource mobilisation. Development outcomes are therefore assessed by assessing the NDP every five years. In between assessments, supportive studies like mid-term reviews, national-level surveys, evaluative studies, and other periodic reviews are conducted to assess implementation results.

Notably, the government's interest in and commitment to assessing development outcomes are not as high as those of development partners, which often question the credibility of government statistics and results. Among them, a lack of faith in the technical ability of the government to conduct assessments is apparent. Indeed, there have been cases where different government institutions present different statistics on similar variables or even inflate numbers. Recently, a joint biometric verification exercise by the Office of the Prime Minister and Office of the United Nations High Commissioner for Refugees, also known as the United Nations Refugee Agency, discovered that officials at the Office of the Prime Minister inflated the number of refugees in Uganda by over 300,000 (URN, 2018). As a result of such cases, many development partners tend to take the lead in assessing outcomes using indicators set or agreed before or at the beginning of a programme[13]. Assessments are sometimes undertaken jointly with staff from government and donors designing and collecting data together, as was the case in the refugee verification exercise. Also, independent consultants can be contracted to assess outcomes, but this happens only at the programme level. At the level of national policy, assessments are done by the Uganda Bureau of Statistics, which is the government institution in charge of national statistics. Aggregate assessments in line with the NDP and SDGs are conducted by the Uganda Bureau of Statistics which is equipped with country-wide structures for conducting large surveys. Some of the surveys conducted by the institution include the Uganda National Household Survey and Uganda Demographic and Health Survey.

Donors tend to have a strong say on programme-level assessments, which directly account for each individual donor's performance. The government has more influence

13 As mentioned, some donors impose their indicators, while others give space for implementers to set their indicators, which must just be aligned with a donor's strategic theme. For budget support, the government sets the indicators together with donors.

on assessing national-level outcomes since tracking progress on the NDP and SDGs requires aggregate statistics. This situation makes sense because the government cannot be assessing small programmes all over the place. Rather, the government only has to ensure that assessments or programmes are in line with national-level objectives and does this through involvement in programme management units. Donors, on the other hand, do not have the necessary country-wide structures and thus reach to conduct national policy-level assessments, while the government is best placed to do that through the Uganda Bureau of Statistics.

The situation is different for off-budget support, where in most cases development partners determine what outcomes should be and how they should be assessed. This process usually starts before a development initiative begins. In some cases, implementing partners or NGOs are required to sign project/programme contracts. The contracts also bind implementing partners to intervention plans developed by a development partner. These plans often contain what outcomes should be, how they should be measured, and by whom. An interviewed donor official noted that these contracts are one of the various tools of accountability that donors present to their respective governments. The assessment of outcomes in a donor-NGO relationship sometimes depends on the type of donor and the working relationship between the donor and NGO, but in any case, is clearly donor driven.

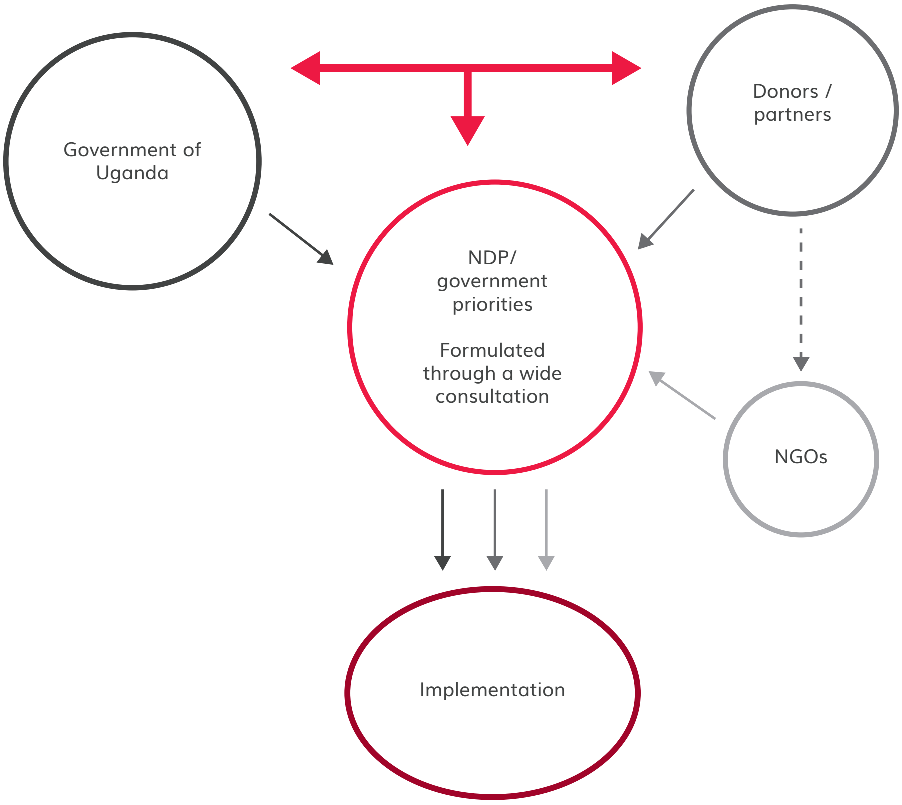
There are moderate donors that either give space to NGOs to determine and assess their outcomes or negotiate with them throughout the process. This type of donor also encourages negotiations on how outcomes should be assessed. There are donors that predetermine outcomes and require NGOs to align with them. This type of donors tends to also dominate the assessment of outcomes. Again, no matter which party leads the process, even in the context of off-budget support, development outcomes will contribute to the NDP. Problems typically occur in the harmonisation of results generated across all off-budget support programmes. According to an interviewed government official, there is no uniform framework for assessing and aggregating results across donors that provide off-budget support. Without such a framework, development outcomes

There is no uniform framework for assessing and aggregating results across donors that provide off-budget support.

from off-budget support remain scattered and difficult to measure especially at the national level.

All implementing partners are to align their agendas with the NDP, though there is no specification whether alignment should be done before, during, or after a development initiative. Figures 5 and 6 below illustrate the ideal and actual processes of development cooperation in Uganda.

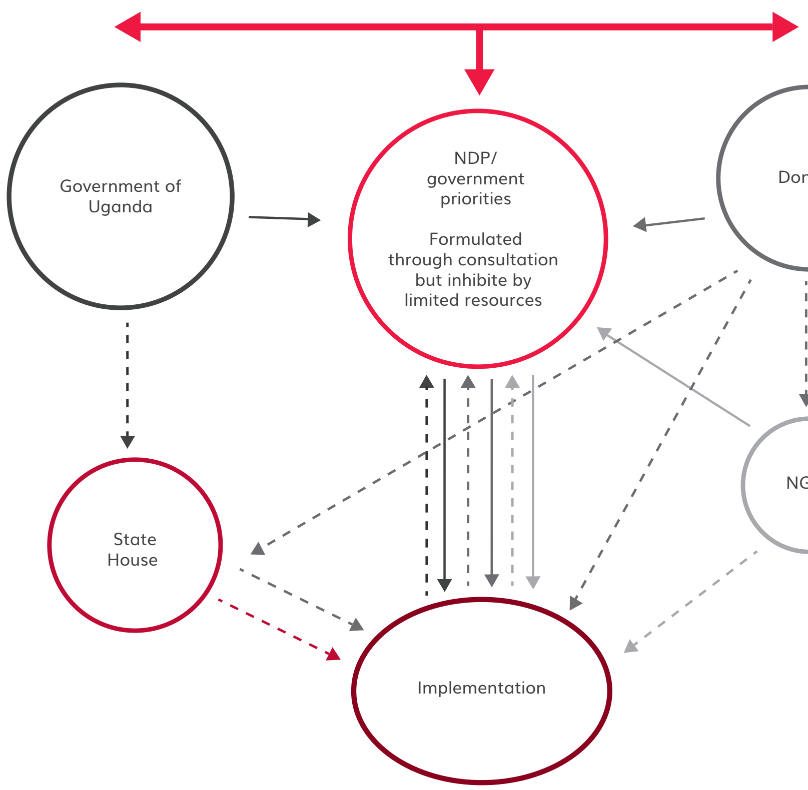
Figure 4. Ideal process of determination and alignment of development outcomes



Note. Authors' visualization based on the review of the NDP, NDP Midterm review and other relevant government documents.
Source: National Planning Authority (2013); National Planning Authority (2015); National Planning Authority (2016).

Figure 5 shows how key donors/development partners theoretically interact to harmonise development for effectiveness. It outlines direct interactions between donors and government, donors and CSOs, and each of the three stakeholders also directly interacting with the NDP. It shows that alignment with the NDP is to take place before implementation. In practice, however, what takes place is depicted in Figure 6. The dotted arrows show informal relationships across the key stakeholders, while the solid arrows are formally recognised chains. Two things are brought to light. First, sometimes programmes are designed and implemented without the NDP in mind and alignment takes place afterwards, which is depicted by the dotted arrows running from stakeholders to implementation and then back to the NDP[14]. Second, sometimes stakeholders—particularly government officials and donor representatives—prefer to deal directly with the State House and bypass the formal government structure of negotiating outcomes. The dotted lines from stakeholders to the State House depict this situation. This preference is linked to the perception that the State House has more power and can make things move more quickly. NGOs on the other hand do not have any direct relationship with the State House. One peculiar issue with Figure 6 is the participatory role of the State House, the decisions of which have many times distorted formally planned development.

Figure 5. Actual process of determination and alignment of development outcomes



Note. Authors' visualization based on the review of the NDP, NDP Midterm review and other relevant government documents.
Source: National Planning Authority (2013); National Planning Authority (2015); National Planning Authority (2016).

14 The colours of dotted lines represent each stakeholder (e.g., green is for CSOs).

The implication is that, while national frameworks for determining and assessing development outcomes actually do work and are indeed guiding the assessment of development outcomes, there are also informal ways being used to that effect. The formal structure works especially for support that comes through the national budget. For off-budget support, the situation depends on the type of donor and working relationship between the donor and implementing partner.

Conclusion

The GoU has a long-term development strategy, Vision 2040, that is implemented through the five-year NDP. Development outcomes are clearly specified in the NDP and development partners are required to align their priorities with it. Donors still play a crucial role in financing the GoU's development. Where donor funding is given to the GoU through budget support, the GoU tends to have a higher leverage in negotiations. The reverse is true where donor funding is off-budget.

The focus of the government as of late has been on economic progress. To that effect, the government's priority has been to develop productive infrastructure for development. However, traditional donors continue to push for social development. This divergence partly explains the GoU's increasing shift to non-traditional donors like China, which appear to be driven by economic rather than political motives and are open to supporting large productive infrastructure projects.

Politicians play a key role in determining development outcomes. Nationally, the president and cabinet set the direction of development outcomes. The president, through the State House, has a lot of power to override the formal systems of negotiations and as a result, some development partners like China tend to deal directly with the State House. At the operational level, in the context of partnership, the determination of outcomes depends on the type of support, the type of donor, and the category of partners. With budget support, government has full autonomy over how to use funds and therefore negotiations revolve around how to account for the funds. Outcomes are determined through Sector Working Groups, which are guided by sector development plans and the NDP. Donors that provide budget support are more concerned with broad-based reforms that can best be achieved by the government. In the case of direct project support, outcomes are largely determined by the development partner, though in line with results frameworks and the NDP.

Most disagreements between the government and development partners are politically sensitive issues. Often, donors either threaten to withdraw support or impose sanctions whenever cases such as the torture of opposition politicians or abuse of human rights come to light. From the GoU side, politicians, particularly the president and his ministers arguably have the largest influence when it comes to negotiating with donors for financial aid. Their priority agenda is to maintain political control over the country and is, therefore, welcoming as long as a development package has something to offer to that effect. Where a development package may negatively affect its political prospects, there is often a lower level of political will to commit. In the late 1990s and early 2000s, consensus was broad between government and donors on what to prioritise, but at the moment, human rights and governance are not at the top of the government's list and cases of their violation have been rampant, hence frequent withdrawals and suspension of funding by donors.

Going forward, the following issues must be prioritised:

- There is need for the government and donors to find long-lasting solutions to their disagreements. Most disagreements and negotiations revolve around the same issues, such as governance, human rights, and environmental protection. Unfortunately, mostly short-term approaches have been used to address them, often leading to cycles of backsliding by the government and funding withdrawals by donors. For development effectiveness, donors need to be more united in their approach to holding the government accountable. Limited coordination among donors has only limited their voice to the benefit of the government. As a result, their efforts to hold the government accountable have not been entirely effective. The formation of the Local Development Partners' Group, a formal organisation aimed at coordinating development partners' engagement with the GoU, has been a huge step towards harmonising donor issues related to development cooperation. Notably, key actors like China and India are not yet members of this group.

- There is need for stronger political will from the government, especially on improving government systems for the delivery of external support. The president needs to take on a larger role in initiating relationships with donors, but should leave technical negotiations to relevant officials.

- There is need to strengthen local capacity for managing development data. Data integrity and transparency remain major issues. At the programme level, as a result of their limited level of trust in GoU systems, many donors tend to conduct their own assessments of development outcomes without any coordination with the Office of the Prime Minister. This has led to many fragmented impact assessments that do not give a national status of development effectiveness. Regarding data transparency, the secret operational nature of non-traditional donors has created a data vacuum, consequently limiting the tracking and measuring of their impacts.

- There is need for the government to rethink its approach to dealing with non-traditional donors. Informality in processes itself may not be a problem, but the processes have to be transparent for accountability purposes. The currently limited transparency with non-traditional donors leaves too much room for corruption. Transparency here also extends to the issue of data availability. It would be wise to make the publication of development data a policy issue, where development partners publish certain types of data for the purposes of monitoring, accountability, and research. The Ministry of Finance, Planning and Economic Development introduced an online Aid Management Platform, where external development data are published. But the platform is in need of regular updates and disaggregation to the country level for all donors so as to improve the reliability of data.

- There is need for either the government to have in place a national coordination system for project support or for donors to focus on improving government systems to facilitate a return to budget support. The shift by some donors from budget support to project support reflects not only a loss of faith in government systems, but also reluctance to support government system reforms. Project support runs parallel to government systems, often undermining rather than supporting them. This situation causes government officials to prioritise donor projects over their government duties. The lack of a unifying national coordination system for projects means that they are scattered and duplication of interventions happens.

- There is need for the government to boost domestic resource mobilisation to reduce pressure on external borrowing. Access to China as an alternative source of available funding and the increasing need for the GoU to finance its productive infrastructure has led to a fast-rising level of government debt. Given rising debt, taxes could help increase revenue domestically. While China's funding is considered cheap in terms of the financial cost, an all-round analysis alludes to more costly economy-wide effects arising from other factors attached to it, including limited employment of domestic labour and corruption.

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Appendices

Appendix 1. List of interviews

Serial Number	Name	Institution/Position
1	Dr. Asumani Guloba	Director Research and Development Performance - National Planning Authority
2	Mr. Pius Okello Ongom	Expanding Social Protection Programme - Ministry of Gender, Labour and Social Development
3	Mr. Charles Ebunyu	GIZ (German International Cooperation)
4	Hon. Betty Aol Ocan	Leader of Opposition in the Parliament of Uganda
5	Mr. Ayub Kiranda	University Forum for Governance – Makerere University
6	Dr. Ibrahim Okumu	Lecturer - Makerere University School of Economics
7	Mr. Patrick Seruyange	Operations Advisor, Sustainable Development Section - European Union, Uganda
8	Mr. Martin Fowler	USAID
9	Mr. David Walakira	Budget Policy Specialist - Civil Society Budget Advocacy Group
10	Mr. Paul Lubega	Programme Officer - Japanese International Cooperation Agency (JICA)

Appendix 2. Key stakeholders and their incentives

Stakeholder	Role	Priority	Influence and interests
Ministry of Finance, Planning and Economic Development	Leads negotiations with donors and budgets for the NDP	Macroeconomic stability, productive infrastructure development, and mobilising adequate financial resources	Macroeconomic stability, productive infrastructure development, and mobilising adequate financial resources Very influential in the context of budget support and very interested in working with donors, despite its efforts to increase domestic resource mobilisation.
National Planning Authority	Develops and assesses the NDP	Ensuring the implementation of the NDP	Very influential in determining and measuring outcomes and very interested in pursuing partnerships for the implementation of the NDP
Office of the Prime Minister	Monitors progress on the NDP	Ensuring that NDP progress is on track	Influential when it comes to monitoring development.
Permanent secretaries of ministries	Lead the formulation and implementation of sector development plans	Ensuring that their ministries get the required resources and perform according to set targets	Very influential in determining sector priorities that eventually feed into the NDP.
Traditional donors	Provide development support and implement development programmes	Largely target social development (education, health, governance, and human rights)	Influential in supporting social development. Very interested in social development.
Non-traditional donors	Provide development support and implement development programmes	Focusing on productive infrastructure, particularly roads	Influential in economic infrastructure. Dominated by China.

Government officials	Implement development programmes	Focus on raising revenue and implementing the GoU's development priorities. Many also target personal benefits from donor projects	Very influential, with high ability to make a development initiative succeed or fail. Many are perceived to be interested in their personal benefits first.
Beneficiaries (elite)	Participate in development programmes	Knowing where development programmes are going and how people are benefiting	Influential but less interested. They have the voice to make government or development partners listen, but many of them are doing well on their own and are therefore less interested in development cooperation issues.
Beneficiaries (non-elite)	Participate in development programmes	Focus on improving their welfare	Less influential but very interested. Many are too poor and do not have much voice in decision making.
State House	Negotiates and implements development programmes	Mobilising political support for the government	Very influential, with the ability to override or direct the Ministry of Finance, Planning and Economic Development and any other government institution. Perceived to be more interested in retaining power.
The media	Independently watch development programmes and report on key issues that arise	Knowing where development programmes are going and how people are benefiting	Very influential and very interested. It has the platform to bring attention to development issues and hold stakeholders across the board to account.

Elaborated by the authors.

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