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Abstract

As many regions of the world continue to lag behind the industrialized nations in measures of income and human development, official development assistance remains an important conduit for funds, ideas and experience to travel between donor and recipient nations. The effectiveness of this assistance, however, remains an open question. Traditional analyses of aid effectiveness examine characteristics of recipient countries – institutional strength, macroeconomic policy, democracy and commitment to reform, among others – to determine which countries will increase average incomes or reduce poverty most for a given amount of aid. This paper approaches the topic from a new direction. It seeks to identify specific aspects of past projects that resulted in success in a given policy and economic environment. The ultimate goal is to design projects that allow effective development assistance to continue in countries that continue to pursue economic and political reforms.

As the largest and most experienced provider of international aid, the World Bank plays a leading role in determining how other donors disburse aid. It is also well-known for developing and refining new paradigms for aid disbursement, ranging from integrated rural development to social action funds to today’s community-based development. Some of these endeavors have been successful; many have been disappointing. Uganda presents an interesting case study of two project attributes that have recently seized the World Bank’s attention: decentralization and civil society involvement. Using World Bank evaluation documents, project outcome, sustainability, and institutional development impact ratings are compared across projects with and without decentralization and civil
society components. In addition to this quantitative analysis, strengths and weaknesses of individual projects relating to these aspects are presented and discussed. The specific Ugandan context, particularly the resurrection of local democratic institutions under the National Resistance Movement, plays a central role in this analysis.

The results of this investigation warrant both caution and optimism in the planning of future development projects in Uganda. Decentralization (for which a relatively small sample was available) does not improve either the overall project outcome or the institutional development impact, but does have a positive effect on project sustainability. Civil society involvement is associated with higher outcome and institutional development ratings, but has an ambiguous effect on sustainability. Reviews of individual projects reveal that decentralization often proceeds before local capacity has been prepared for additional responsibilities; the observed results suggest that correcting this cart-before-horse effect could improve overall outcomes. These findings can be cautiously applied to other developing countries in Africa and elsewhere, provided that local context is always taken into consideration.

I. Introduction

Foreign aid has become a major business since the industrialized nations undertook the first international development programs in the mid-twentieth century. Recognition of the disparity in living conditions that existed across the world surged during the postwar era, and its corollaries included fears for international security and hopes for expanded global markets. Leaders and policy makers from relatively rich countries offered resources and advice to the governments of relatively poor countries for the dual purposes of promoting economic growth and reducing poverty. While the true motives of both donors and recipients may be questioned, one stark fact is beyond doubt: despite hundreds of billions of dollars of aid to the African continent, many sub-Saharan African countries have real per capita incomes near or below their levels at independence. As other regions of the world experience rapid growth, the relative standards of living in Africa continue to fall further behind those of the industrialized countries who claim to offer the ingredients for development. To maintain their credibility, donor governments and agencies must continually evaluate the strengths and weakness of the development assistance they provide and adjust their programs accordingly.

The bleak picture of development expressed above should not, however, inspire unwarranted pessimism. Economic growth is just one measure of well-being; others, such as those captured in the United Nations Human Development Indicators (HDI), take account of health and education as well. Life expectancies across the developing world were converging with rich country levels in the last century, at least until the HIV/AIDS epidemic began to turn progress in health to decline in Africa. Education enrollment rates are rising, and the proportion of girls receiving primary, secondary and even tertiary education has increased almost everywhere on the continent. Successful donor-supported projects virtually eradicated river blindness and other incapacitating illnesses in sub-
Saharan Africa, although blights such as malaria and HIV remain to be conquered. The economic outlook is not hopeless, either: partly through donor and international financial institution pressure and support, macroeconomic indicators in most developing African countries have attained relative stability since the turbulent balance of payments crises of the 1970s forced many states to turn to the International Monetary Fund for emergency loans. Regional initiatives, such as the New Partnership for African Development, exemplify domestic commitments to development and growth.

Clearly, some aid projects succeed in their goals, while others have no impact or even a negative effect on development. Identifying which projects are most likely to produce the intended impact is an important matter for both the efficiency and the efficacy of development actors. The attributes that contribute to the success of an aid program – that is, not just its completion but its positive impact on the target community, institution or country – could range from the level of expertise of the project designer to the level of local involvement in project planning to the presence of safeguards against corruption and diversion of funds. Economists who seek to identify the variables that render aid projects effective generally use cross-country regressions to explain how total aid received interacts with domestic and donor-dependent variables to have an ultimate effect on development. These studies tend to focus on per capita GDP growth as a measure of successful development, although the HDI index has been appearing in more recent work. The current focus on poverty reduction and the Millennium Development Goals (MDGs) may play a role in this shift. The MDGs focus on specific indicators of well-being that are correlated with but differentiable from the level of per capita GDP. An emphasis on providing education and clean water and reducing infant mortality and maternal deaths in childbirth demonstrate that ‘development’ can be achieved independently of economic growth narrowly defined. This reflects a growing sense within the development community that equality and opportunities rival average income levels in importance.

These cross-country studies tend to identify regime type, institutional strength, policy quality, governance, or other domestic variables as critical for aid programs to meet their goals and have the developmental impact intended; this is indeed the motivation behind the U.S. Millennium Challenge Corporation’s requirements that prospective beneficiaries of Millennium Challenge Accounts meet a certain threshold of policy and corruption measures to receive funds. However, these factors associated with aid effectiveness may not be exogenous to a country’s level of
development. That is, countries with more resources can afford stronger institutions, better police forces and larger, better-trained judiciaries. Yet the political will to cut off aid to countries with poor policies is lacking; there is a sentiment that a country’s citizens should not be denied access to development funds due to their leaders’ reluctance to reform. Often, donor countries are making strategic considerations: they hope to prevent the spread of an infectious disease by improving health services or prevent instability and violence by addressing income disparities and resentment. Waiting for the right policies and institutions to be in place is not always an option. When aid cannot wait for an optimal investment climate, the attributes that contribute to development assistance success in a given country take on added significance. If donors can identify ways to structure their programs that will maximize returns to each dollar of aid, they may be able to achieve economic growth and poverty reduction even in sub-optimal policy conditions.

This question of the attributes of effective aid projects is tantalizing, but difficult to address. Aid effectiveness is generally the success of a given project in achieving its goals, but it can be measured in several ways, ranging from disbursement of funds to classrooms built to jobs created. The difficulty of finding an indicator of “success” in development projects is compounded by the wide array of factors that might influence aid outcome: existing conditions, which may vary from region to region within a country; aid structure, that is whether aid is tied or untied, provided in program or budget support form, takes the form of a concessionary loan or a grant, and is provided by a multilateral agency, a bilateral donor or a non-governmental organization; how responsive the aid is to local needs; and how susceptible aid flows are to corruption. Looking at aid programs coordinated by a single multilateral donor, the World Bank, enables us to hold some of these variables constant. All World Bank development assistance is untied (i.e. materials needed for a project can be procured from the lowest bidder regardless of nationality), although some procurement may show preference for the recipient’s domestic firms. The World Bank provides both project aid and budget support, but only project aid is independently evaluated. World Bank assistance is non-aligned with the political considerations that often influence bilateral aid, and partner donors in World Bank projects are subject to Bank rules.

Controlling for these variables allows us to focus on structural attributes of aid that may affect its outcome. Decentralization of government functions and the involvement of civil society in the decision-making process are two
development strategies that have gained increasing application in World Bank projects recently. Both theory and recent empirical research indicate that decentralization may help to increase sensitivity to local conditions, resulting in more appropriate goals and processes for aid programs. Likewise, the active participation of individuals and civil society organizations (CSOs) increases accountability, helping to identify wasted project funds and missed opportunities. Community receptivity to projects, particularly those that impose hardships or lead to increased taxation, is likely to be higher if feedback mechanisms are in place. Particularly in democratizing societies, development projects that seem autocratic in design and implementation are likely to be viewed with suspicion.

Uganda offers an opportunity to test whether these two factors have the expected effect on project outcomes. The former British protectorate experienced moderate growth and a relatively high level of development in its first decade of independence, before suffering a political and subsequent economic crisis from 1971-1986. After the restoration of (nominal) civilian control under the “no-party” National Resistance Movement, Uganda enjoyed annual GDP growth rates of around 5% for most of the 1990s, and remains today in a middle band of African countries in terms of per capita income and the HDI. The country has also experienced a wide range of aid programs and aid-supported initiatives, from massive infrastructural investment, integrated rural development and structural adjustment to a Poverty Eradication Action Plan and a Social Action Fund designed to give the government and citizens more say in the way official development assistance is spent. The World Bank in particular has been involved in most of these programs, and thus there is comprehensive information available on their structure, goals and outcomes.

Even focusing on a single country does not eliminate all the interwoven factors that contribute to differing levels of aid success. Projects undertaken in different sectors or various regions may be subject to specific conditions that do not affect all aid within the country. Methods for measuring success are still imprecise; it is difficult to put a dollar figure on improved access to clean water in the short run, even though its impact on long-term development may be considerable. While the World Bank has recently begun to publicly emphasize the importance of results-based analysis in its monitoring and evaluation of project effectiveness, these evaluations are often left incomplete as a project is closed. Thus, projects are assessed in subjective terms along a spectrum of possible outcomes, based on the suitability of their objectives and the overall achievement of their goals. This qualitative analysis is not optimal, but still allows comparison of common factors across relatively more successful projects.
This paper examines the hypothesis that the decentralization of project decision-making and mechanisms for the active participation of civil society foster successful aid programs, with success measured as outlined above. Economic rate of return and World Bank project evaluations, traditional measures of project success, will provide the dependent variables for consideration of the independent variables in the hypothesis. A brief overview of the literature will provide some theoretical and empirical background for aid analysis, and a section on the historical context will identify the particular path that Uganda from independence to economic crisis and its past experience with development assistance. The main section of the paper will consider Uganda as a case study and examine the attributes of projects that led to varying outcomes. Explanatory variables to be considered include size of project, what sector the project was concerned with, the level of local participation, and whether local governments played a role in project design and implementation. A concluding chapter will summarize findings and look for implications for the provision of aid.

II. Literature Review

Despite universal agreement that ‘development’ is a priority in countries and regions with low standards of living, there is little consensus on the form that development should take. Even the definition of a ‘standard of living’ is contested, with economists favoring per capita gross domestic product (GDP) as a measure and other social scientists advocating more inclusive measures that account for health, education, political freedom and other elements of well-being. Similarly, academics, policy makers and development actors are proponents of different approaches to development. Broadly understood, development is the expansion of economic and personal opportunities through the improvement of public services, infrastructure, and the business and legal environment. Western nations have traditionally emphasized economic and policy reform as the foundations of development, while developing countries and many non-governmental organizations have focused instead on the role of society and community groups. This section of the paper will review general studies of aid effectiveness to provide context for the operation of official development assistance in Uganda. Next, past attempts at development strategies in the country will be evaluated for any lessons they may provide. Finally, theoretical and empirical support will be presented for the hypotheses that decentralization and civil society involvement may encourage greater aid effectiveness.

Theories of Aid
Carol Lancaster (2000) identifies some of the limitations of aid programs in the past and outlines recommendations for a new approach to aid. She focuses on the role of U.S. aid in three main arenas: making peace, dealing with the opportunities and tensions resulting from globalization, and improving the quality of life for the world’s poorest citizens. In peacekeeping, the U.S. can use aid to bring intrastate or interstate combatants to the bargaining table and provide recovery assistance to prevent severe economic inequalities from arising or persisting. Aid can also provide the cushioning necessary to offset the volatility that results from increased international capital flows, as in the Asian financial crisis of 1998. Lancaster foresees a diminished role for development aid in the 21st century, with a stronger focus on responding to humanitarian emergencies. She makes an exception for many African nations, however, which have made less progress than other regions in providing regulatory environments that attract private investment and have not benefited fully from aid because of weak institutions (e.g. protection of private property and a strong and independent judiciary). She places some of the blame on the multiple of aid agencies in the region that fail to coordinate their programs, and challenges the World Bank to provide leadership for the future. She also recommends that the World Bank refocus on its core mission of long-term development aid.

David Dollar and Paul Collier (2001) proceed from such aggregate evaluations of aid to investigate the developing country conditions that favor poverty reduction. From the point of view of donor countries from the Organization for Economic Cooperation and Development (OECD), they find that aid and good policies mutually reinforce each other to result in increased growth rates relative to countries that do not implement policy reforms successfully. They measure policy strength using a data set created by William Easterly which incorporates macroeconomic indicators, structural policies, public sector management and social inclusion (Collier and Dollar, 1788). They forecast little to no growth in sub-Saharan African economies over the next 15 years, given the current policy environment, with depressing implications for poverty reduction. However, they note that holding policies constant, poverty in low-income countries is more responsive to aid, so that poorer countries should be allocated a greater proportion of aid in order to maximize overall poverty reduction. Under this framework, success requires that donors be selective in directing aid towards countries with good economic policies (e.g. low budget deficits, low inflation, and a positive balance of payments). Interestingly, Collier and Dollar cite Uganda as an example of relatively efficient aid allocation, with strong policies and moderate amounts of aid (Collier and Dollar, 1793).
**Past Development Strategies**

Several studies have examined the effectiveness of early attempts at development in Uganda. Dennis Rondinelli (1979) identifies the motivations behind the transition in the development community’s focus from expanding aggregate income to promoting equitable outcomes, resulting in the introduction of Integrated Rural Development (IRD) in the late 1960s. The shift was a response to increasing disparity between rich and poor nations and between the rich and poor within developing nations – evidence that the promised benefits of economic growth were not reaching everyone. IRD was an effort to promote “balanced” development strategies that could target all regions of a country instead of relying on urban and industrial growth to be the engine of the national economy (Rondinelli 393). It also reflected the free-market countries’ chagrin that socialist states such as China appeared to be improving overall consumption through rural collectivization. IRD, according to Rondinelli, was often undertaken with an incomplete understanding of the actual effects of development efforts on the target regions, but factors such as political commitment, administrative support, sophisticated technical inputs and local administrative capacity were identified as crucial to the success of international financial and technical assistance. These prerequisites remain important for any development agenda today.

J.A. Binns and D.C. Funnell (1983), in their subsequent analysis of Integrated Rural Development, highlight the wide range of considerations that enter into projects with a regional focus. An area in dire need of irrigation or improved public services may be identified, or conversely the kind of project may be chosen first and then a suitable location found. While the World Bank embraced IRD and hoped to achieve through integrated projects results that could not have been obtained piecemeal – for example, through combining investment in an irrigation system with the improvement of local roads so that surplus agricultural produce could reach other markets – the actual choice of locations has often been subject to political manipulation. Thus, the attempt to choose regional targets for development that are either most in need or poised to reap the greatest rewards may be tempered by well-connected politicians with ties to specific regions within a country. In fact, government agencies are likely to be dominated by representatives of relatively wealthy regions, so that their influence diverts development funds away from the areas most in need.

Binns and Funnell point out that some IRD projects were intended as pilots, to be replicated in other regions
if successful. However, since the World Bank relies on the host country to take the initiative once the first projects are underway, fiscal constraints and a shortage of individuals with the required technical expertise were likely to prevent such goals from becoming reality. Other obstacles included regional differences in social organization and administrative structure and capacity. The spatial diffusion of innovations plays a major role in theories of development. Since the resources necessary to implement comprehensive donor-funded investments across an entire country are considerable, much development aid depends on teaching by example. Binns and Funnell assert that a local project which raises incomes or improves the provision of public services will be replicated by inhabitants of neighboring areas – provided they have access to adequate resources, of course. This is anticipated especially among entrepreneurs and farmers, who can observe the business practices and agricultural methods of their neighbors, and less relevant for projects such as road improvement that require coordinated bureaucratic involvement. Williams (1981) highlights a related form of diffusion, in which individuals rather than a region are targeted; early World Bank projects in Nigeria, for example, provided training, seed and fertilizer to “progressive farmers” who were expected to serve as examples to their community.

Binns and Funnell also highlight a major variation in IRD project targets: some have the stated goal of improving aggregate income and surplus measures in a region, while others are equity-based and designed to target citizens with limited resources. The authors illustrate the tension that results when intensive cultivation of cash crops is introduced to raise incomes when mobilization of the entire community is the nominal goal. Since intensive cultivation benefits from the presence of a wage labor market, leading farmers and landowners have an incentive to keep the technology and inputs required to grow a cash crop out of the hands of the community at large, so that some farmers are induced to offer their labor to employers instead of farming their own land.

Mabogunje’s (1981) major criticism of IRD is the naiveté demonstrated by international donors who expect projects tailored to one region to be replicable across an entire country. He emphasizes the repeated failure to adapt pilot projects to local circumstances even when the political will existed to expand development initiatives. While Mabogunje refers mainly to geographical considerations, the social structure and other defining characteristics of different regions must also be considered part of the local conditions that development must accommodate. He also suggests that donors funding IRD projects may prefer to focus on inputs rather than community mobilization,
avoiding in that way equity issues and the sensitive topic of land reforms. This analysis paves the way for incorporating local feedback in the design and implementation of development projects, a trend that is gaining traction today.

Lele (1975) contrasts “maximum packages” provided by the World Bank with less invasive “minimum packages.” The former include large-scale social and physical reorganization, with a range of interventions such as irrigation, infrastructure development and resettlement of local populations. Minimum packages, which focus on the methods and inputs of production, are less likely to disrupt the social fabric, and diffusion is more likely to be successful. Location-specific projects that require concentrated investment may have a dramatic effect on the target region, but the likelihood of replication is small. It may be preferable, according to his critique, to identify regional strengths and build on them, working in collaboration with local governments, rather than try to implement nationwide one-size-fits-all prescriptions for development.

**Decentralization and Civil Society: Opportunities for Improvement**

Several studies have looked at the relationship between decentralization and aid effectiveness and civil society involvement and aid effectiveness. Klaus Deininger and Paul Mpuga (2005) examined the effect of corruption on a range of outcomes in developing countries. They find corroboration for the expectation that corruption reduces the productivity of public investments and raises the expected cost of doing business; both effects act to slow a country’s rate of economic growth. A heavy dependence on aid transfers is correlated with a lack of accountability and poor governance, but the direction of the causality is uncertain. The authors do identify a positive relationship between accountability in public service delivery at the local level (e.g. voter control of local government) and quality of service delivery. Their case study is based on Uganda.

Craig Johnson (2001) also explores the veracity of the argument that democratic decentralization (i.e., the devolution of power and responsibility to locally-elected councils) leads to rural development by making the state responsive to individually expressed local needs and aspirations. He finds that democracy and decentralization are not prerequisites for poverty reduction, but that a particular combination of conditions can improve poverty outcomes. Specifically, local autonomy must be balanced with accountability; support from external actors bolsters the process of development in a democratic context; and support for continued democratization ensures that gains are
lasting. Johnson makes the link between corruption in rural infrastructure projects and calls for increased accountability via democratic decentralization. He also points out that local decision-making will only result in development and poverty-reducing outcomes if the resources and technical capacity are present to implement the changes identified as necessary by local constituents – hence, a role for external actors to support decentralization and development. These influential actors can be domestic or foreign, and include NGOs, donor states and higher levels of government.

Milton Esman (1978) was among the first to highlight the important role of civil society as an intermediary between individuals and the state. He sought to clarify the relationship between the state and service-receiving individuals in low-income countries, in particular trying to explain the gap between significant macroeconomic growth and the stagnation of rural areas. On the basis of his research in Asia, he advocates for the formation of constituency groups of farmers that have the wherewithal to negotiate with government and with aid agencies for favorable policies. He proposes similarly organized groups for the poor in general in order to increase the likelihood of access to improved public services. However, he also notes that social and political organization is extremely costly for many rural poor, and is only likely to succeed with government support – a paradoxical situation if well-represented elites have a vested interest in conserving resources for other matters. External actors seeking to promote accountable development would do well to anticipate this potential obstacle. Dual accountability – to the central government and to constituents – appears to be the most beneficial structure for local government.

Mikael Karlström (1999) offers an updated interpretation of civil society as it functions in Uganda. He rejects the restrictive definition of civil society as comprising only voluntary associations in favor of a rubric that encompasses kinship and religious groups as potentially valuable members of civil society. His analysis devotes considerable time to the democratically elected Local Councils which function at the village level in Uganda, and finds wide variation in their levels of organization and effectiveness. According to Karlström, pessimistic evaluations of civil society’s strength in Uganda do not take these existing sources of identity and association into account. These village councils, as will be demonstrated in some individual projects, can contribute significantly to aid effectiveness, but are not in and of themselves a solution to the development question.

These papers establish some possible mechanisms through which decentralization of development projects
and the decentralization of government authority sponsored by donor countries and multilateral institutions can improve living standards in local areas, both rural or urban. The initial unbalanced approach to development failed to generate widespread increases in well-being, but a more nuanced approach to targeting local needs while taking consideration of the prerequisites of local capacity and accountability for aid effectiveness could result in more equitable, poverty-reducing development in the future.

### III. Historical Background

The story of economic development in Uganda is not restricted to the era of industrialization. Agriculture, which remains an important source of income for millions and a major component of GDP, has been a way of life in the region for centuries. Correspondingly, trade and the organization of local markets have developed over a long time period. These economic structures interacted with European and Arab traders in the days of exploration, while the process of colonization incorporated local political structures for the purposes of administration, production and taxation. Rivalries also grew up between ethnic and regional groups as members of the elite vied for power, first under the aegis of the colonial government and then after independence. These rivalries and modes of production determine the allocation of government investment and of aid projects today. A brief overview of major trends in these areas is therefore warranted.

**From Protectorate to Independence: Parochial Tendencies**

David Apter characterized Uganda at the threshold of independence as a modernizing autocracy, in which change was accepted only when mediated by traditional institutions (Apter, 5). The dominance of the Buganda region and the prominence of its *kabaka* posed a direct challenge to the founding of a unified secular state. Uganda as a British protectorate incorporated three provinces in addition to Buganda that would necessarily diminish the traditional authority of the *kabaka*. As a result, the loyalties and attentions of the Baganda people remained directed towards Mengo, the Bagandan capital, during the early years of the independent state. Mengo was the society’s first permanent capital, replacing the roving court held by the *kabaka* since the arrival of the British, and was also home to the *Lukiko* parliament and formal courts. Apter attributes a fierce and puritanical nationalism to the Baganda that resulted in tightly woven defenses against outside interference and an insular mentality of protecting their own
This “tribal parochialism” was not restricted to the Baganda. Kinship and ethnic affiliations initially trumped allegiance to central power in all of the provinces, and cooperation was stymied by fear of strengthening one group at the expense of another (Apter 19). District councils, introduced by the British for administrative purposes, became alternative focuses to the organized unitary government because they were more likely to be affiliated with the local ethnic group. These factors, along with religious competition and the co-option of monarchical clan-chieftaincy systems where they existed by the British, worked against the development of national political organizations and hence against a coherent program for economic development. Also, economic opportunities after independence were initially perceived as promising; the establishment of ties with European markets had expanded trade opportunities and improved the already sophisticated transportation infrastructure. Africans, including the future Ugandans, saw foreign interference as the main obstacle to economic advancement; according to Apter, they looked forward to eliminating foreign influence and middlemen in the production and supply chain for agriculture in order to reap the full benefits of production (Apter, 18). The marketing boards, controlled as they were by the colonial government, were perceived as a checkpoint for revenue collection (supplementing taxation) rather than an avenue for achieving economies of scale in exporting. Their removal was expected to raise returns to agriculture and provide an increased flow of funds to support future investments.

During the 19th century, production in Uganda was dominated by agriculture; bananas and other permanent crops were favored particularly among the Baganda (van Zwanenberg and King, 26). Temporary crops were farmed for three or four years before letting the land lay fallow for a longer period of time. Maximum population density was rarely above 100-150 people per square mile, and so the demand for agricultural land did not exceed the supply. In acephalous societies, tenure was generally established by usufruct, and the landless could clear forest in order to claim a plot, while more centralized societies with a king or chief figure allotted patronage land, but land was generally available to every male individual and the women of his household. A land market also existed, allowing excess land to be parceled out for a fee of livestock or other goods. In other regions, including Ankole, cattle provided the main source of wealth, and political organization was based around protecting the herds and ensuring equitable pasturage (Ingham 1958). After the formal intervention of the British in 1884, this structure changed in
Buganda, which due to its special relationship with colonial authorities received a large tract of Bunyoro land (van Zwanenberg and King, 59). This apparent gain was accompanied by a reduction in the power of the *kabaka* as the colonial government began to distribute land and undermine the patron-client relationship. The colonial administration then used this influence to induce the local Baganda chiefs to distribute cotton seed and encourage the development of cash crops in their regions; this enforced agricultural transition could be considered the first economic ‘development project’ in Uganda, although its primary purpose was to support the British Cotton Grower’s Association (van Zwanenberg and King, 61).

Under the British Protectorate, Buganda received the greatest level of autonomy, while the kingdoms of Toro, Bunyoro, and Ankole, which anchored the other Ugandan provinces, had moderated agreements with the central administration that allowed them a measure of self-governance in local matters. Citizens in each province elected members of the national Legislative Council during the 1950s, except when religious unrest in Ankole cancelled elections there in 1959. At the district level, the roles of colonial authorities were fairly consistent during the 1950s: they made up an ‘entrepreneurial committee’ concerned with local development and social welfare…[while] they have helped to keep the district and lower councils informed of developments in public policy at the center” (Apter, 41). This arrangement sought to maintain the peace by allowing ethnic groups to avoid direct competition for resources, but it also delayed the eventual cooperation necessary for development on a national scale.

Original British interest in the Uganda Protectorate, according to Her Majesty’s Special Commissioner Sir Harry Johnston, stemmed from both political and economic reasons: to control access to the Nile, to morally “uplift” the natives, to promote European settlement and economic growth, and to provide a market for the British Indian empire. The attempts at widespread settler farming failed in the wake of volatile commodity prices and the Great Depression; as a result, African farmers were able to enter the fringes of commercial agriculture and began to actively campaign against the alienation of fertile land. The extension of health and social welfare systems provided opportunities for Africans to enter the official channels that had previously been dominated by Europeans. (Apter 47-48).

The 1911-1921 Carter Commission was the first body to recommend the alienation of a large portion of Ugandan Protectorate land from Africans to go to white settlers, a strategy accompanied by the establishment of a
white-dominated Development Commission. However, land tenure ambiguities and price volatility combined to make settlement less attractive and allowed African farmers to retain control of the export market (van Zwanenberg and King, 63). The areas of agricultural transformation most in need of attention at independence were identified as diversification; supporting the efforts of the most efficient peasant farmers (anticipating Williams’s [1981] interpretation of diffusion); improving the availability of capital goods; instituting land registration; and encouraging capitalist estate farming (van Zwanenberg and King, 70). In particular, the World Bank Commission on Uganda (1961) at independence considered most agricultural activity to still be at a subsistence level and focused on the expansion of large-scale farming and technical advancement as key development priorities (van Zwanenberg and King, 76).

In 1940, the British Home Government had established a financial aid fund for colonial development. The Second World War delayed implementation of the funds, but in 1943 the Ugandan Development and Welfare Commission began to evaluate development ideas and priorities suggested by individuals (Ingham 218). The initial result was a six-year development policy announced in 1944 with a specific focus on raising the economic standards of the African population by focusing on mass education, medical services and improved housing (Ingham 219). Economic development as an articulated goal later appeared in the Worthington plan of 1946; this document expressed a desire to “cause production in all its forms to increase at a greater rate than the population” – in other words, the Worthington plan anticipated the later development emphasis on per capita GDP growth (Apter 48).

Optimism to Military Intervention: Early Independence

At independence, Uganda had two main exports: coffee and cotton, which accounted for 85% of national exports and 35% of East African exports. Notably, peasant farmers dominated production, producing all of the cotton and 90% of the coffee; estate farms had only a 10% toehold in the coffee market (Apter 49). Marketing boards, now controlled by Ugandans, oversaw the marketing of these commodities internationally, and established Price Assistance Funds to act as insurance against fluctuating prices. Producers sold their crops to the relevant marketing board for a guaranteed sum (although one often below world prices), and the discrepancy was used to pay the difference in low-price years and to fund investments in education through the African Development Fund (a domestic fund not to be confused with the African Development Bank). Similarly, the Uganda Development Corporation supported
investments in industry and mining capacity, encouraging exports of copper, phosphates, and tungsten (Apter 51-53). The direct link between export revenues and large recurrent expenditures – education, roads, and social welfare programs – meant that volatile prices undermined continuing investment in development.

The progression of development in Uganda has been intimately tied to the evolution of the central state power. ‘National’ political parties, the Uganda People’s Conference (UPC) and Democratic Party (DP) foremost among them, began to take hold in the 1950s, but due to the regionalism noted above they focused on locality and ethnicity rather than political platforms when establishing their identity (Furley, 127). The Buganda party, Kabaka Yekka (King Alone), was a prime example of regionalism dominating the agenda of a major political party (Nsibambi, 47). This presentation of parties as a representing allegiances to ethnic groups rather than as independent organizations advocating competing policies and styles of government would later undermine acceptance of parliamentary decisions. This lack of legitimacy only worsened when Uganda’s Parliament approved the so-called “pigeonhole constitution” of 1966 without even debating Prime Minister Milton Obote’s new document (Furley, 127). A second extralegal revision to the constitution created the 1967 Constitution, which extended the executive powers, replaced nascent federalism with a unitary system and began a process of centralization of power that was to continue until the 1980s. The local arms of government became completely subject to the influence of Obote, now executive president (Nsibambi, 47). This deviation from the democratic process fueled a second trend that was to haunt Uganda for two decades: the militarization of the state, with its concomitant lack of regard for civilian control of government and development.

As discontent with Obote’s newly imposed unitary regime grew, the president relied increasingly on the personal allegiance of portions of the army that came from the north and north-eastern regions of the country. Obote’s vision of a modern socialist state soon alienated Britain, Uganda’s former colonizer, along with most other Western donors, although trade continued. A subsequent coup in 1971 by Idi Amin, the army chief, drove Obote from power and threw further obstacles in the path of economic development (Mittelman 168). Amin remained in power at the head of a unitary state strangled by military rule until his overthrow by Ugandan guerilla forces with Tanzanian support in 1979 (Nsibambi 47). Subsequent elections returned Obote and the UPC to power, but allegations of ballot-rigging triggered a response by Yoweri Museveni’s National Resistance Army (NRA). “Obote
2,” as the 1980-85 administration was popularly known, had ambiguous implications for development. While the ongoing political instability, weak democratic foundation and destruction of property and infrastructure following Amin’s fall undermined Ugandan economic development, Obote’s return to power brought close ties to Western governments and significantly increased donor funds thanks to his willingness to commit to macroeconomic structural adjustment (Kasfir, 279).

**Ascendance of the National Resistance Army and Movement**

The steady progress of the NRA across most of Uganda’s territory offers an important glimpse into the importance of decentralization for Uganda today. The NRA, which began its struggle against the Ugandan government in 1981, initially had a broad but vague commitment to obtaining popular support for its cause. According to Nelson Kasfir, this tenuous doctrine evolved into a policy of encouraging local community members to elect democratically Resistance Councils (RCs) that would oversee local affairs (Kasfir, 272). These structures facilitated “relatively autonomous and voluntary civilian participation,” but their continuation was only possible in regions that the NRA controlled as safe zones; in territory that the government re-took, the councils were disbanded (Kasfir, 274). Museveni, who had been involved in student movements since Obote’s 1966 pigeon-hole constitution and started the Front for the National Salvation of Uganda (FRONASA), the NRA’s predecessor, following Amin’s 1971 coup, was well-acquainted with Eduardo Mondlane of the Frente de Libertação de Moçambique (FRELIMO). He observed guerilla warfare firsthand in Mozambique and developed the belief that participation in a resistance movement developed individuals with “wide horizons and great balance of mind” who were no longer constrained by the parochial interests that have traditionally dominated Ugandan politics (Kasfir, 276).

The NRA initially had little public support and few arms. Its ties to civilians began with the development of a supply chain that incorporated sympathetic civilian individuals in the Buganda region. Although the acquisition of arms led some NRA commanders to believe that they no longer needed civilian support, that very support was strengthened by the government’s failure to protect citizens from the depredations of a rival resistance movement, the Ugandan National Liberation Army (UNLA) (Kasfir, 280). NRA support for local democracy and autonomy was not consistent: although the NRA succeeded in evacuating hundreds of thousands of civilians from the Luwero Triangle in 1983 and allowed them to maintain their elected councils in refugee camps, support for democratic
institutions declined as the army focused on a major offensive (Kasfir, 280). As the NRA developed a large safe zone in the region, people were allowed to return to their homes and the democratically elected councils resumed their former duties in local administration and dispute resolution; they were also expected to continue supporting the NRA through the provision of food and other supplies. The NRA reliance on local support and encouragement of local councils led to the belief among civilian supporters that the movement supported a return to federalism and greater autonomy for the kingdoms of Uganda, particularly Buganda, a belief that would be challenged during the process of writing a new constitution (Kasfir, 283).

**Toward Economic Recovery in the Museveni Era**

Museveni implemented the Economic Recovery Programme in 1987 in an attempt to stimulate growth, which had previously been negative, and overcome fiscal and monetary crises (Mavrotas 1022). The attempt to stabilize Uganda’s finances coincided with the international donor community’s emphasis on structural adjustment, and loans were quickly made available to the ostensibly democratizing country. Fiscal crisis returned in 1991, to which the government responded with policies intended to restore macroeconomic balance, supported by International Monetary Fund and World Bank loans. Aid levels have dramatically increased since the early 1980s.

George Mavrotas, in a study on the partial effects of different kinds of aid, disaggregates these aid flows to Uganda since 1980 into project aid (most closely related to World Bank lending operations directed towards specific objective), program aid (general budget support), technical assistance and food aid (Mavrotas 1022). Project aid is the largest share of aid today, followed by program aid, technical assistance, and finally food aid. When aid is divided into these broad categories, about half of project, program, and technical assistance funds are spent on consumption (both public and private), while food aid appears (as expected) to go entirely to private consumption. Program aid and technical assistance appear to have a positive impact on public investment levels, while project aid is negatively related to public investment, indicating a substitution effect. All forms of aid appear to have a negligible impact on tax revenues, leading to neither a significant increase nor a significant decrease (Mavrotas 1031). These generalizations indicate which broad kinds of aid are likely to have a specific desired impact, e.g. increasing consumption or public investment. However, this paper’s inquiry still remains: within the category of project aid, what variables can the donor agency manipulate to improve aid effectiveness? The next section takes a look at some
of the available data for addressing this question.

**Progress and Status of Democracy**

These economic developments were accompanied by the institutionalization of the NRA’s guiding political precepts and the army’s conversion to a governing National Resistance Movement (NRM). Despite the introduction of democratic elections at the local level, for several years after 1986 the central government was directed by the National Resistance Council (NRC), an appointed body. The NRC passed a Uganda Constitutional Commission Act in 1988, initiating a process of consultation and debate over the elements of a proposed constitution (Furley 129). The initial Constitutional Commission was appointed by President Museveni and the minister for constitutional affairs; although it was committed by law to developing a democratic system and holding consultation sessions throughout the country, fears remained that the hand-picked commission would not create a document acceptable to a majority of Ugandans. Critics – including many members of the UPC and DP – accused the NRC of circumscribing discussion by issuing a set of Guidelines and Guiding Questions on Constitutional Issues to be used in local debate.

The ostensible motivation for these publications was to inform citizens of the issues under consideration and prepare them to participate in workshops and seminars. There was also the danger that local committees would censor community input as the results of consultations were presented to upstream authorities. These concerns were addressed via the creation of a partially elected Constituent Assembly (CA) in 1994 (partially elected because the NRC reserved a set number of seats for youth, women, the army and other influential groups and appointed members to these seats) (Furley, 131). The CA eventually determined the outcome of the debate over a federal or unitary system of government in favor of a unitary system. This disappointment to the federalists was mitigated by continuing commitment to the decentralization process implemented in 1993, before the finalization of the Constitution. Under decentralization, districts rather than provinces became the main loci of power below the central level; alliances between districts were permitted for the purposes of cultural preservation and development but were not allowed to achieve the prominence of federal-style states. The CA deferred decision of the controversial question of whether government would be multiparty or “movementist” (i.e., directed by a unitary government associated with the NRM, also known as the “no-party” system) by calling for a referendum on the topic in 2000. This allowed five years after the promulgation of the constitution for presidential and parliamentary elections that would allow the party
question debate to continue (Furley, 135).

The evolution of democracy, decentralization and development in Uganda since the 1995 Constitution took effect initially offered a guardedly optimistic outlook for the future. While donor governments and institutions supported Museveni’s no-party democracy as a solution to the violent conflict fomented by regionalism, the 2005 amendment to the constitution that allowed Museveni to seek, and win, another term as president has generated concerns that the NRM will not suffer kindly a democratic transition of power; the imprisonment of opposition candidate Kizza Besigye during the 2006 presidential campaign on charges of treason lends further support to these concerns. Major official development assistance investments were rewarded with high growth rates – annual GDP growth averaged 6.7% from 1995-2004 – which appeared to vindicate the use of sector-wide approaches (SWAps) to stabilization and reform (World Development Indicators). Civil society organizations were invited to participate in the 2000 revision of Uganda’s Poverty Eradication Action Plan (PEAP), and did so, although there were later complaints both that their concerns were not sufficiently incorporated and that civil society organizations were ill-prepared to undertake complex analysis and debate (Eberlei, 48). Evaluations of the strength of Ugandan civil society – community-based organizations, local NGOs, churches and other actors – indicate that it is still too weak to stand up independently to abuses of power; thus plans that call for civil society involvement without simultaneously supporting capacity-building are likely to fail (Nsibambi, 44).

The Ugandan central government is ambivalent about the development of civil society: on the one hand, civil society serves as a constraint on the exercise of state power; on the other, a strong civil society provides legitimacy, particularly since the increased participation of citizens in local government is facilitated by the presence of experienced civil society associations. The following section will evaluate the performance of World Bank development projects implemented under this context of decentralization and development of democracy and civil society. All projects were completed following the promulgation of the 1995 constitution.

IV. Case Study: World Bank Aid Projects in Uganda

Evaluation data is available for 15 World Bank lending projects in Uganda with closing dates between January 1, 2000 and December 31, 2004. The evaluations take two forms: all projects included in this study have Implementation Completion Reports (ICRs), and one-third (5 out of 15) have Project Performance Appraisal Reports
ICRs are self-evaluations conducted by the World Bank staff team that designed and carried out the project in conjunction with the borrower – that is, the Government of Uganda and its relevant ministries. They are supposed to be candid assessments of the project with a particular focus on the factors that led to either good or disappointing results. The Independent Evaluation Group (formerly the Operations Evaluation Department) is an autonomous division within the World Bank that offers objective evaluations – PPARs – taking account of the initial ICR for a project but also conducting interviews with project participants and stakeholders from an outsider’s perspective. PPARs test the self-evaluation of project teams and are designed to aggregate knowledge through lessons learned across projects and countries. Both evaluations rate projects according to five main categories: the sustainability of a project’s components after the project itself closes; the institutional development impact of a project; a project’s outcome in terms of its initial development objectives; Bank performance in implementing a planned project; and borrower performance during the implementation process (for more information on the increments used in these evaluations, see the notes to Table 1).

There is some danger that the set of projects for which evaluations are available is not a random sample from all the Bank’s projects in Uganda. Specifically, the Independent Evaluation Group/Operations Evaluation Department annually evaluates only 25% of all completed World Bank projects, and its attention is focused on lending that is innovative or complex, to large projects, and to issues that are the subject of country evaluations or larger aid design studies (Cotton Subsector Development Project, i). Uganda, because of its recent economic development successes and its status as an “aid darling” due to its donor-friendly stabilization and liberalization policies, probably has more PPARs conducted than other countries. Since the focus on involving civil society and civil society organizations in development planning and implementation is relatively recent, it is possible that projects involving civil society are more likely to have PPARs prepared as the efficacy of this approach to development is tested.

In order to maximize the sample size and minimize the chances of selection bias, this study includes all projects for which at least an ICR was available, and includes PPAR ratings where possible. To account for discrepancies between ICR and PPAR ratings, all statistics were calculated first using ICR data for all projects, and then using PPAR data for applicable projects and ICR data for the remainder. There appears to be no systematic bias in the ICR rankings – they do not tend to be either higher or lower than PPAR ratings for any given project – so
using projects for which only ICR data are available should not skew the overall results. The major distinction of the PPAR results, besides the assumption of greater objectivity, is that they take a more long-term perspective on project outcomes and sustainability. This is due to the fact that they are completed in the years following project closure, during which government policy or other changes may have altered the ongoing effects of closed projects (e.g. the Cotton Subsector Development Project, below). This characteristic may explain why the only significant difference between the all-ICR data and the partial-PPAR data is in the sustainability category.

Once the projects with available evaluation data were identified, these projects were classified according to two categories, decentralization and civil society involvement, with the goal of testing the hypothesis that these two factors foster successful aid projects. Decentralization is classified on a binary scale: projects that explicitly involved the decentralization of formerly centrally run activities received a 1, while others received a 0. Since the Ugandan government implemented its decentralization program in 1993, virtually all subsequent development projects were affected. In the current sample, only 2 projects (Agricultural Research and Training Project and the Private Sector Competitiveness Project) do not explicitly include decentralization among their components. The conclusions that can be drawn on these grounds are thus relatively weak, but comparisons may still offer some insight.

Greater variation can be found in the involvement of civil society in development projects. Of the 15 projects in the sample, 6 directly involved community members and voluntary associations in the design and implementation process, while 9 lacked this feature. Again, whether or not civil society played a major role in the project was determined on a binary basis, with 1 for involvement and 0 for no involvement. Granting the civil society designation is admittedly a subjective assessment, requiring an analysis of project documents. Since participatory development has taken hold in recent years, most projects contain at least some language relating to stakeholder awareness (stakeholders being the ministries or local governments involved as well as non-institutional beneficiaries and those affected by a project in less positive ways). For the purposes of this study, projects were determined to have a civil society component if they contained explicit mechanisms for the involvement of community members, voluntary associations, and other non-public entities that had a major impact on project outcomes. Efforts to make more information about project goals and disbursements available to NGOs and the public, while important for accountability, were judged insufficient to qualify as civil society involvement. Beyond feedback, actual influence
needed to be exerted by civil society.

As noted above, project effectiveness can be measured in many different ways. An ideal indicator would be the economic or financial rate of return on a project, as rates of return are the commonly accepted standards for judging investment quality. Each lending project (with concessionary credit alone or incorporating a grant component) can be considered an investment. However, because of the multiple components involved in most projects and the frequent focus on improving capacity rather than capital investments, financial and economic rates of return are rarely calculated. Similarly, the effect of an individual project on national economic growth or poverty reduction is difficult to disaggregate given that several projects are in operation in many sectors at once. Mavrotas’s evaluation of the heterogeneity of aid impacts on consumption and investment was possible because he used aggregate figures for four different kinds of aid over a long time horizon. Identifying the conditions for effectiveness within a single category of aid, as this paper attempts to do, must rely on direct comparisons between projects. The World Bank assessments of project outcome, sustainability, and institutional development impact are a more practical proxy for project effectiveness given these constraints. There is little reason to believe that decentralization and civil society involvement would have an impact on performance by either participant, unless in fact there exist institutional biases in favor of one modality over the other. This possibility will be explored in the more general analysis of the findings over different project categories.

**Initial Findings: Reason for Optimism**

Comparison proceeds as follows: after each project was assessed according to decentralization (DEC) and civil society involvement (CS), overall averages for each evaluation indicator were calculated via the sample mean. Then, the projects were separated according to the decentralization indicator, and mean values for the indicators were calculated for each subgroup. This process was repeated for the civil society indicator, and mean values calculated a third time. At each step, calculations were performed twice: first using ICR data from each project, then using PPAR data for the projects for which it was available and continuing to use ICR values for the others. The results of each calculation are entered in Table 1. Investigation of these averages, in particular the relationship between indicator averages for the projects that fall into different groups according to decentralization or civil society involvement, offers some indication of the systematic effects of these components on project outcomes. However, due to the small
sample size and the fact that a binary indicator cannot capture detailed information about the extent of decentralization or the level of civil service involvement, it is also important to look at the role each factor (or its lack) played in individual projects. This section will analyze the averages, and the following will take a more detailed look at the projects in question.

**Table 1**

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<tr>
<th>Project Groups</th>
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Source: Implementation Completion Reports (ICRs) and Project Performance Appraisal Reports (PPARs) for 15 World Bank projects with closure dates between January 1, 2000 and December 31, 2004 (see Works Cited for more information)

Projects are evaluated according to five parameters:
- **Sustainability** (Sust.), with possible rankings Not Evaluable, Highly Unlikely (1), Unlikely (2), Likely (3), and Highly Likely (4)
- **Institutional Development Impact** (IDI), with possible rankings Negligible (1), Modest (2), Substantial (3), and High (4)
- **Outcome**, with possible rankings Highly Unsatisfactory (1), Unsatisfactory (2), Moderately Unsatisfactory (3), Moderately Satisfactory (4), Satisfactory (5) and Highly Satisfactory (6)
- **Bank Performance** (Bank), with possible rankings Highly Unsatisfactory (1), Unsatisfactory (2), Satisfactory (3) and Highly Satisfactory (4)
- **Borrower Performance** (Borrower), with possible rankings Highly Unsatisfactory (1), Unsatisfactory (2), Satisfactory (3) and Highly Satisfactory (4)

It is worthwhile repeating the caveat that only two projects contained no decentralization component, so they may not offer a very representative picture of the associated outcomes. When projects are segregated by decentralization, those that contain a decentralization component have a higher average sustainability rating, a lower average institutional development impact, and a lower average outcome rating. These results are robust to using either the total ICR data or the partial PPAR data. Given the hypothesis motivating this study, these numbers come as a surprise. Decentralization is expected to improve project efficiency by making projects more responsive to local conditions, in contrast to the one-size-fits-all approach likely when projects are undertaken at a more centralized level. Indeed, this is part of the motivation behind the Government of Uganda’s 1993 decision to require decentralization of executive powers and service delivery. Why, then, are lower outcome ratings observed in the projects involving
One explanation advanced repeatedly in the project assessments (ICRs and PPARs alike) is that local governments, while enthusiastic about gaining new powers and even about taking on new responsibilities, were constrained financially and in terms of implementation capacity. This explanation, examined in further detail on an individual project basis, offers the possibility that future projects involving decentralization will be able to build on personnel and institutional strengths that have improved since the initial push for decentralization. The fact that these projects also registered a lower average institutional development aspect is troubling, as it suggests that capacity building at the local or district level may proceed at a slower rate than the development of central ministries. However, this is potentially offset by the higher average sustainability of the decentralization projects. If their effects, while smaller at project close, are also more durable, local governments may be able to catch up to their central government counterparts in terms of capacity. Local governments certainly have an incentive to prove themselves capable of acquitting their new responsibilities, lest the central government reclaim its former prerogatives.

The analysis of projects according to civil society involvement can be undertaken with a bit more confidence, since a substantial number of projects fall into each category (0 or 1). Projects that involve a civil society component have higher average outcome ratings and higher average institutional development impact ratings than those that do not; this finding holds for both the total ICR data and the partial PPAR data. There is some ambiguity in project sustainability: civil society projects have a higher average rating by the ICR numbers, while projects without civil society involvement have a higher average rating when PPAR numbers are used where available. This reflects in large part the longer time horizon of the PPAR. The sustainability rating of one civil society initiative, the Education Sector Adjustment Credit, was adjusted downwards in its PPAR, while the sustainability of a non-civil society project, the Cotton Subsector Development Project, was upgraded in its PPAR (Education Sector Adjustment Credit PPAR, v; Cotton Subsector Development Project, v). Another non-civil society project, the Agricultural Research and Training Project, received a PPAR sustainability rating of Not Evaluable, a finding that was left out of the sample average (since it did not correspond to the numerical scale). These observations serve as an indicator that sustainability ratings carried out at project completion may be affected by changing market or policy environment conditions, and that PPAR data may be preferable in this situation.
With those qualifications raised, the higher scores for civil society projects can be weighed against the hypothesis that projects involving civil society are likely to be more effective. This mechanism could take several channels: closer scrutiny of the disbursement of development funds through community involvement would increase accountability and reduce diversion of resources; active stakeholder participation would result in project implementation that benefits the local community and also receives active and ongoing community support; and involvement of civil society at the planning stages can help alert project managers to potential obstacles down the road. The actual findings of consistently higher outcome ratings for projects involving civil society in their planning and implementation lends support to this hypothesis, as does a higher average ranking for institutional development impact. Civil society projects may institutionalize processes of give and take between individuals and local organizations and the government institutions (whether local or national) that have a direct impact on their lives. Institutions with a strong participatory nature are both more accountable to the surrounding community and more likely to have support and legitimacy than institutions with an arbitrary or top-down decision-making process.

**Decentralization and Civil Society at the Project Level**

The comparisons of average ratings for projects with and without decentralization and civil society components are designed to identify broad trends that, *ceteris paribus*, make projects more or less effective. This approach is important because it abstracts from the particulars of any single lending operation to hint at project designs that may strengthen outcomes regardless of other variables. However, given the relatively limited number of projects with evaluation data available, a case-by-case analysis could also offer a glimpse of wider patterns. In addition, the weakness of an either/or classification for decentralization and civil society rather than a more informative identification of a project’s location along a spectrum of decentralization or civil society intensity eliminates nuance from the findings. The particular mechanisms by which decentralization and civil society succeed – or fail – in affecting project outcomes offer important clues about the best way to incorporate these measures in order to reap the benefits predicted by the wider statistical analysis above. This section will identify subgroups of projects that are related by sector or theme where possible.

**Bwindi Impenetrable National Park and Mgahinga Gorilla National Park Conservation Project and Institutional Capacity Building for Protected Areas Management and Sustainable Use Project**
These two projects, hereafter “Bwindi” and “PAMSU” for brevity, lend themselves well to direct comparison because they both deal with protected areas under the aegis of the Uganda Wildlife Authority, and Bwindi incorporates a civil society component while PAMSU does not. The Bwindi project, a US$4 million undertaking, was implemented by the Bank’s Environment and Social Development Unit; it was operational from July 12, 1995 to December 31, 2000. Bwindi established a long-term trust to provide long-term financial support for the conservation activities of two adjacent national parks in the southwestern corner of Uganda. An important project component was dedicated to compensating local residents for the loss of access to park resources (Bwindi, 3). The project incorporated a Local Community Steering Committee (LCSC) that included representatives from local administrative districts, park wardens, and donor partners. The community members included on the LCSC were the strongest link to civil society, and by project completion they included both women and members of the local Batwa population, which had traditionally been underrepresented in local government. The committee remained in place after project completion, a major factor in the long-term effects of civil society involvement, albeit with some issues regarding Batwa attendance and participation (Bwindi, 4).

Civil society depends on building trust between disparate members of society, as well as on developing the capacity of individuals and groups to participate in political processes. The LCSC, with its voting positions on the Trust Administration Unit that oversaw the park’s daily operations, provided community members an opportunity to work together to build trust and a forum for developing individual capacity. Civil society also had a substantial impact on the structure of community development loans offered through the trust. While the project was designed to encourage revenue-generating and conservation-enhancing grant proposals, expressed demand was much greater for grants supporting social infrastructure such as schools (Bwindi, 4). The resulting shift in focus, while preserving the requirement of conservation awareness, facilitated projects that encouraged public trust and cooperation rather than prompting concerns about profit-seeking and individual benefit at a cost to the community.

Local acceptance of the project would have been impossible without the civil society component; enforcing the status of the park meant closing off access to its forest resources and water supplies. Research by William Adams and Mark Infield indicates that these losses were compensated for in local communities by the perceived benefits of the revenue-sharing development projects (Adams and Infield, 140). In addition, the LCSC advocated for the
inclusion of a “multi-use zone” in the 1996 Park Management Plan that allows local residents to access areas just within the park boundary to harvest bamboo rhizomes. This will allow them to plant stands of bamboo outside the park for their own use in agriculture. A Mgahinga Beekeepers Cooperative began negotiations with park management in 1997 to place hives within park boundaries; however, its progress was hampered by the presence of Interahamwe in the region (Adams and Infield, 142). Given the park’s location at the boundary between Uganda, the Democratic Republic of the Congo and Rwanda, it is surprising that conflict has had a relatively small impact on the project’s success.

The PAMSU project combined a US$12.37 million credit with a US$2 million grant to support a capacity-building project coordinated by the Environmental and Social Development Unit that ran from March 25, 1999 to December 31, 2002. PAMSU targeted several agencies, including the Ministry of Tourism, Trade and Industry (MTTI), the Uganda Wildlife Authority, and the Uganda Tourism Board, at the central and local levels via improved accounting and contracting practices. This process involved the reorganization of protected areas on a regional basis and a rationalization of the bureaucracy, with an emphasis on decision-making at the lowest possible level – in other words, decentralization. The development of an electronic financial management system, installed first at UWA headquarters and gradually extended to the protected areas, was designed to increase accountability by more carefully tracking expenditures (PAMSU, 6). Local autonomy within a yearly budget allows the protected areas to be more responsive to unforeseen needs, including community concerns. However, the PAMSU project did not contain explicit connections between park management and civil society, and so missed out on an opportunity to have greater communication, and probably greater trust, between these entities. The PAMSU ICR describes community conservation capacity for the project as “rudimentary”, in part due to the top-down nature of revenue-sharing arrangements and conservation activities relevant to neighboring communities (PAMSU, 9). Overall, the project was satisfactory, but in a counterfactual world and given the Bwindi experience, could it have been strengthened by the addition of a civil society component? The answer is likely yes.

**Cotton Subsector Development Project and Agricultural Research and Training Project**

These projects, hereafter “Cotton” and “ARTP”, both focused on the important role for agriculture in Uganda’s national output and the potential for greatly increased exports of agricultural products. Neither contained a significant
civil society component, but the Cotton project was largely decentralized while ARTP was conducted at a central ministry level. The Cotton project utilized a US$14 million credit and lasted from May 1994 to December 2001. It encouraged production by liberalizing exports, making seed and other inputs available on credit to cultivators and spurring competition and hence lower prices among ginners (Cotton, 3). The decentralized extension system allowed a centrally located project focused on market policy to facilitate production throughout the country, but it faltered with low repayment rates and eventually had to restrict credit to seed and provide other inputs for cash only (Cotton, 4). Decentralization of cotton inputs and ginning proceeded before the system was fully ready, reducing project effectiveness. This jumping of the decentralization gun is a recurrent theme throughout the projects that incorporate decentralization, demonstrating that decentralization is not an automatic project booster. Decentralization will only improve project outcomes when the proper groundwork, in terms of research and capacity development, has already been laid.

External factors also had a significant influence on the project, something that must be considered in any development plan. Falling world commodity prices resulted in low overall revenue growth despite a surge in export quantities, and areas that relied on oxen cultivation (predominantly Teso enclaves) were left out due to a lack of livestock after years of cross-border cattle rustling raids (Cotton, 4). These general economic conditions also hampered the ARTP, which sought to develop the National Agricultural Research System into the National Agricultural Research Organization, increasing the facilities available for the development of new seed varieties and improved agronomy practices. The ARTP was supported by a US$25 million credit and ran from December 1992 to September 2000. While one of the ARTP goals was to encourage the dissemination of new agricultural practices, NARO lacked the facilities to conduct decentralized extension services, and had no direct connections with civil society to work through that pathway (Cotton, 11). Ironically, one of the evaluation criticisms offered for ARTP was that it over-centralized research, concentrating resources among qualified individuals but leaving scientists out of touch with the communities their research was supposed to benefit. Significantly, new agricultural practices were developed in a vacuum and did not take account of the fact that most Ugandan farmers grow mixed crops rather than monocrops and face sharp labor constraints, an oversight that might have been amended with more communication between researchers and farmers. These shortfalls have been incorporated into a follow-up project, to “promote the
active participation of stakeholders, especially farmers and the private agribusiness sector, in research planning and implementation” (Cotton, 14).

**District Health Project and Sexually Transmitted Infections Project**

These projects, hereafter DHP and STIP respectively, can be grouped due to their joint relation to the Sector-Wide Approach (SWAp) in the Ugandan health sector. Both include decentralization aspects, but only STIP incorporates civil society in its design. This is due in part to the role of NGOs (both local and international) and community-based organizations (CBOs) in carrying out subprojects: a total of 935 public sector organizations participated (STIP PPAR, 10). STIP benefited from a US$50 million credit and was operational from July 22, 1994 to December 31, 2002. It envisioned the local development of HIV/AIDS action plans, with specific targets for lowering new infection rates and mitigating the economic and social impact of the disease. The project outcome rating, which was substantially lowered between the ICR and the PPAR, was adversely affected by the failure to set quantifiable targets at the beginning of the project. The decentralization component, which provided financial resources for local governments to coordinate directly with civil society actors, was innovative but resulted in delayed disbursements due to a lack of local capacity – another example of the dangers of premature decentralization. In this case, civil society involvement failed to compensate for other shortcomings in project design and implementation.

The DHP was a US$45 million credit coordinated by the Human Development Unit of the Africa Regional Office and implemented between July 17, 1995 and December 31, 2002. This project undertook broad structural reforms connected with the decentralization of health care delivery to the district level; it eventually incorporated 16 out of 70 total Ugandan districts and instituted user fees at the same time as it rehabilitated or improved hospitals and health clinics in the targeted districts. No criteria for the selection of participating districts were provided in the ICR. Stakeholders cautioned at the outset that a lack of motivation among workers and the complexity of undertaking simultaneous reforms would be difficult to reconcile with a push for decentralization, but without a formal mechanism for civil society input, these warnings went unheeded (DHP ICR, 9). The eventual expenditure bias towards civil works rather than direct health outputs such as improved nutrition would likely have provoked a backlash through civil society mechanisms if those had existed within the project. The project also suffered from cuts
in planned aid from the World Bank’s donor partners, which directly affected planned support to NGOs and undermined what could have been a significant civil society component (DHP ICR, 13). While the World Bank cannot be held accountable for its partners’ failure to follow through on their pledges, in the future it may be beneficial to allow partners to support only ancillary or expendable project components.

**Education Sector Adjustment Credit and Primary Education and Teacher Development Project**

These two projects extended the World Bank’s long-standing involvement with education in Uganda. The Primary Education and Teacher Development Project (PETDP), implemented in 1993, initially focused on improvements at the central Ministry of Education and Sports via a US$52.6 million credit from November 10, 1993 to June 30, 2001. Its goals included exam and curriculum reform, strengthening of capacity for policy planning and analysis, and the provision of teacher’s guides and textbooks to primary schools across the country (PETDP PPAR, ix). Despite the clear movement towards decentralization, enshrined in law in 1993, the PETDP originally had few explicit provisions for decentralization. The improvements planned for the central ministry were expected to percolate through the educational system without direct Bank support. This structure was quickly amended as it became clear that local capacity was insufficient to absorb reforms originating from the center. The need for decentralization support only grew in 1997, when President Museveni carried out his campaign promise of providing universal primary education (UPE) without fees across Uganda (PETDP PPAR, ix).

The elimination of school fees and the pledge of a seat in primary school for every child led to an almost immediate doubling of enrollment at the primary level, and wiped out all the gains made by PETDP in terms of the teacher/pupil and textbook/pupil ratios. One response was to devolve all school construction components to lower levels via local procurement, an adaptation that lowered unit costs and reduced the level of wasted material as local districts and school management committees took charge of the building process (PETDP, 4). Another, larger response was the rapid design and implementation of the Education Sector Adjustment Credit (ESAC), which applied the sector-wide approach (SWAp) to adjustment to the education sector in Uganda for the first time (ESAC, 22). The ESAC, a US$80 million credit supported by an additional US$75 million grant, was disbursed in three large tranches from June 12, 1998 to December 31, 2000. It could be considered an example of the Bank dancing to the borrower’s tune: the abrupt shift to universal primary education had not been anticipated in previous Bank
projects, including the PETDP, and the ESAC was at least in part a stopgap effort to avoid the erosion of past gains with the new influx of students. Its main goals were to clarify UPE policy to stakeholders, including parents and communities in particular; increase both budget resources available to the UPE movement and the efficiency with which those resources were used; and to extend the mechanisms of the PETDP to cover all districts and support the acquisition of materials such as textbooks (ESAC, 4).

The objective of educating parents and making them participatory stakeholders, which constitutes the civil society component of this project, was in part motivated by a 1995 Bank study which found that only 20% of conditional grants to school districts actually reached the schools they were designed to support. The subsequent publication of grant statements for public review and outreach efforts to parents and communities led to an improvement in the grant transfer ratio to 90% by 2000. ESAC’s civil society component is believed to have made community members aware of the funds that their schools were entitled to and also to have provided the mechanisms for complaints when promised funds were not forthcoming (ESAC, 11). However, the outcome for civil society under ESAC was not completely rosy: the elimination of school fees had the unanticipated consequence of reducing the influence of parent-teacher associations which had previously coordinated the provision of funds to local schools (ESAC, xi). This may have contributed to the disturbing finding that despite the improved transfer ratio for grants, accounting and reporting obligations relating to actual expenditures are rarely fulfilled (ESAC 11).

**Institutional Capacity Building Project and Local Government Development Program**

The Institutional Capacity Building Project (ICBP) and Local Government Development Program (LGDP) were both envisioned to address the challenges raised by the 1993 decentralization statute. The ICBP incorporated a US $36.4 million credit overseen by the Public Sector Reform and Capacity Building Unit of the Africa Regional Office from August 1, 1995 to June 30, 2002. It targeted civil service reform, general decentralization issues and the legal and financial accountability framework and institutions (ICBP ICR, 5). Civil service reform and decentralization of accountability were mutually reinforcing goals, as the development of a more professional and meritocratic civil service enabled local government entities such as district and local councils to use the new tools for financial management, and the increasing responsibility and power at the lower levels of government made local posts more prestigious and worthy of accomplished civil servants. The “participatory approach to design” cited in the World
Bank’s ICR for the ICBP was limited to members of government and did not incorporate civil society (ICBP ICR, 10). Still, the project enhanced prospects for a “viable and accountable local government tier” by addressing the lack of capacity within local government councils and executive committees (ICBP ICR, 13).

The Local Government Development Program (LGDP), with a US$80.9 million credit component, was implemented by the Water and Urban development unit from June 30, 2000 to June 30, 2004. It drew on Ugandan and Bank experience in the ICBP to continue support for decentralized tax collection, service provision and accountability. The LGDP also added a major grant component which eventually funded 8,204 local development projects planned and/or carried out by both local governments and civil society organizations (LGDP ICR, 25). Part of the goal of this component was to test the hypothesis that individuals and local governments can realize efficiencies by investing in context-appropriate types and levels of services. The projects funded by LGDP, often in the nature of boreholes for water or improvements of roads and footpaths, were found to have lower unit costs than similar projects founded outside the program (i.e., under the old centralized procurement process) (LGDP ICR, 12). Overall, 68% of completed projects were judged to have achieved best value for money, 25% were considered to have fair value for money, and 8% were seen as failures, with no value for money (LGDP ICR, 7).

An interesting caveat to the finding that the decentralized projects resulted in greater efficiency and value for money is the fact that districts vary widely in their capacity for frugality and efficiency – two important components of local capacity (LGDP ICR, 12). Government support to local districts is also not uniform, although one of the LGDP goals was the assurance of a development budget for each district emanating from the central government. The assertion that more efficient and economical districts succeeded in designing and implementing cost-effective projects is potentially misleading. It is important to avoid associating effectiveness with these qualities ex ante because this could lead to an inevitable correlation between the economy/efficiency rankings and the effectiveness outcomes. There is insufficient information on the criteria for assigning these values to determine whether this endogeneity may have affected the evaluation.

Private Sector Competitiveness Project

The Private Sector Competitiveness Project (PSCP) is a unique project in that it seeks to develop an apex body, the Private Sector Foundation (PSF), which would assist independent private sector associations in their development of
marketing and best practices in order to compete both domestically and internationally. The PSCP was operational from February 14, 1996 to December 31, 2002, supported by a credit of US$12.3 million. The incorporation of trade associations, including the powerful Uganda Manufacturers Association, in a larger and hopefully more powerful body can be considered a direct attempt to support civil society. Although these associations are based on economic interests, they represent a shift away from the public sector as the major employer and producer of goods and shift the focus to the opportunities of the private sector. The interaction of the associations within the PSF also offers a template for constructive civil society engagement in other sectors that require direct negotiation among the beneficiaries of development, as the PSF negotiated with the Uganda Investment Authority for the allocation of funds and the development of market-friendly labor and export policies. Partly because this project drew on existing membership associations, it was able to include beneficiaries at every stage of the design, implementation and continuation process.

Still, major obstacles remain to the successful operation of trade associations. Aside from the Uganda Manufacturers Association, most members of the PSF found it difficult to continue their membership contributions after the project closed (PSCP ICR, 7). While one must not overemphasize the importance of this one project, the evaluation team noted that foreign direct investment in Uganda has increased from US$43 million in 1992-3 to US$247 million in 2000-1. Furthermore, independent consultants confirmed that member firms experienced a 90 percent growth in sales over the duration of the project, while firms that only indirectly benefited from the project components due to an improved business climate saw sales increases of 50 percent (PSCP, 6). If corporations were unable or unwilling to contribute a membership fee to an organization developed to further their interests, with some apparent success, how much more difficult would individual citizens find it to subscribe to civil society organizations that require funds to support a staff, a lobbying program or even just an information campaign?

Small Towns Water and Sanitation Project

The Small Towns Water and Sanitation Project (STWSP), implemented in 1995, followed the decentralization statute by two years and incorporated the goals of local service delivery specifically in its design. A US$42.3 million credit supported the project, which closed June 30, 2003. New, rehabilitated and expanded water and sewer facilities were
to be built in eleven towns using the twin inputs of institutional strengthening at the local level and stakeholder participation in planning, construction, operation and maintenance of the facilities (STWSP ICR, 2). At the project’s outset, the implementing team registered concerns that community organization would be insufficiently prepared to participate effectively, that the demarcation between local and central authority was not clearly defined, and that local government lacked the capacity and accountability to implement complex projects with donor funds (STWSP ICR, 5).

Despite these reservations, of the towns targeted in the project, nine registered a positive economic internal rate of return (that is, although there were no direct financial returns to the new systems, the towns that had them installed were economically better off for the improvements) (STWSP ICR, 6). The sustainability of the projects is ranked very highly: community involvement appears to have resulted in systems that are highly appropriate for the local context, that pay for ongoing maintenance costs and that serve a positive purpose for individuals and businesses. A total of 161,000 were newly connected to mechanized water supplies, while 181,000 have seen their service improve as a result of the project; also, the average price of filling a 20-liter container has fallen 75% in the targeted towns, from USh100 to USh25 (STWSP ICR, 6).

Poverty Reduction Support Credits I-III

The Poverty Reduction Support Credits (PRSC) constitute a series of 3 installments (tranches) of funds ($150 million total) disbursed from 2000-2004 to support the goals identified in the development of Uganda’s Poverty Eradication Action Plan (PEAP; see Historical Background). The PRSCs focused on improving service delivery in several basic sectors from health to education, on enabling the poor to raise their incomes through agricultural research and extension, and on tackling major financial and accountability issues such as pensions. (PRSC ICR, 4). While the PEAP was developed through a participatory process, and the project appraisal documents for the PRSCs paid lip service to the idea of strengthening public participation, actual civil society involvement in the allocation of funds was minimal. A failure of government outreach to incorporate community participation combined with a lack of organization within and between the elements of civil society to result in little actual room for civil society in the PRSC process. The development of an institutional framework for civil society input in government development planning, one of the goals of the PRSCs, was delayed by Parliament’s failure to vote on the NGOs Amendment Bill
Thus, despite the Bank’s intentions of improving project receptivity and sustainability through the involvement of civil society, in-country political conditions may conspire to block follow-through. This substantiates the concern first voiced by Esman (1978) that vested interests may conspire against the emergence of a strong and independent civil society. Continued pressure on Parliament to address the NGOs Amendment Bill question would constitute a vote of confidence for Ugandan civil society as it struggles to achieve and maintain relevance.

V. Conclusion

The desire to improve development aid effectiveness is one that has challenged economists and other social scientists for over fifty years. It would be presumptuous to try to resolve the argument by analyzing fifteen development projects conducted by a single donor entity in a single country. However, the goal of this paper was never to provide a definitive answer to the aid effectiveness question. The research undertaken here had the goal of identifying specific attributes of project aid that are correlated with more satisfactory project outcomes. The choice of variables to test was motivated by the hypothesis that decentralization and civil society components ensure appropriate project design for local conditions and encourage the cooperation and support of local communities both during and after project implementation.

Uganda was chosen as a test case because of its status as a country that had suffered severe development obstacles in the past, yet has also achieved an enviable rate of economic growth in recent years. The question of aid effectiveness is of special importance in sub-Saharan Africa, where many national budgets are supplemented by foreign aid in part or in majority. The recent promise by the G-8 nations to provide $50 billion in additional development assistance is accompanied by the tacit understanding that tolerance for development failures is at an all-time low. Yet, when many economic analyses indicate that recipient countries require strong institutions, low corruption or political stability in order to use aid effectively, how are states that lack these qualities to appeal to donors? The rule of law takes time to develop, and eliminating corruption can be a decades-long process, especially as the negative effects of perceived corruption can linger even after the root of the problem is addressed. The question, then, is taken to the individual country level: within a certain policy and social environment, what can a donor do to make its aid funds more effective?
Testing the effects of decentralization and civil society components on aid effectiveness in Uganda proves to be a fruitful undertaking. Across 15 projects for which evaluation information is available, World Bank projects with a decentralization component have a higher average sustainability rating than their counterparts, although their institutional development impact and Bank-rated outcome are lower on average; these results are tempered by the relatively low amount of variation in decentralization across projects. The results for civil society involvement are more exciting, and more robust due to greater variation: civil society components correspond to higher average outcome ratings and institutional development impact, while sustainability ratings are essentially even between projects with and without civil society involvement. Thus it appears that projects with decentralization can have a more lasting impact, in addition to fulfilling the government’s stated policy of decentralization. Civil society involvement can help to refine project design before funds are used in inefficient ways and creating lasting trust and interactions between government institutions and the community, and between different community groups.

These results at the aggregated level appear to offer a role for decentralization and civil society involvement in carefully thought-out development projects. A look at individual projects offers further revelations: decentralization offers efficiency and accountability benefits, but is easily undermined if it is rushed before local capacity and revenue structures are in place. Civil society involvement is a two-way street: simply making budget and development available may increase accountability, but community involvement in projects and general development strategies requires mechanisms for feedback and decision making that specifically incorporates civilian voices.

Because these results were derived from analysis of projects within a single country, it is important to use caution when extrapolating to the general case. The method used here of identifying factors of project design that donors and borrowers can influence, and then looking for variations in outcomes across projects with these factors, could be applied to any country. The inclusion of individual project analyses is also important for determining the mechanisms and dominant expressions of locally specific conditions. However, this study could also be expanded into a cross-country analysis if consistent definitions of decentralization and civil society were used across all projects, and if evaluations were performed in the same way. The World Bank, because of its global reach and excellent documentation, offers the greatest scope for such studies, but bilateral and non-governmental donors might find it fiscally prudent to conduct a similar analysis of their own operations when designing new projects.
The precision of this study could be improved with better measures of decentralization and civil society: for example, the development of an index rather than a binary variable. This would allow exploration of the connection between the intensity of decentralization or civil society involvement and project outcomes. A further intriguing possibility is to look only at projects which have calculated economic rates of return and see if a positive correlation exists between civil society, decentralization and rates of return. Eventually, it would be worthwhile to expand analysis to examining the impact of aid with and without civil society on growth rates, but this would only be possible with significant cross-country variation in project design.

**Works Cited**


**Appendix: Individual Project Rankings**

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Source: Implementation Completion Reports (ICRs) and Project Performance Appraisal Reports (PPARs) for 16 World Bank projects with closure dates between January 1, 2000 and December 31, 2004 (see Works Cited for more information)

Projects are evaluated according to five parameters:

* **Sustainability (Sust.),** with possible rankings Not Evaluable, Highly Unlikely (1), Unlikely (2), Likely (3), and Highly Likely (4)

* **Institutional Development Impact (IDI),** with possible rankings Negligible (1), Modest (2), Substantial (3), and High
(4)

**Outcome**, with possible rankings Highly Unsatisfactory (1), Unsatisfactory (2), Moderately Unsatisfactory (3), Moderately Satisfactory (4), Satisfactory (5) and Highly Satisfactory (6)

**Bank Performance** (Bank), with possible rankings Highly Unsatisfactory (1), Unsatisfactory (2), Satisfactory (3) and Highly Satisfactory (4)

**Borrower Performance** (Borrower), with possible rankings Highly Unsatisfactory (1), Unsatisfactory (2), Satisfactory (3) and Highly Satisfactory (4)

See, for example, Nadia Masud, and Boriana Yontcheva, “Does Foreign Aid Reduce Poverty? Empirical Evidence from Nongovernmental and Bilateral Aid.” IMF Working Paper No. 05/100, May 2005, which focuses on the link between different kinds of development aid and changes in infant mortality rates.

Some would argue that the World Bank is abrogating its claims of political neutrality through its emphasis on governance, which favors multiparty democracies.