

Foreign Aid and the Performance of Bureaucrats*

Maria Nagawa[†]

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Abstract

Although much work examines foreign aid's impact on development outcomes, its effect on bureaucracies—stitutions that are key to development and profoundly influenced by aid interventions—remains understudied. I argue that project-based aid alters financial and social aspects of work over which bureaucrats hold salient preferences, generating trade-offs that drive bureaucrats to redirect effort from routine work toward donor-funded initiatives. Drawing on interviews, surveys, and experiments with more than 600 Ugandan bureaucrats, I find that despite preferring government funding and autonomy, bureaucrats are drawn to better-paid aid projects, thus diverting effort away from regular duties. They also prefer departments with substantial donor funding, although it undermines the equity and teamwork they value. These findings provide micro-level insights into the unintended consequences of project aid: the same incentives that boost performance on discrete donor funded projects divert effort from government programming and erode organizational cohesion.

*EGAP Registration ID: [20230808AA](#)

[†]Stanford University

1 Introduction

Questions surrounding international aid’s ability to promote economic development and strengthen institutions have lingered for decades. These concerns have intensified amid the abrupt overhaul of the international aid system, which has brought massive funding cuts and a fundamental shift in donor-recipient relationships (The Economist 2025; OECD 2025; U.S. Department of State 2025). While some contend that foreign aid has contributed to advances in democratization, poverty reduction, and growth (Bermeo 2011; Cornell 2013; Finkel, Pérez-Liñán, and Seligson 2007; Galiani et al. 2017; Sachs 2005), others argue that it can, in fact, hamper growth and democracy, foster corruption, and undermine administrative institutions (Andersen, Johannessen, and Rijkers 2022; DiLorenzo 2018; Mesquita and Smith 2010; Moss, Pettersson Gelander, and Walle 2006). Scholars have thus called attention to a persistent “black box” in aid-effectiveness research, particularly regarding how external funding affects domestic governance (Bourguignon and Sundberg 2007; Ramalingam 2013). I partially attribute the persistence of this black box to an important, but largely overlooked aspect of the aid effectiveness literature: bureaucracy. Bureaucrats are linchpins of development programming (Besley et al. 2022; Brierley et al. 2023), and yet we know relatively little about how aid affects their work.

Around 60 percent of official development assistance is channeled through public sector institutions in donor and recipient countries (OECD 2024)¹. The remaining principal recipients—NGOs and multilateral organizations—frequently collaborate with government institutions to execute development agendas. Thus, despite efforts at state circumvention (Dietrich 2013), the operationalization of international development agendas relies substantially on the state. This institutional reality, where international actors with distinct policy

¹This figure combines funding allocations across donor and recipient government institutions. A 2022 World Bank report shows that in 2019, recipient governments implemented 25 percent of development activities, surpassing NGOs (22 percent), donor agencies (17 percent), and multilateral organizations (16 percent) (World Bank 2022). However, recipient government figures are likely an underestimation because OECD CRS records only the first implementing partner, so cases where donor agencies or multilaterals sub-award to recipient governments are not captured as recipient-channeled aid (OECD 2024).

priorities inject substantial resources into fiscally constrained bureaucracies, creates complex incentive structures with important implications for administrative behavior and organizational efficacy. Yet scholarly examination of aid's impact on recipient governments has predominantly relied on cross-national analyses (Busse and Gröning 2009; Campbell, DiGiuseppe, and Murdie 2019; Knack 2014), with even sub-national studies rarely penetrating organizational boundaries to examine how aid functions *within* recipient government institutions (Deserranno, Nansamba, and Qian 2024; Lee and Izama 2015).

This study examines the internal organizational dynamics that emerge when aid interventions intersect with recipient bureaucratic structures. I argue that the injection of aid projects into government bureaucracies alters attributes of work, including financial incentives and social aspects of work, over which bureaucrats hold salient preferences. This generates trade-offs that drive bureaucrats to redirect effort from routine governmental functions toward donor-funded initiatives. Such effort reallocation suggests that while donor interventions can enhance bureaucratic performance on discrete, time-bound aid projects, they simultaneously risk undermining core governmental programming and organizational cohesion, revealing channels through which external assistance may inadvertently compromise the very state capacity it often seeks to strengthen.

In unpacking this argument, I focus on aid-induced changes in work attributes at both the individual and departmental level, and how these changes shape bureaucrats' preferences and effort. At the individual level, I focus on three dimensions: (1) financial incentives, (2) implementation discretion, and (3) goal ownership. At the organizational level, I analyze: (1) differential donor exposure, (2) equity in resource distribution, and (3) intra-departmental coordination. These features of work are predictors of work satisfaction, performance, and the quality of services delivered (Bandiera et al. 2020; Breza, Kaur, and Shamdasani 2018; Card et al. 2012; Dal Bó, Finan, and Rossi 2013; Honig 2024). In addition, bureaucrats' preferences for work attributes and allocation of effort determine their performance and service delivery outcomes (Björkman and Svensson 2009; Brehm and Gates 1997; Cassar and Meier

2018; Hassan and Kodouda 2023; Khan, Khwaja, and Olken 2019; Perry, Hondeghem, and Wise 2010; Wilson 1989). By examining these precise mechanisms, this study contributes to disentangling the complex causal pathways through which aid shapes recipient bureaucracies.

I test my argument in Uganda, a well-suited case for examining aid-bureaucracy dynamics given its extensive history with development assistance. Uganda has consistently ranked among Sub-Saharan Africa’s principal aid recipients for over three decades, receiving USD 2.3 billion in official development assistance in 2023 alone—positioning it as the seventh highest recipient in the region (OECD 2024). Moreover, Uganda exhibits significant variation in how this aid is distributed, with pronounced sectoral disparities. For example, the health sector receives disproportionate donor support compared to sectors like agriculture and education (United States Government 2024). Uganda also exemplifies the region-wide shift from budget aid to project aid within public sector aid. Although half of all aid to the country is channeled through public sector institutions, 78 percent of this public sector aid is disbursed as project aid, while only 17 percent is disbursed as budget aid (OECD 2024). Importantly, because project aid operates outside the national budgetary cycle and is implemented at the more decentralized sector or sub-sector level, it directly alters the everyday functioning of bureaucracies, creating a useful context for examining how aid influences bureaucratic behavior.

To evaluate how aid projects alter bureaucrats’ incentives, preferences, and effort, I implement a three-pronged research design that combines qualitative interviews, descriptive survey data, and survey experiments. From 2019 to 2023, I conducted semi-structured interviews with 64 bureaucrats at various hierarchical levels, using snowball sampling to reach respondents across different central government ministries and agencies. These interviews informed the design of my survey and conjoint experiments by identifying which project features bureaucrats themselves view as consequential for their motivation and effort allocation. I then administered the survey containing two conjoint experiments in 2023 to 559 randomly selected mid-level bureaucrats across more than 70 departments in six key min-

istries: Health, Education, Finance, Trade, Works, and Agriculture². Within the survey, respondents evaluated randomly assigned hypothetical project and departmental profiles with varied attributes, allowing me to isolate the causal effect of specific features on stated preferences and intended effort.

The evidence from this multi-method approach reveals how aid projects systematically reshape bureaucratic incentives and behavior. First, qualitative interviews document that donor-funded projects create internal tensions, with bureaucrats reporting that selection processes for lucrative aid assignments often generate workplace frictions. Second, survey data quantify this perception, with 48 percent of bureaucrats reporting increased resource inequality between colleagues. Third, the conjoint experiments causally identify bureaucratic decision-making when faced with tradeoffs: bureaucrats strongly prefer projects offering higher financial benefits, greater discretion, and ownership and yet they exhibit a preference for government over foreign funding.

Importantly, the experimental results confirm that higher monetary incentives on aid projects not only increase effort allocation to those projects but simultaneously reduce hours devoted to regular government duties, directly demonstrating the tradeoff central to my theoretical argument. At the departmental level, however, this dynamic reveals a dichotomy: while financial incentives alone drive bureaucrats' effort on projects, both financial and social factors (specifically equity and coordination) increase bureaucrats' effort. Together, these findings highlight an important dilemma in how aid affects bureaucracies: the same financial incentives that drive individual effort on aid projects simultaneously undermine effort on core government duties, and erode equity and coordination within departments, conditions that bureaucrats value and are willing to exert more effort for.

By digging into the micro-level dynamics of recipient state-led aid implementation, this study contributes not only to the aid effectiveness literature, but also advances growing bureaucratic politics literature (Brierley 2020; Frey and Santarossa 2024; Gulzar and Pasquale

²Bureaucrats in Ministry of Agriculture were conveniently selected.

2017; Hassan 2021; Martin and Raffler 2021; Raffler 2022). I expand traditional principal-agent frameworks by incorporating external principals—international donors—alongside domestic political actors. While existing research typically models bureaucratic behavior within national political systems with domestic principals, my evidence shows that in aid-dependent contexts, bureaucrats regularly navigate demands from international actors who control substantial resources and influence policy priorities. This matters because the donor-bureaucrat relationship is qualitatively different from domestic principal-agent ties. In particular, motivation literature suggests that extrinsic rewards override social motivations when mission alignment is weak, relationships are transactional and short-term, and incentives signal control rather than trust (Akerlof and Kranton 2005; Besley and Ghatak 2005; Cassar and Meier 2018; Falk and Kosfeld 2006; Frey and Jegen 2001; Karlsson, Loewenstein, and McCafferty 2004). Project-based aid exhibits all three features: bureaucrats report limited ownership over donor-driven priorities and projects are time-bound with limited discretion, making financial incentives the primary draw for bureaucrats. This helps explain my core finding that financial incentives alone, and not social factors, drive effort reallocation at the project level, while social factors retain influence at the departmental level where relationships are longer-term.

Furthermore, I demonstrate how organizational dynamics shape individual behavior by empirically linking departmental characteristics to bureaucrats' effort allocation decisions. Political science research on bureaucracy tends to focus on individual-level drivers of bureaucratic behavior like selection (Hassan, Larreguy, and Russell 2024; Kuipers 2026; Toral 2024) or on aggregate indicators of state capacity like legibility and territorial control (Lee 2020; Lee and Zhang 2017). The meso-level question of how organizational context conditions individual behavior has received less empirical attention. My experimental design allows me to identify how departmental features shape individual effort: bureaucrats increase effort when departments are more equitable and better coordinated, implying that aid undermines the very organizational conditions that motivate bureaucratic effort. This research therefore

adds to the state capacity literature by highlighting the organizational drivers of bureaucratic behavior (Besley et al. 2022) and how foreign aid shapes these conditions.

Finally, this study underscores the need to more rigorously examine recipient actors' preferences in aid effectiveness research and calls for reform (Bourguignon and Sundberg 2007; Cuesta et al. 2021; Findley et al. 2017; Montenegro and Fonseca 2025; Ntusi 2025; Pomerantz 2004). When aid is channeled through the state, how it is delivered and how it engages state actors shapes whether it strengthens or fragments state institutions. This underscores recent debates about the future of foreign assistance and calls for greater reliance on recipient country systems, including the use of budget support (Dreher 2025; Fardoust et al. 2023; Gelb and Sundberg 2023). The United States has taken the most radical approach in restructuring its aid delivery, effectively shuttering USAID, sidelining NGOs, and engaging in direct government-to-government transfers (Kaliel and Palmer 2025). Whether such shifts strengthen or weaken recipient institutions will depend on how well they address the incentive distortions that aid has historically engendered.

2 Background and Theory

2.1 Foreign Aid in the Public Sector

Foreign aid remains among the most scrutinized instruments for driving economic development in low- and middle-income countries. And yet, despite the substantial financial resources, technical assistance, and other support that donor governments and multilateral agencies have funneled into enhancing democratic governance and institutional capacity over the past several decades, many scholars argue that aid inflows can in fact undercut the very institutions they aim to strengthen (Busse and Gröning 2009). Donors may undermine the development of bureaucratic functions by bypassing government and implementing projects through parallel systems (Knack 2014; Dietrich 2013), stifle tax collection and political accountability (Bräutigam and Knack 2004; DiLorenzo 2018; Eubank 2012; Mosley 2015), or siphon talent away from government agencies (Lee and Izama 2015; Deserranno, Nansamba,

and Qian 2024). These studies typically focus on aggregate indicators of governance or on the exit of public servants, and yet much aid is actually administered *in conjunction with* government agencies and their bureaucrats. Understanding how foreign aid is operationalized *within* recipient states is essential for understanding channels through which aid may undermine bureaucratic capacity.

Recent trends in official development assistance (ODA) underscore the rising prominence of aid directed to the public sector. Between 2003 and 2023, aid to the public sector grew substantially from 6 percent to 59 percent of all ODA disbursed, with over USD 163 billion disbursed in 2023 alone (OECD 2024)³. Within public sector aid, aid is delivered through two main channels: budget support and project support⁴. Budget support channels resources through recipient governments' treasury systems, allowing domestic policymakers greater discretion to direct funds according to local priorities. This type of aid is sometimes conditional, requiring certain policy reforms to ensure (continued) support (Swedlund and Lierl 2020).

In contrast, project support generally bypasses central disbursement channels, at times going into project accounts separate from the national treasury, to be directed toward discrete development interventions, such as building roads or improving health service delivery (Pomerantz 2023). Aid projects may involve consultative processes; however, a substantial body of research demonstrates that donor preferences, earmarked funding, and limited use of local systems primarily determine how resources are allocated and managed (Dreher, Lang, and Reinsberg 2024; Dreher 2025; Masaki et al. 2021; Reinsberg and Taggart 2025). This diverges from the Paris Declaration on Aid Effectiveness' ownership commitments (OECD 2005). The period following the Paris Declaration featured only a temporary rise in budget support, followed by a marked decline and a renewed reliance on project-type interventions

³This type of aid is allocated to both donor and recipient country government institutions. Donor government agencies can sub-contract to recipient governments but because the OECD reports only the "first implementing partner" who is directly accountable to the donor, any subsequent sub-awards to recipient governments are not captured (OECD 2024).

⁴Additional descriptives on aid categories are in section F of the Appendix.

(Swedlund and Lierl 2020; World Bank 2016b, 2024). Despite this increased reliance on project aid, we know relatively little about how projects become part of the day-to-day operations of government or how they affect bureaucrats' incentives and performance.

2.2 Bureaucratic Motivation and Performance

Bureaucrats are key agents of state capacity. They develop and implement policies and provide core services such as tax collection, healthcare, and policing (Besley et al. 2022). Understanding how to motivate bureaucrats is a vibrant area of study that can make important contributions to the aid effectiveness debate. A vast body of scholarship links bureaucracies to better development outcomes, highlighting how “Weberian” bureaucracies—particularly those with meritocratic recruitment and tenure—boost economic growth, curb corruption, and limit political interference (Evans and Rauch 1999; Dahlström, Lapuente, and Teorell 2012; Oliveros and Schuster 2018). Additionally, representative bureaucracies not only enhance organizational performance and service quality but also reduce bias, underscoring the importance of who staffs government agencies and how they are motivated (Ding, Lu, and Riccucci 2021; Nicholson-Crotty, Grissom, and Nicholson-Crotty 2011; Xu 2023).

Building on these insights, a growing body of research emphasizes the role of bureaucrats' preferences in shaping service delivery outcomes (Craig, Hoang, and Kohlhase 2019; Heckman, Smith, and Taber 1996). Bureaucrats are not passive implementers responding solely to monitoring and incentives but rather motivated agents whose effectiveness depends partly on whether their work environment aligns with their goals and preferences. Therefore, aligning work conditions with bureaucrats' own goals and motivations can significantly enhance their effectiveness: for instance, allowing high-performing tax inspectors in Pakistan to select their preferred postings increased tax revenue growth by 30–41 percent (Khan, Khwaja, and Olken 2019).

While these examples demonstrate how frontline bureaucrats' preferences can shape service delivery outcomes, assessing the performance of core civil servants is more challenging. Because central government bureaucrats tend to work in teams, where individual outputs are

intertwined with those of others, and because their contributions are often continuous rather than discrete, traditional performance metrics can fall short (Dixit 2002; Hasnain, Manning, and Pierskalla 2014). As a result, scholars increasingly rely on proxies for performance, ranging from public service motivation (Ritz, Brewer, and Neumann 2016) to time-use measures. For instance, Kalaj, Rogger, and Somani (2022) show that the amount of time Ethiopian bureaucrats spend coordinating with colleagues and interacting with clients significantly improves the quality of services delivered by their organization, highlighting how effort allocation is an important proxy for performance⁵. Given that bureaucrats' time allocation is tied to service delivery outcomes, it is essential to understand how bureaucrats allocate time across regular government duties and aid project responsibilities.

Doing so requires identifying what changes when project aid—which constitutes the majority of public sector assistance and alters routine processes—enters the bureaucracy. I focus on changes at both the individual and the organizational (departmental) levels. At the individual level, project aid alters ownership, autonomy, and financial incentives. At the departmental level, project aid alters bureaucrats' exposure to donor funding, equity, and coordination. While these are certainly not the only changes that can occur in the bureaucracy with the arrival of aid projects, they are key determinants of work satisfaction and performance and in interviews, bureaucrats report these as key features of work that change with the arrival of aid projects. Furthermore, aid projects typically come with detailed plans, pre-determined targets and budgets, and proceed in a more decentralized, ad hoc manner over a limited period spanning roughly three to five years. In contrast, regular government programming is ongoing and long-term, with policies and budgets formulated through a legislative cycle that typically begins with policy proposals developed by bureaucrats and with funding released at predictable intervals (Finan, Olken, and Pande 2017; Pomerantz 2023). I therefore argue that these contrasting features of project aid and regular government work generate trade-offs that shape bureaucratic preferences. Specifically, the injection of

⁵Björkman and Svensson (2009) also attribute improvements in service delivery outcomes among healthcare workers in Uganda to increased effort.

aid projects into government bureaucracies reshapes both individual incentives and organizational factors in ways that generate competing demands on bureaucrats' motivations and effort allocation.

2.2.1 Individual Incentives

Many bureaucrats are called to public service and care about how their work impacts citizens, which fosters a sense of mission and a desire for ownership over their tasks. Being mission-oriented may explain why they often accept lower pay relative to private sector counterparts, but also requires that their personal goals align with those of their organization (Besley and Ghatak 2005; Brehm and Gates 1997; Cassar and Meier 2018; DellaVigna et al. 2022; Dixit 2002; Wilson 1989). As Wilson (1989) notes, public employees frequently draw motivation from a sense of purpose that transcends material rewards. Building on this, Honig (2024) argues that “mission-driven bureaucrats” thrive under empowerment-oriented management, where autonomy, recognition, and peer support enable a strong mission-driven identity. By contrast, excessive compliance and rigid oversight can undermine that sense of mission, causing dedicated employees to disengage or exit. In line with this view, I expect bureaucrats to prefer projects that grant them ownership of priorities and to increase effort as that ownership increases.

Autonomy also signals trust between a principal and their agent, and can increase intrinsic motivation and productivity (Falk and Kosfeld 2006; Frey 1994; Ryan and Deci 2000). Moreover, more autonomous bureaucrats can better navigate complex relationships with peers, service recipients, and political principals in the execution of their duties (Zacka 2017). In their novel study of Nigerian civil servants, Rasul and Rogger (2017) show that projects where bureaucrats have more discretion have higher completion rates than those where bureaucrats are monitored more and Bandiera et al. (2020) find that more autonomous procurement officers in Pakistan bring down the cost of purchases without compromising quality. I therefore expect bureaucrats to prefer projects where they are more autonomous, specifically, where they have more discretion over implementation, and to increase effort as

their ability to apply discretion increases.

Financial incentives nevertheless comprise an important source of motivation to perform better. They can attract people to work in the public sector as well as boost the performance of public sector workers (Ashraf, Bandiera, and Jack 2014; Bobba, León, and Wantchekon 2018; Dal Bó, Finan, and Rossi 2013; Khan, Khwaja, and Olken 2015). Dal Bó, Finan, and Rossi (2013) find that higher wages attract workers who are also intrinsically motivated into public service in Mexico and Bobba, León, and Wantchekon (2018) find that the promise of bonuses boosts productivity among teams of bureaucrats in local governments in Benin. I therefore expect bureaucrats to prefer working on projects with higher monetary benefits and to increase effort on such projects. However, because projects increase bureaucrats' multi-tasking effort, I further expect that as bureaucrats increase effort on projects, they will simultaneously decrease effort on regular government duties (Hasnain, Manning, and Pierskalla 2014; Holmstrom and Milgrom 1991).

2.2.2 Organizational Factors

Higher monetary benefits also have implications at the departmental level. Departments with more donor participation are more likely to engage more of their bureaucrats in aid projects. Bureaucrats should therefore prefer to work in departments with more donor exposure and be willing to apply more effort in such departments because of the prospect of higher financial benefits. But financial incentives are a double-edged sword, particularly when they are selectively allocated. Monetary benefits allocated to only those bureaucrats working on aid projects might be interpreted as deprivation by those bureaucrats who do not receive them. Scholarship shows that individuals care not only about their own income, but also about how their income compares to that of their peers (Alvarez-Cuadrado and Long 2011; Kahneman and Tversky 1979). In India, the productivity of entire units drops when pay is heterogeneous and effort is difficult to observe, as is the case with central government bureaucrats (Breza, Kaur, and Shamdasani 2018; Dixit 2002), and in California, university employees are more likely to express a desire to leave their organization when they learn

their peers earn more than they do (Card et al. 2012). I therefore expect bureaucrats to prefer working in departments with more equitable pay and to increase effort as departments become more equitable.

Finally, bureaucrats care about belonging to their organization, including working with a team that supports each other (Akerlof and Kranton 2005; Bowles and Polania-Reyes 2012; Cassar and Meier 2018; Honig 2021; Jacobsson and Hollertz 2021; Wilson 1989). Belonging to a group with a shared vision can enhance an individual's sense of meaning and worth and inculcate a non-materially motivated desire to contribute to the group's goals (Karlsson, Loewenstein, and McCafferty 2004). Bandiera, Barankay, and Rasul (2010) find that working alongside friends who are more productive increases an individual's own productivity and Kalaj, Rogger, and Somani (2022) find that coordinating with peers can improve the quality of services delivered by bureaucratic organizations. I therefore expect bureaucrats to prefer working inside departments where they can coordinate more easily with their peers, and to increase effort as coordination improves.

Project aid could affect bureaucratic organizations through alternative pathways, such as training, new administrative systems, and additional staffing, which, in principle, could improve capacity. The accumulated evidence, however, is mixed (Gonzalez Parrao et al. 2023; World Bank 2008, 2021): reforms often underperform when they are inflexible, reduce domestic ownership, are poorly adapted to context, or discount broader organizational dynamics (Andrews 2013; Brinkerhoff and Brinkerhoff 2015; Pearson 2011). Illustratively, a World Bank program to boost local-government administrative capacity in Tanzania did not translate into measurable service-delivery improvements (Di Maro et al. 2021). By contrast, capacity building is more likely to succeed when it is embedded in existing organizational culture (not one-off workshops), locally owned, problem-driven, and paired with managerial follow-through that enables transfer of learning to everyday work (Honig 2024; Virani and Wal 2023; Williams and Yecalo-Tecle 2020).

3 Empirical Context

Uganda was historically a donor darling, becoming the first country eligible for debt relief through the World Bank's Heavily Indebted Poor Countries debt relief program in 2000 (Lister et al. 2006). Between 2004 and 2023, ODA to the country increased by 56 percent and the country received over USD 2 billion in aid in 2023, making it the seventh highest recipient of ODA in Sub-Saharan Africa in net disbursements, following countries such as Ethiopia, Mozambique, and Nigeria (OECD 2024). Between 1990 and 2006, Uganda received, on average, 11 percent of its GDP in aid. This figure jumped to between 40 to 50 percent from 2015 onward. As a result of this dependency, the Ugandan government incorporates aid transfers into its fiscal planning (Bwire 2023; UNU-WIDER 2013).

However, aid is not evenly allocated across departments and sectors. For example, in the 2016/2017 financial year, up to 43 percent of the Ministry of Health's budget was covered by donor funds while that same year, the justice, law and order sector reported only 0.3 percent of aid in their budget (Lakuma and Lwanga 2017). By the 2019/2020 financial year, aid in the Ministry of Health's budget had gone up to 62 percent (UNICEF 2020). Differences are just as stark across departments. The US President's Emergency Plan for AIDS Relief (PEPFAR) went specifically towards combatting HIV/AIDS, malaria and tuberculosis (TB) and since 2004, PEPFAR has invested USD 3 billion in Uganda (US Embassy in Uganda 2023). Looking at the Ministry of Health's budget, the pharmaceuticals section, which includes the Global Fund for AIDS, malaria and TB, had the highest budget: 30 times higher than public health services, 10 times higher than clinical services, and 6 times higher than infrastructure (Ministry of Health 2020).

Donor funding in Uganda has also gone through various phases including general budget support, sector budget support, and project support. Some of these shifts have been driven by differences in opinion about priority areas for funding between donors and the government, concerns about the misuse of funds, and concerns about democratic governance (Brownbridge 2009; Devex 2022; Reuters 2012; Williamson et al. 2016). Following the 2012 Office of the

Prime Minister corruption scandal, many development partners withdrew budget support and have since switched primarily to project support (Devex 2022; Reuters 2012). Currently, about 78 percent of aid to the public sector is disbursed as project support (OECD 2024).

Within this context, bureaucrats engage the aid system as day-to-day counterparts in project preparation, implementation, and oversight, participating in donor missions and sector coordination processes, and managing the budgeting, procurement, and reporting demands that accompany donor financing. The administrative burden can be substantial: divergent donor procedures, combined with large portfolios of stand-alone projects, stretch ministries' human and management resources (World Bank 2003, 2016a). In health, for instance, donor-funded projects are often not aligned with sector priorities and frequently require partner-specific reporting formats involving multiple unharmonized reporting systems (Stierman, Ssengooba, and Bennett 2013; World Bank 2016a). This creates parallel implementation structures involving parallel project implementation units and practices like salary top-ups (Erasmus et al. 2018; Vian et al. 2012). Even when externally funded projects are not implemented through government systems, they still require bureaucrats to engage in coordination, authorization, and interface work with the various stakeholders (World Bank 2016a).

Because project aid is allocated as off-budget support, data on the distribution of foreign aid across government ministries and agencies, and especially across departments and bureaucrats, is not readily available. The central government itself is not sure about the value of donor funded projects in the various ministries. This is partly due to the ongoing gap between the information held by ministries implementing aid projects and the data collected by the Ministry of Finance, Planning, and Economic Development, which oversees development expenditure planning (Brownbridge 2009). In 2019, the African Development Bank reported that the difference between what donors reported was disbursed and what government reported was spent amounted to USD 645 million or 13 percent of government expenditure (Rasmussen 2019). Given its long history with aid, the uneven distribution

of aid across departments and sectors, and the uncertainty around aid allocation, Uganda provides an ideal setting for unpacking aid's impact on bureaucrats.

4 Research Design

To determine how project aid shapes bureaucrats' motivations, incentives, and performance, I employ a three-pronged approach comprising semi-structured interviews, descriptive survey data, and survey experiments. The interviews form the foundational layer of my research design. A qualitative approach allows the subject of research to give meaning to their experiences and enables the linking of processes and outcomes (Haverland and Yanow 2012). This approach is apt in this context, where bureaucrats are a difficult to reach population and limited understanding on their perspectives exists. By asking open-ended questions, I can unpack how project aid is operationalized in recipient bureaucracies, how bureaucrats perceive aid projects, and how these projects impact their day-to-day work. Using a qualitative approach also allows me to identify which features of bureaucratic work are most susceptible to change following the arrival of aid projects and to illuminate potential mechanisms behind the survey results. Moreover, by avoiding leading questions, bureaucrats can make their own assessments of the workplace. Questions I asked include: *1) Can you describe how the engagement with development partners begins? 2) How do people in your department get selected to work on such projects? 3) What kinds of changes occur when a development partner introduces a project to your department? 3.1) Do people get facilitated to work on such projects? 3.2) How are people facilitated to work on such projects?*.

Between 2019 and 2023, I conducted 64 qualitative interviews with bureaucrats at various hierarchical levels.⁶ I used a snowball sampling approach, relying on initial contacts with government officials and policy experts and following recommendations from those I had interviewed. My sample included entry-level (31 percent), mid-level (47 percent), and senior career civil servants and political appointees (22 percent) in various ministries, departments, and agencies, including the ministries of Finance, Health, Agriculture, ICT, Gender, Lands,

⁶Additional details of the interview sample are provided in Appendix D.

and President's Office.

In August 2023, I administered a survey to 559 central government bureaucrats across approximately 70 departments in six key ministries: Ministry of Finance, Planning and Economic Development; Ministry of Agriculture, Animal Industry and Fisheries; Ministry of Trade, Industry and Cooperatives; Ministry of Education and Sports; Ministry of Health; and Ministry of Works and Transport. These ministries, chosen through expert consultations and following Kalaj, Rogger, and Somani (2022), are considered central to economic development. The sample of bureaucrats excluded directors, commissioners, secretaries, drivers, and librarians focusing on mid level officers because they are more likely to be assigned to aid projects while having limited input on how those projects are allocated. I obtained staff lists from these ministries with permission from Permanent Secretaries and Human Resources departments. I then randomly selected respondents, ensuring proportional representation based on department and ministry size. Enumerators physically visited each department to administer the survey in person and I made randomly selected replacements when staff were missing. This comprised staff who were in upcountry offices, had been transferred, were studying abroad, or did not exist. I failed to obtain the staff list from the Ministry of Agriculture and therefore did not randomly select bureaucrats there. Instead, 37 bureaucrats were conveniently sampled. Each participant received a symbolic fee of about USD 3 for their time. Figure 13 below shows the distribution of respondents by ministry, education level, contract type and rank.

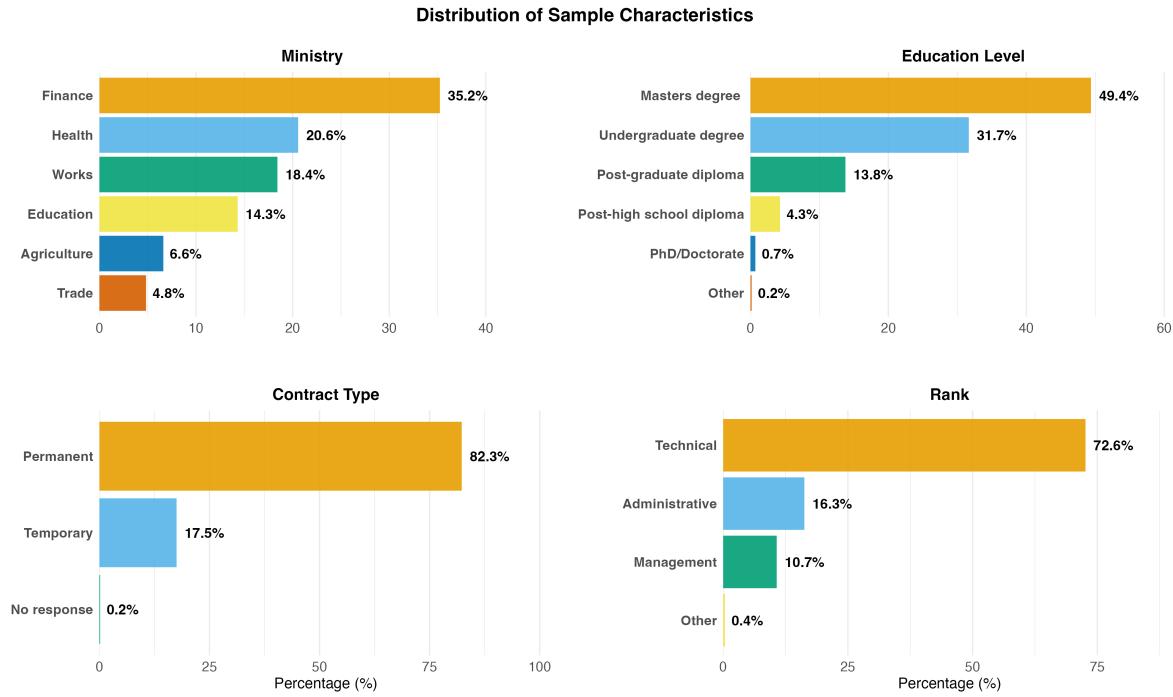


Figure 1: Characteristics of Survey Respondents

Embedded within this survey were two conjoint experiments that randomly varied work attributes related to both projects and departments. The purpose of the experiments was to determine bureaucrats' preferences for work attributes—at both the individual and organizational level—that are susceptible to changes induced by aid projects, and how these preferences in turn map onto effort allocation. Survey experiments were ideal in this setting because we lack data linking bureaucrats to projects and project evaluations do not include information on bureaucrats. Without direct observations of project impact on bureaucratic performance, conjoint experiments provide a practical alternative for proxying how project aid impacts inputs to performance. Ideally, one would randomize project and department characteristics across bureaucrats and directly observe impacts on performance; however, such a design poses substantial logistical and ethical challenges, particularly in the context of central government agencies.

Generally, conjoint experiments are well suited to evaluating how complex sets of work attributes simultaneously shape bureaucrats' preferences and have been shown to predict

real-world decision-making (Hainmueller, Hopkins, and Yamamoto 2014; Hainmueller and Hopkins 2015; Hainmueller, Hangartner, and Yamamoto 2015). They randomize attributes of a profile so that respondents view different combinations of attributes. Respondents then have to select between one of the profiles they have been presented with. By presenting a large sample of respondents with profiles consisting of different attribute combinations, conjoint experiments reveal how much the average respondent values each specific attribute relative to other attributes. And because bureaucrats are typically faced with bundles of incentives, conjoint experiments are an ideal tool for estimating the effects of different aspects of these attributes on their preferences. Descriptive survey questions aimed at assessing these attributes independently are not likely to uncover meaningful differences and might be driven by social desirability bias. With 559 respondents viewing two profiles and undertaking three tasks, the effective sample size for each experiment is 3,354 observations. However, this sample size is halved in the follow up questions relating to bureaucrats' preferred choices over projects and departments, including their willingness to work additional hours, my measure for marginal effort. This measure estimates bureaucrats' effort allocation on their preferred project or department.

The project conjoint comprises four attributes: the funder, monetary benefits, ownership, and discretion. These attributes reflect the dynamics of aid projects in important ways. Aid projects are typically funded by international actors including countries and their agencies, multilateral organizations, and global non-profits. In this experiment, I select the most typical funders for a country like Uganda, which include The World Bank, China, USAID, and the government itself. While I do not theorize the funder attribute *ex ante*, including it allows me to provide a more realistic scenario for the project conjoint and compare bureaucrats' preferences for funding from government versus external actors.

Furthermore, when bureaucrats work on aid projects, they receive various benefits including monetary allowances. Allowances are more discretionary unlike salaries, which are determined by clear guidelines in the Public Service Standing Orders that match salaries

to rank. Moreover, allowances form a significant source of income for bureaucrats and can surpass their baseline salaries. The monetary benefits amounts in the experiment were determined in consultation with experts who work in public policy or who have worked as bureaucrats. In appendix G, I also include excerpts of the government’s 2018 Circular Standing Instructions, which delineate bureaucrats’ allowances as well as the 2023-2024 salary scale for mid-level bureaucrats. Bureaucrats can receive night allowances, travel allowances, lunch allowances, and safari day allowances, among others.

The discretion and ownership features also follow extensive discussions with bureaucrats about how donor funded projects are conceptualized and budgeted for relative to government work. Government budgetary allocations follow a formal process: bureaucrats often develop policy proposals, which once approved by their heads of department, are submitted to the Cabinet of Ministers. If approved by Cabinet, these proposals are sent to Parliament for debate and approval. By contrast, donor funded projects bypass these national budgetary procedures and are negotiated as “off-budget” at the sector or sub-sector level. Many bureaucrats report having limited input in conceptualization, constraints in funding allocation, and burdensome reporting requirements that vary with each donor. This is in part due to the targeted nature of project aid and limited coordination among donors on the projects they undertake in recipient countries (Congressional Research Service 2013; Nunnenkamp, Rank, and Thiele 2016).

The department conjoint comprises three attributes: donor exposure, equity, and coordination. Aid projects are implemented inside departments and there is substantial variation across departments in the number of projects they operate. As a department takes on more aid projects, the number of its bureaucrats involved in such projects increases, hence the donor exposure. But because only some bureaucrats in the department are selected to work on projects at any given time, aid projects engender inequity between peers. That is, peer bureaucrats who are equally qualified may find themselves with vastly different earnings. Finally, many bureaucrats report having to divide their time between aid projects and gov-

ernment work. This may entail missing departmental meetings to go to the field, attending workshops, or attending project meetings. This can result in neglecting government work that is often conducted with other members of the department, corroding coordination in departments, especially those that have high donor exposure.

For each experiment, each respondent completed three forced choice tasks and answered follow-up questions about their preferred project or department. I also operationalize my main outcome of interest—effort—as the additional number of hours beyond the typical 8am – 5pm bureaucrats are willing to work each day to fulfil project and department objectives (up to four hours) and the number of hours bureaucrats are willing to shave off regular government work each day to fulfill project objectives (up to eight hours). Below I describe the two conjoints.

The first is the project conjoint, where I vary funder, monetary benefits⁷, discretion, and ownership.

⁷ USD 1:UGX 3,600 at the time of data collection. Bureaucrats saw the monetary values in UGX.

<i>Attribute</i>	<i>Values of Attribute</i>
Funder	<ul style="list-style-type: none"> • is funded by USAID • is funded by China International Development Cooperation Agency • is funded by World Bank • is funded by Government of Uganda
Monetary benefits	<ul style="list-style-type: none"> • offers total allowances of USD. 10,000 for each year of the project. • offers total allowances of USD. 5,000 for each year of the project. • offers total allowances of USD. 1,500 for each year of the project. • offers no additional monetary benefits to your base salary.
Discretion	<ul style="list-style-type: none"> • It is easy to make changes to the project if you think the project is not working well. • It is difficult to make changes to the project if you think the project is not working well. • It is impossible to make changes to the project if you think the project is not working well.
Ownership	<ul style="list-style-type: none"> • You personally participated in determining the priorities of the project. • Your department participated in determining the priorities of the project. • Neither you nor your department participated in determining the priorities of the project.

Table 1: Project conjoint attributes and their possible values.

Respondents view the following statement when presented with the forced choice tasks.

Now I am going to ask you your opinion about certain aspects of donor funded projects. I will show you two pairs of three hypothetical projects that have a funding period of three years. For each pair of projects, I will ask you a couple of questions. There are no right or wrong answers – it is just what you prefer.

Project A: [randomized values for each attribute].

Project B: [randomized values for each attribute].

Following each forced-choice task, respondents answered two questions: (1) how many additional hours they would be willing to work each day and (2) how many hours they would be willing to take off routine government work each day to fulfill project objectives. Because bureaucrats do not resign their positions or take extended leaves of absence to meet project requirements, they must either reduce time from regular government work during their usual

workday or add hours beyond it. These follow-up questions therefore capture marginal effort. Because these effort questions referred only to the preferred project, estimates reflect relationships between project attributes and marginal effort among projects respondents would choose to work on.

The second is the department conjoint, where I vary donor exposure, equity, and coordination.

<i>Attribute</i>	<i>Values of Attribute</i>
Donor exposure	<ul style="list-style-type: none"> • All the officers in the department work on donor funded projects. • 60 percent of the officers in the department work on donor funded projects. • 30 percent of the officers in the department work on donor funded projects. • None of the officers in the department work on donor funded projects.
Inequity	<ul style="list-style-type: none"> • There are no officers who earn more in allowances than peers with equal qualifications. • A few officers earn twice as much in allowances as peers with equal qualifications. • A few officers earn four times as much in allowances as peers with equal qualifications.
Coordination	<ul style="list-style-type: none"> • It is easy to coordinate with peers in the department when carrying out departmental duties. • It is sometimes difficult to coordinate with peers in the department when carrying out departmental duties. • It is very difficult to coordinate with peers in the department when carrying out departmental duties.

Table 2: Department conjoint attributes and their possible values.

Respondents view the following statement when presented with the forced choice tasks.

Finally I am going to ask you your opinion about certain features of departments. I will show you two pairs of three hypothetical departments. For each pair of departments, I will ask you a couple of questions. There are no right or wrong answers – it is just what you prefer.

Department A: [randomized values for each attribute].

Department B: [randomized values for each attribute].

Similar to the project conjoint, respondents answer questions about which department they would prefer to work in and how many additional hours they would be willing to work each day to fulfill department objectives in their department of choice.

5 Results

5.1 Descriptive Results

5.1.1 Involvement of Foreign Donors in Uganda's Government Agencies

As shown in figure 2, over 80 percent of bureaucrats report that their organization frequently or very frequently works with development partners, with little variation across ministries. The data further indicate frequent engagement of bureaucrats with donor funding: figure 3 shows that 67 percent of bureaucrats report they have worked on a donor funded project. Moreover, 83 percent of bureaucrats hope to work on a donor funded project in the future. This figure is more pronounced among those who have already worked on a donor funded project at 96 percent.

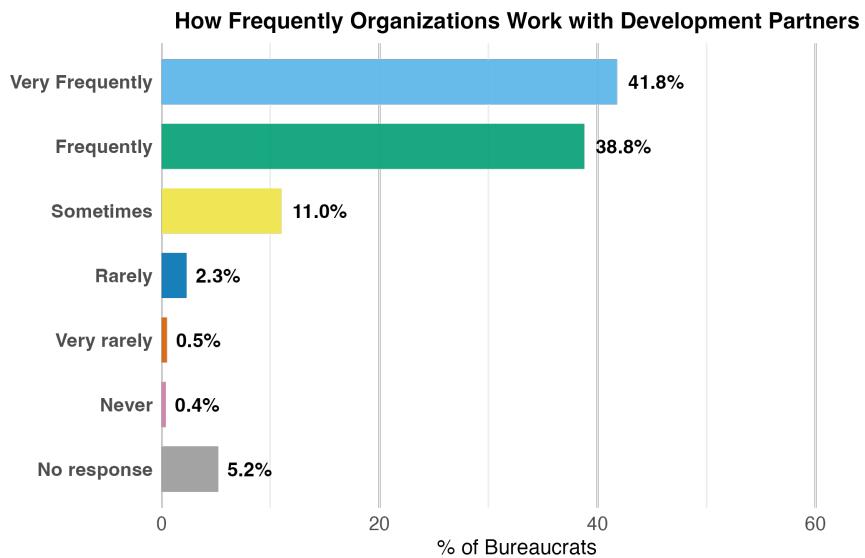


Figure 2: Share of bureaucrats who have ever worked on an aid project

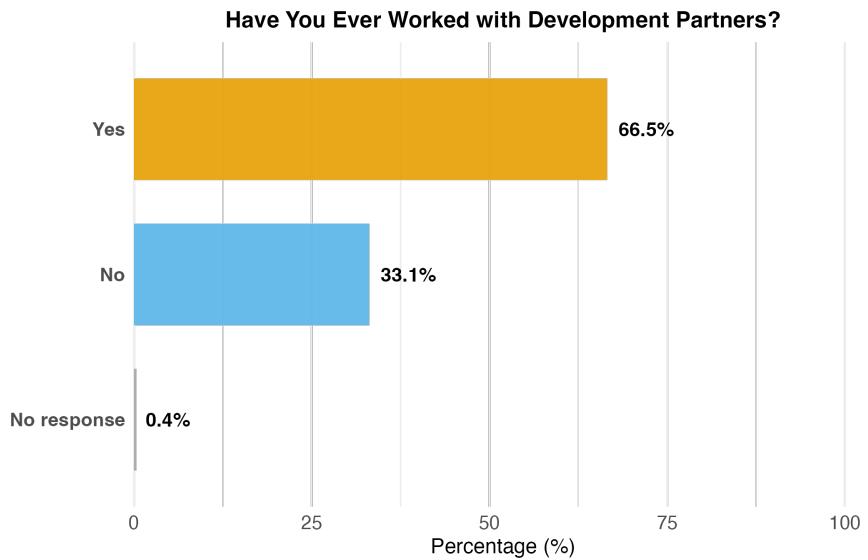


Figure 3: Share of bureaucrats who have ever worked on an aid project

Those who have worked on donor funded projects report working on an average of two projects per year. They also work, on average, an additional 2 hours beyond the typical work day when they are on an aid project, with most bureaucrats reporting they have to do so sometimes or frequently. Even when bureaucrats have never worked on a donor funded project, qualitative interviews indicate they are aware when donor funded projects are ongoing in the department and who is working on them. They usually learn about these aid projects during departmental meetings, and occasionally, the aid projects establish an office within the department, where the staff involved in these projects convene.

Despite the extent of donor engagement with government bureaucracies, figure 4 shows only 31 percent of bureaucrats report that projects are initiated internally and 55 percent report that projects are either fully or partially developed by donors when they are introduced to government departments.

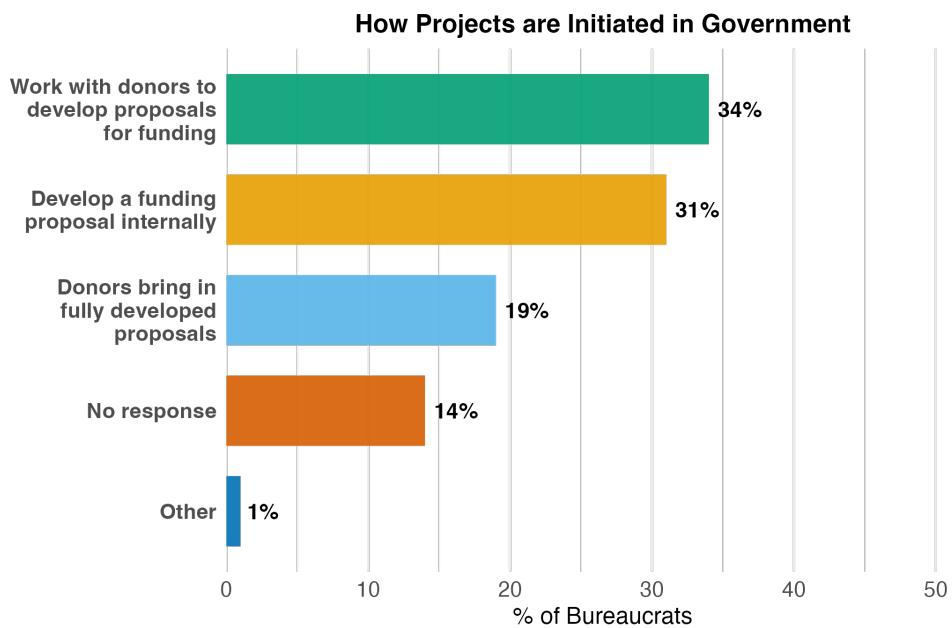


Figure 4: Aid project initiation in departments

However, bureaucrats report that the power asymmetry in funding relationships leads them to accommodate donor priorities, even when these do not fully address local needs, and to design projects around what they believe donors will fund.

“Remember this is now the person that has the money, so even during the negotiations, this person who has the money is likely to say don’t do this, and what we observed is that you may not address entirely your national or local problem. Mind you, this isn’t your money. You asked for it to solve a problem and if this DP [Development Partner] has another interest, many people working with DPs will find themselves bent, tilted towards addressing what the other person [donor] needs...”

“Yes, you might have your priorities, but don’t have the funding. The donors come with their priorities and because they have the funding, and you need the funding to do off budget activities, then you accommodate. You can realign something to fit into a thing when it may not fit in well, but you convince everyone that it fits in because you need the funding. That’s the challenge with projects that originate at the department level. Because I have read about an opportunity, I go and convince the commissioner on this and package it for the PS [Permanent Secretary]⁸. Then PS looks at it and agrees that this is one of the priority areas

⁸The Permanent Secretary is the administrative head of the ministry.

that we need. But when actually it might not deliver on its promise, or it might give you 25 percent..."

The limited participation of government bureaucrats in project design weakens ownership over project priorities. This bureaucrat describes how external agenda setting undermines local stakeholder participation.

" . . . rarely do they consult people as government. . . or the donors come and say there is this thing here and this is our interest and objective, we think we want to partner with you. So you find that the local participation is very low, as you were saying that there is that public policy cycle, so you find that the agenda setting is done outside there, they don't consult the stakeholders. . . "

This has implications for bureaucrats' influence over project goals and implementation. 40 percent of bureaucrats report they cannot make changes to a project's design while 48 percent report they cannot make changes to a project's objectives if they think the project is not working well. This further undermines bureaucratic ownership of the aid projects they work on. As this bureaucrat puts it, bureaucrats work towards achieving donors' goals for projects, not their own.

*"Performance is determined in terms of reports from the donors, relationships, support, were you available, did you help the donors achieve on **their** expected deliverables..."*

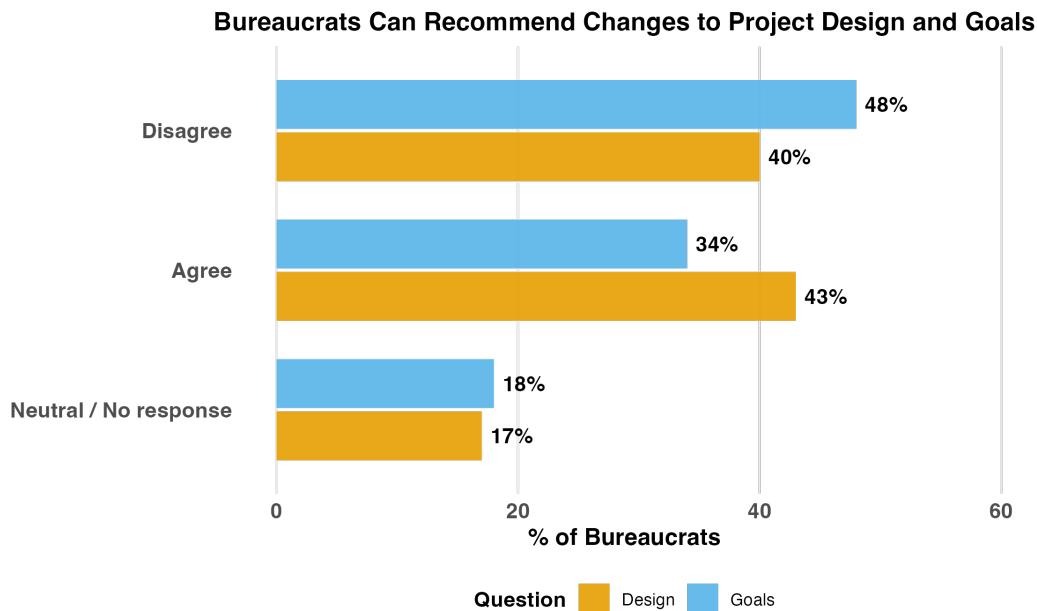


Figure 5: Discretion in Implementation

Finally, bureaucrats receive monetary incentives to work on donor funded projects. For example, a mid-level bureaucrat earning about USD 370 a month can receive USD 650 for each night abroad according to the government's Circular Standing Instructions on allowances (Ministry of Finance 2018; Ministry of Public Service 2024). Although this can motivate bureaucrats who are selected to work on projects, it exacerbates inequality between colleagues. 47 percent of bureaucrats report that donor funding increases inequality between colleagues while only 29 percent report that it does not. This can create tension inside departments, especially where selection onto projects is not transparent. The figures are starker for departments. 57 percent of bureaucrats report that donor funding increases inequality between departments.

“Yes, because projects are financially motivated e.g., through field allowances. Project staff are more motivated because the funding is there, unlike those only on government programming. For the years I have been in government, projects are more motivating than government work because at least someone has extra bread to earn from.”

“You know, there is organizational politics, which is controlled by economic politics. As long as somebody is going to get something more in their pocket than another, automatically it is going to cause a problem even if they do not say it out. Accusations of favors, more exposure to work, travels abroad, etc., are there as humans and we can’t be short of such sentiments.”

“I don’t know how much government you have dealt with but at least I know we have had people who even go in to lobbying and if such a person did not get it [selected to work on a project], then they would think maybe they have been maliced. Then, obviously, we also have another challenge these days of gender issues, accusations of being selected or not due to their gender. But such kind of animosity cannot fail to be where there is economic policy. Everybody came to look for money, so as they look for it, they want to have it to themselves.”

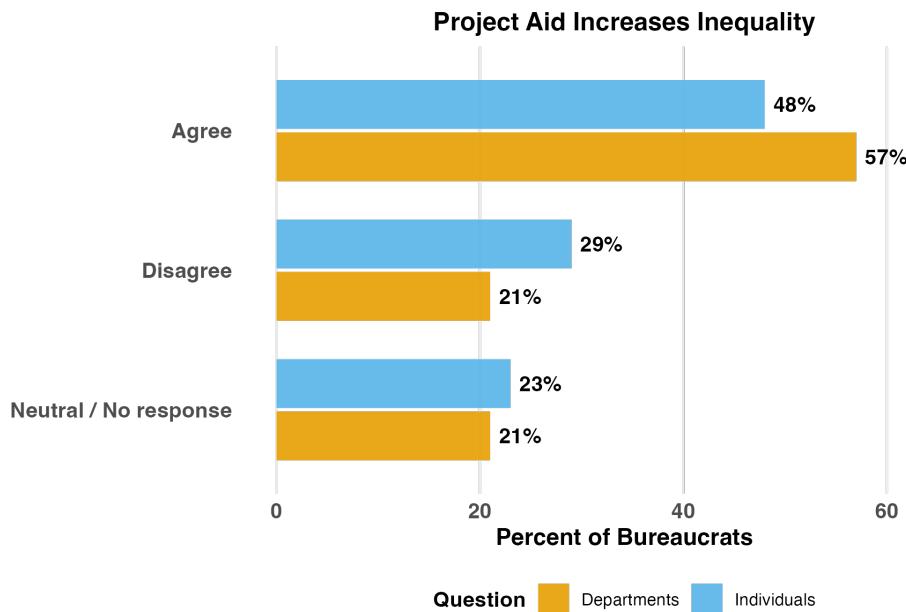


Figure 6: Inequality Increases Across Bureaucrats and Departments

These divides between bureaucrats corrode coordination as bureaucrats within the same institutions start pursuing disparate goals. This is exacerbated by the fact that bureaucrats on aid projects are under pressure to prioritize aid projects over their regular government duties.

“Yes, donor projects are more time bound. Even projects by nature have more urgency than the routine government work. You can always postpone; the repercussions of not delivering the government assignment are less because for the donor, when the time ends, they will withdraw funding. But for the government work, you can again plan for it next year.”

“...these various projects funded by different people in the same institution scatter the staff and if you are the person coordinating the whole organization, then you cannot drive in the same direction as you want. Actually, if you are not careful, it can lead to organizational breakdown. You have your scientists, directors, heads of units, involved in work for different foundations. So focusing, it’s quite disruptive.”

Overall, the descriptive findings illustrate how aid creates environments where bureaucrats experience limited ownership and discretion while confronting increased inequality and coordination challenges. They further demonstrate that while donor-funded projects offer attractive financial incentives—explaining bureaucrats’ eagerness to participate in them—they simultaneously introduce tensions that fragment departmental cohesion. Notably, the combination of stronger monetary incentives and stricter timelines on aid projects, and weaker accountability mechanisms for government work, drives reallocation of effort toward donor priorities. These descriptive patterns inform the design of the conjoint experiments that follow, which isolate the causal effects of these work attributes on bureaucrats’ preferences and effort allocation. The experiments allow me to disentangle bureaucrats’ preferences for financial benefits from their preferences for ownership, discretion, equity, and coordination, addressing the complex trade-offs observed.

5.2 Experimental Results

To determine how distinct project and department characteristics impact bureaucrats’ preferences and effort, I estimate the Average Marginal Component Effects (AMCEs) for both the project and department conjoint experiments. The AMCEs estimate the marginal effect of each attribute level on the probability of project or department selection relative to a baseline category set to 0 and averaged over the joint distribution of the other remaining attributes. AMCEs significantly greater than zero indicate that the attribute level has a

positive causal effect on the likelihood of project or department selection and on the willingness to work additional hours, while AMCEs significantly less than zero indicate that an attribute level has a negative causal effect. This analysis follows the preregistered design detailed in my preanalysis plan, which specified the project and department attributes to be tested and the primary hypotheses regarding bureaucrats' preferences and effort allocation (see Appendix B).

5.2.1 Bureaucrats' Work Preferences in the Context of Aid Projects

Project Preferences

I start by estimating bureaucrats' preferences for projects. Based on my theoretical expectations, I estimate the likelihood that bureaucrats will prefer projects with higher monetary benefits, greater ownership over priorities, and more discretion in implementation. The AMCE results in Figure 7 show that bureaucrats indeed have very strong preferences for these project attributes. For monetary benefits, moving from no additional compensation to USD 10,000 per year increases the probability of project selection by 28 percentage points. Mid-range monetary benefits of USD 5,000 and USD 1,500 also show significant positive effects of 20 and 13 percentage points respectively, demonstrating that even moderate financial incentives meaningfully influence project preferences.

For ownership, moving from no participation in determining project priorities to personal participation increases the likelihood of project selection by 23 percentage points, with departmental participation slightly higher at 24 percentage points. This similarity in effect sizes suggests that collective decision-making at the departmental level is just as effective at fostering a sense of ownership as direct personal involvement, supporting literature showing that bureaucrats value being part of an empowered team (Honig 2024; Wilson 1989). For discretion, moving from impossible to make changes to easy to make changes increases the likelihood of selection by 31 percentage points, though even the ability to make changes with difficulty increases selection by 15 percentage points, revealing bureaucrats value even limited implementation autonomy.

Though not explicitly hypothesized, the results also show that bureaucrats have preferences over different types of funders. Funding from China, relative to funding from the government, decreases the likelihood of project selection by 11 percentage points while funding from USAID decreases the likelihood of project selection by 8 percentage points. Only funding from The World Bank has a negative effect on project selection that is statistically indistinguishable from funding from the government. Nevertheless, the general takeaway is bureaucrats prefer funding from their own government over any other type of funder. This is important because donor funded projects tend to have certain attributes, such as financial benefits, that we might mischaracterize as preferences for donors without the experiment.

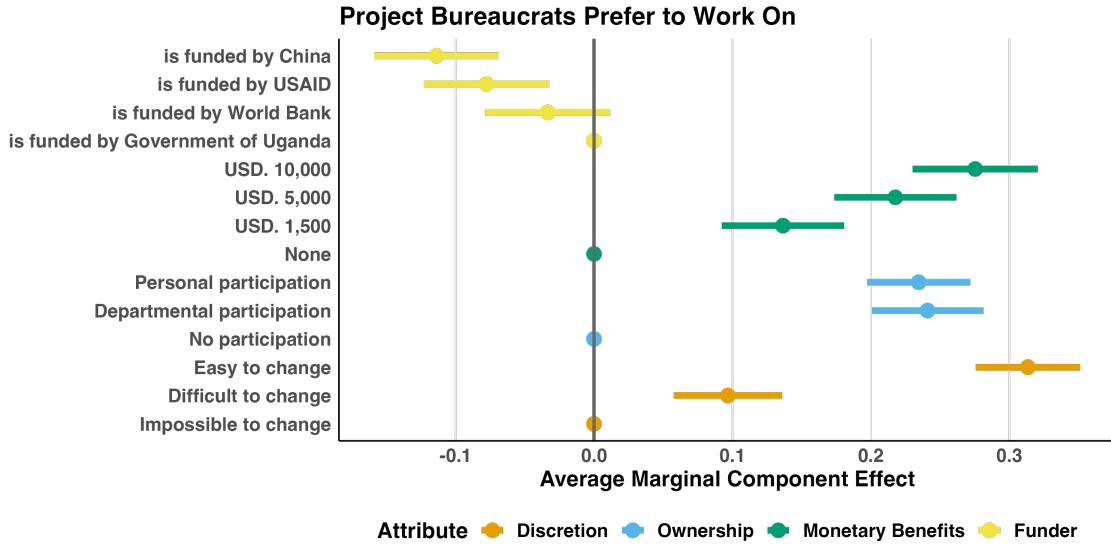


Figure 7: The figure shows AMCE estimates for different project attribute levels. Points to the left of the grey line indicate a negative causal effect of the attribute level on the likelihood of project selection, relative to a baseline category set to zero. Points to the right of the grey line indicate a positive causal effect of the attribute level on the likelihood of project selection.

These experimental findings resonate strongly with the perspectives bureaucrats shared about working on donor-funded projects. On the one hand, “projects are financially motivated... at least someone has an extra bread to earn from”, explaining the large increases in project selection probabilities at higher compensation levels. Yet the experiment also shows strong preferences for personal or departmental ownership of project goals, explaining interview accounts of frustration with donor-driven agendas. Many bureaucrats describe

the downside of having to address “what the other person [donor] needs,” since “this isn’t your money”. This tension is further reflected in bureaucrats’ preference for government funding over foreign donors—despite the financial appeal of aid projects—suggesting that bureaucrats value alignment with national priorities and the potentially more sustainable programming that government funding represents. As one bureaucrat noted during interviews, donor projects often “conclude after a few years, leaving the government without adequate resources to continue or expand these programs.” Taken together, the project experiment evidence clarifies how even as bureaucrats actively seek the monetary benefits that donor funding offers, they remain cognizant of the trade-offs involved, particularly their diminished role in crafting development agendas. Nevertheless, despite diminished autonomy, the promise of extra pay remains a powerful draw.

Department Preferences

I now turn to examining how departmental characteristics shape bureaucrats’ workplace preferences. Following my theoretical framework, I estimate the likelihood that bureaucrats will prefer departments with higher donor exposure, greater pay equity, and easier coordination with peers. The AMCE results in Figure 8 reveal that bureaucrats have strong preferences for these departmental attributes, consistent with my theoretical expectations.

Coordination emerges as the most influential departmental attribute by a substantial margin. Moving from very difficult to easy coordination with peers increases the likelihood of department selection by 43 percentage points. This striking result aligns with Jacobsson and Hollertz (2021) who argue that teamwork fosters social capital characterized by trust, mutual support, and shared norms, leading to improved service delivery. For equity, moving from a situation where some equally qualified peers earn four times more in allowances to one where all equally qualified peers earn the same increases the probability of department selection by 19 percentage points, supporting Breza, Kaur, and Shamdasani (2018) and Card et al. (2012)’s work on the importance of pay parity for work satisfaction and productivity.

For donor exposure, moving from no one to everyone in the department working on

donor-funded projects increases the likelihood of department selection by 23 percentage points, supporting findings from the project experiment that financial incentives significantly influence bureaucrats' decision-making. However, this reveals a notable conflict: despite evidence that donor involvement often disrupts the coordination and equity they highly value, bureaucrats remain attracted to departments with greater access to donor resources. This apparent contradiction points to what Cassar and Meier (2018) describe as competing motivational drivers, where material incentives may sometimes override social preferences.

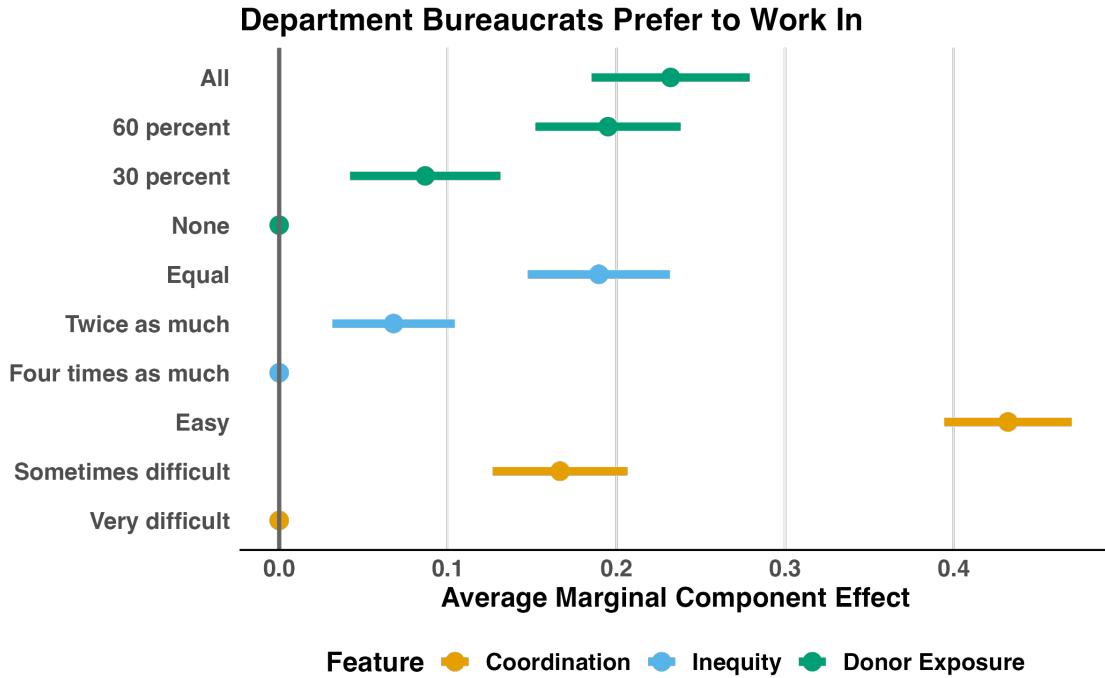


Figure 8: The figure shows AMCE estimates for different department attribute levels. Points to the left of the grey line indicate a negative causal effect of the attribute level on the likelihood of department selection, relative to a baseline category set to zero. Points to the right of the grey line indicate a positive causal effect of the attribute level on the likelihood of department selection.

These department-level findings echo the project findings: financial incentives draw bureaucrats to donor-heavy work environments, yet bureaucrats simultaneously value social factors that donor funding often undermines, specifically pay equity and coordination. This explains the tension highlighted in the interview data, with one bureaucrat explaining that when department meetings conflict with project meetings, “I will go for the project meeting because it is the one which has money.” As shown in the descriptive findings, these coordina-

tion challenges can deteriorate departmental cohesion. The social fabric of the department is further strained by the pay disparities described by bureaucrats, “people will feel that you project officers you get money. And true, we get more money compared to other people.” Despite recognizing these challenges, bureaucrats remain drawn to donor-rich environments for the financial opportunities they provide.

5.2.2 Bureaucrats’ Willingness to Work Additional Hours: The Role of Preferences in Effort Allocation

Next, I analyze how project and department characteristics influence bureaucrats’ willingness to work additional hours on their chosen project or department⁹—my primary measure for effort allocation. As theorized in Section 2.2, effort is a key input to performance outcomes for central government bureaucrats who manage multidimensional tasks and interact with diverse stakeholders (Björkman and Svensson 2009; Dixit 2002; Hasnain, Manning, and Pierskalla 2014; Kalaj, Rogger, and Somani 2022; Zacka 2017). Figure 9 displays AMCEs for both increasing effort on chosen projects and reducing effort on routine government work.

The results reveal a pattern consistent with my theoretical framework: bureaucrats demonstrate a willingness to increase effort on projects and decrease effort on regular government work as monetary benefits increase. While this effect is statistically significant only at the highest compensation level (USD 10,000 annually), the estimates for lower amounts (USD 5,000 and USD 1,500) move in the expected positive direction. This finding aligns with literature showing that financial incentives can significantly boost bureaucratic performance (Dal Bó, Finan, and Rossi 2013; Ashraf, Bandiera, and Jack 2014; Bobba, León, and Wantchekon 2018; Khan, Khwaja, and Olken 2015), but with an important caveat—the reallocation of effort comes at a cost to core government functions.

Furthermore, contrary to my expectations, improvements in social dimensions (ownership and discretion) do not yield statistically significant or substantive increases in effort allocation, despite being highly valued in project selection. The finding suggests that bureaucrats

⁹This halves my sample size, bringing it to 1,677 observations from 3,354 observations.

are primarily—perhaps exclusively—motivated by financial gain when allocating additional effort to donor-funded projects, rather than by social preferences. This further supports Casar and Meier (2018) who argue that financial rewards can override non-material motivations such as autonomy, recognition, and meaning, which are drivers of long-term work satisfaction. This finding may also reflect bureaucrats' entrenched expectations formed through Uganda's decades-long history with foreign aid—where donor-funded projects consistently constrain autonomy. Experimental treatments cannot fully override these expectations. Nevertheless, the disconnect between preferences for project attributes and effort allocation suggest that donor-funded initiatives are capturing bureaucratic effort through purely financial mechanisms rather than through meaningful engagement with bureaucrats' professional values or priorities.

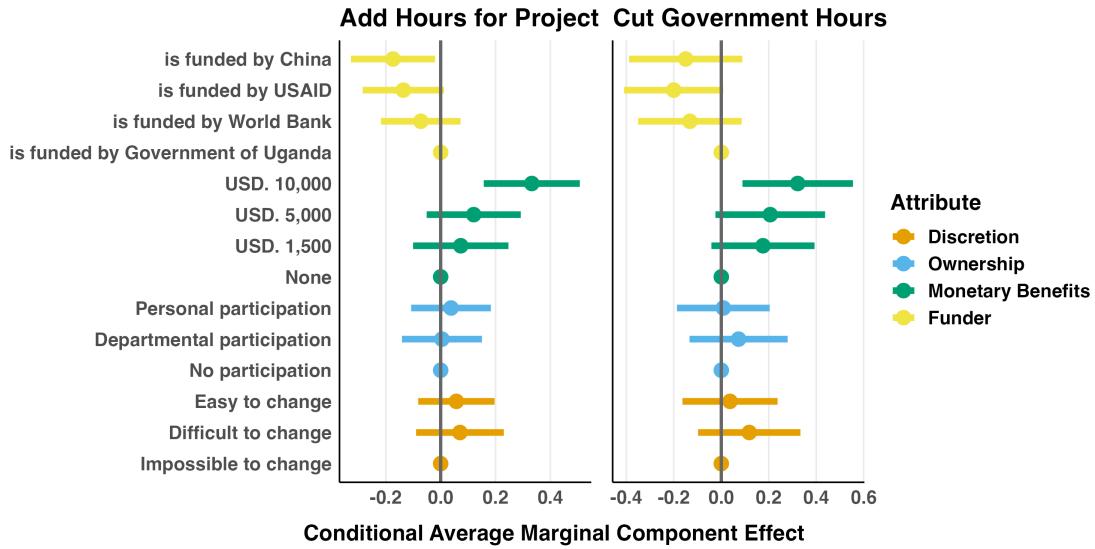


Figure 9: The figure shows bureaucrats' willingness to work additional hours if they get the project of their choice on the left panel and bureaucrats' willingness to reduce government hours if they get the project of their choice on the right panel.

These results are supported by bureaucrats' remarks during interviews on how they prioritize government and project work, and the implications for sustainability.

“Of course it affects your workload. You tend to prioritize the donor funded project work. My former boss, we had a number of things that we used to do

under the ministry but when there is work for the project, priority would be for the project, this one can wait. It affects output at the ministry..."

With the department attributes, I find a markedly different pattern than with project attributes: bureaucrats demonstrate willingness to increase effort when both financial incentives and social dimensions of work improve. First, bureaucrats are willing to increase effort as exposure to donor funding increases, though this result is only statistically significant when all bureaucrats in the department work on donor-funded projects, with substantive but non-significant shifts at intermediate levels of exposure. More importantly, bureaucrats are willing to increase effort as departments become more equitable—that is, as differences in allowance earnings between equally qualified peers diminish. This finding supports a rich literature demonstrating the importance of fairness for motivation, satisfaction, and performance (Breza, Kaur, and Shamdasani 2018; Card et al. 2012; Fehr and Schmidt 1999; Fehr, Goette, and Zehnder 2009). Additionally, bureaucrats are willing to increase effort when departments are well-coordinated, though this result is only significant at the 90 percent confidence level. This finding aligns with Kalaj, Rogger, and Somani (2022)'s research demonstrating that when bureaucrats invest more effort in communicating and collaborating with their colleagues, this enhanced teamwork translates into more efficient and effective public service delivery.

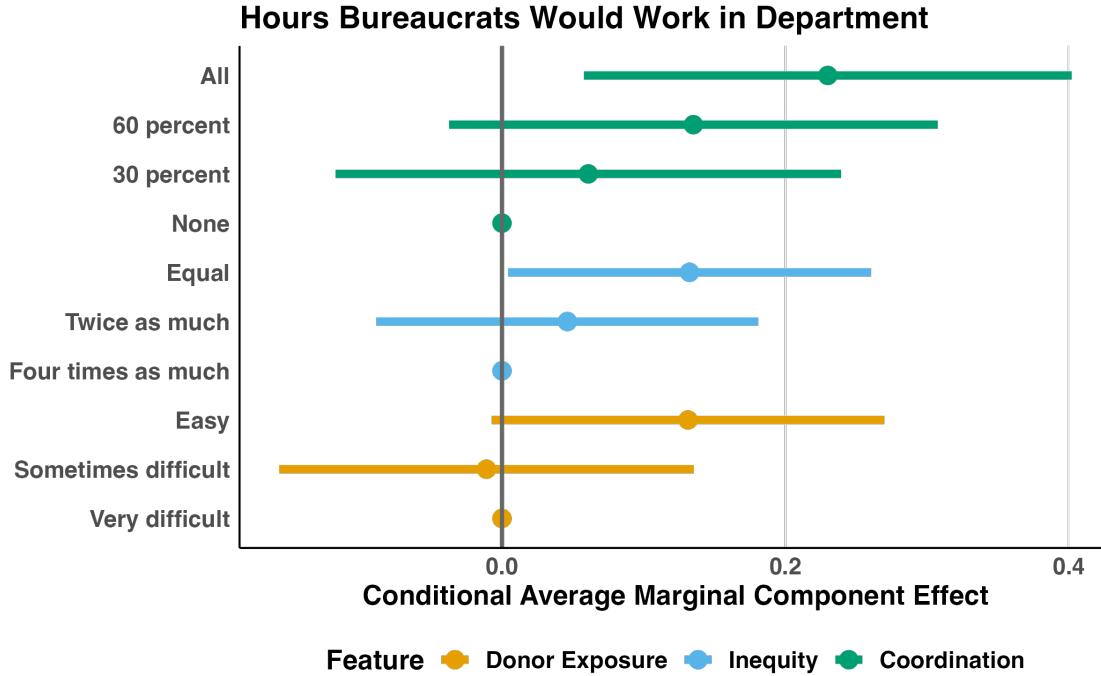


Figure 10: The figure shows bureaucrats' willingness to work additional hours if they get the department of their choice

Collectively, these findings reveal an important distinction in bureaucratic motivation: while effort on aid projects appears driven exclusively by financial incentives, effort in departments responds to both financial and social factors. This divergence suggests that the immediate, personal benefits of project-based financial rewards eclipse social considerations at the project level, yet social aspects remain consequential at the departmental level. As Akerlof and Kranton (2005) argue, individuals derive non-monetary utility from aligning their personal identity with organizational norms and may exert extra effort beyond purely financial considerations when their sense of organizational membership is strong. Project-based aid thus creates a paradox within bureaucracies: it entices with financial rewards while eroding the organizational fabric that sustains long-term capacity. Bureaucrats reveal this contradiction through their stated preferences: they prefer government funding yet eagerly pursue donor projects; they value autonomy and ownership yet reallocate effort based primarily on monetary incentives; they acknowledge fragmentation yet participate in the very mechanisms that cause it. This tension between individual gain and organizational function

reveals the subtle pathways through which foreign aid can undermine state capacity—not simply by draining talent or bypassing institutions, but by reshaping the internal incentives that govern bureaucratic attention and effort.

6 Conclusion

Foreign aid literature has predominantly focused on aggregate outcomes such as economic growth, institutional quality, democratic governance, and donor strategies (Bermeo 2016; Galiani et al. 2017; Przeworski and Vreeland 2000; Swedlund 2017). When this literature finds that aid undermines state capacity, it typically highlights mechanisms such as weakened accountability, elite capture of resources, or the creation of parallel institutions (Andersen, Johannessen, and Rijkers 2022; Eubank 2012; Knack 2014). However, these macro-level analyses overlook a critical intermediary: the bureaucrats who implement both government programs and aid projects on a daily basis. Meanwhile, studies on bureaucratic politics, motivation, and performance do not account for how global development actors fundamentally reshape bureaucratic environments (Besley et al. 2022; Brierley et al. 2023; Meyer-Sahling, Mikkelsen, and Schuster 2021; Khan, Khwaja, and Olken 2019).

This paper bridges these literatures by examining how project-based aid—which has grown substantially as a share of development assistance—affects bureaucratic preferences, motivation, and effort allocation. Through a combination of interviews, surveys, and experiments with Ugandan bureaucrats, I demonstrate that foreign aid creates a complex incentive environment that forces bureaucrats to navigate competing demands. While bureaucrats express preferences for government-funded projects, they simultaneously seek the financial benefits that typically accompany donor projects.

The experimental results reveal a particularly important pattern: bureaucrats will reallocate effort from government work to aid projects primarily in response to financial incentives, with little regard to improvements in social dimensions like ownership or discretion. However, at the departmental level, both financial and social factors motivate increased effort.

This divergence illuminates how project-based aid reshapes bureaucratic behavior—by creating individual-level financial incentives that override social preferences at the project level, while simultaneously weakening the organizational fabric through increased inequality and fragmented coordination.

These findings provide a micro-level explanation for the macro-level observation that aid can undermine state capacity (Busse and Gröning 2009). Rather than simply draining talent or bypassing government, aid projects fundamentally alter the incentive structures within government departments. When bureaucrats prioritize better-compensated, shorter-term aid projects over their regular government duties, they may achieve impressive results on specific donor initiatives while compromising the longer-term, more sustainable government programming that builds enduring state capacity.

These results do not suggest abandoning aid programming but rather point to opportunities for its improved integration within government institutions. Aid effectiveness could be enhanced by: meaningfully engaging bureaucrats in project conceptualization to foster ownership; allowing bureaucratic discretion during implementation; ensuring transparent and equitable allocation of project opportunities; and most critically, aligning projects with government programming to ensure institutional coherence and sustainability beyond the funding period. Indeed, recent articles, reports and OpEds have called for increased local ownership of aid through reliance on recipient country systems, particularly the use of budget support (Dreher 2025; Fardoust et al. 2023; Gelb and Sundberg 2023). As of writing, the United States is restructuring its aid delivery, effectively shuttering USAID and redirecting aid flows from NGOs in favor of direct government-to-government transfers (Kaliel and Palmer 2025).

Notably, although Uganda is frequently studied in the aid literature, the mechanisms identified here are not necessarily Uganda-specific. The core dynamic—financial incentives overriding social preferences in effort allocation—reflects basic behavioral responses to compensation that can operate wherever donor projects offer substantial pay premiums over

government salaries (Besley and Ghatak 2005; Cassar and Meier 2018; Frey 1994; Frey and Jegen 2001). This pay gap characterizes project implementation across Africa and Asia where donors routinely top up salaries or provide per diems that sometimes dwarf civil service compensation (Chêne 2009; Nkamleu and Kamgnia 2014; Ridde 2010; Søreide, Tostensen, and Skage 2012; World Bank 2013). That said, Uganda's long history of aid dependence may shape bureaucratic expectations in ways that differ from less dependent countries or countries with more centralized aid management, such as Rwanda (Uwaliraye et al. 2024). For example, the finding that improvements in ownership and discretion do not increase effort may partly reflect decades of socialization into donor-driven project structures. Future research should test whether these patterns hold in contexts with lower aid dependency, higher civil service compensation levels, and more centralized aid management.

As major donors cut and restructure their aid programs, recipient governments will need to rely more on domestic institutional capacity. Understanding how aid shapes that capacity has become ever more crucial. Future research should also examine the welfare implications of aligning aid programs with bureaucrats' preferences and governmental structures. Would such alignment improve service delivery outcomes and bureaucratic performance on core government duties? This would require aid evaluations to incorporate assessments of bureaucratic experiences alongside traditional evaluation metrics, allowing researchers to establish more direct linkages between aid, bureaucratic capacity, and aid effectiveness.

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Foreign Aid and the Performance of Bureaucrats

Supplementary Appendix

Appendix

1	Introduction	1
2	Background and Theory	6
2.1	Foreign Aid in the Public Sector	6
2.2	Bureaucratic Motivation and Performance	8
2.2.1	Individual Incentives	10
2.2.2	Organizational Factors	11
3	Empirical Context	13
4	Research Design	15
5	Results	23
5.1	Descriptive Results	23
5.1.1	Involvement of Foreign Donors in Uganda's Government Agencies	23
5.2	Experimental Results	29
5.2.1	Bureaucrats' Work Preferences in the Context of Aid Projects	30
5.2.2	Bureaucrats' Willingness to Work Additional Hours: The Role of Preferences in Effort Allocation	34
6	Conclusion	38
A	Consent Process	1
B	Hypotheses	1
C	Qualitative Instrument	2
D	Qualitative Sample	4
E	Survey Sample	5
E.1	Sample Description	5
F	Descriptive Figures	6
F.1	Trends in Aid	6
G	Excerpts of Government Salaries and Allowances for Mid-Level Bureaucrats	8
H	Tables for Figures in Paper	10
I	Marginal Means	15
I.1	Marginal Means for Project Attributes	15
I.2	Marginal Means for Hours Increased on Projects and Decreased on Regular Government Work	17
I.3	Marginal Means for Department Attributes	20
I.4	Marginal Means for Additional Hours Worked in Department	22

J Sub-Group Analyses	24
J.1 Project Preference AMCEs by Gender	24
J.2 Department Preference AMCEs by Gender	24
J.3 Project Preference AMCEs by Experience with Donors	26
J.4 Department Preference AMCEs by Experience with Donors	26
J.5 Project Preference AMCEs by Ministry	28
J.6 Department Preference AMCEs by Ministry	28
K Diagnostics	30

A Consent Process

Each enumerator was trained and a consent statement that included contact information for the Principal Investigator, the supervisor, the institutional IRB, and in-country IRB was read to the respondent before the start of each survey. Respondents retained copies of these consent statements. The survey was conducted on SurveyCTO and could proceed only if consent was provided.

B Hypotheses

Below, I list key hypotheses specified in my pre-analysis plan:

- As monetary benefits increase, the probability of project selection will increase.
- As discretion increases, the probability of project selection will increase.
- As ownership increases, the probability of project selection will increase.
- Bureaucrats will increase both effort and public service motivation as monetary benefits on projects increase.
- Bureaucrats will increase both effort and public service motivation as discretion on projects increases.
- Bureaucrats will increase both effort and public service motivation as ownership on projects increases.
- Bureaucrats will decrease effort on regular government duties as monetary benefits on projects increase.
- As donor funding increases, the probability of department selection will increase.
- As equity increases, the probability of department selection will increase.
- As coordination increases, the probability of department selection will increase.
- Bureaucrats will increase both effort and public service motivation as donor funding in a department increases.
- Bureaucrats will increase both effort and public service motivation as equity in a department increases.
- Bureaucrats will increase both effort and public service motivation as coordination in a department increases.

C Qualitative Instrument

Qualitative Instruments

Qualitative Instrument I - Bureaucrats

A. Introduction

Thank you for agreeing to participate in this interview.

1. Could you tell me about what motivated you to work in the public sector (*/government?*)?
2. Why did you choose this specific sector? (*e.g., trade, finance, etc.?*)
3. How long have you been working in government?
4. How have you liked it so far? (*Pros/cons; challenges/advantages?*)

B. Development Partner Activity

5. Have you worked on development partner funded projects before?
 - o How has that experience been?
6. Can you describe how the engagement with development partners begins? (*Who reaches out to whom? Which offices are involved?*)
7. How do people in your department get selected to work on such projects?
 - o Can someone be selected for a project if they have not been performing well at work?
 - o Can someone lobby to work on a development partner funded project?
 - o If someone is not selected to work on a project today, do they try to update skills to get selected for a project in the future?
8. How do you become aware when a colleague is selected for such a project?
 - o Do you continue to work with colleagues when they are on development partner funded projects even if you may not be?
 - o How is the work environment affected when some people are working on projects and others are not? (*e.g., is coordination affected?*)
 - o Does work get duplicated?
 - o Does it ever create tension when some people are on projects and others are not?
9. What kinds of changes occur when a development partner introduces a project to your department?
 - o Are there any new objectives, tasks or functions people have to fulfil? (*Do people get more work?*)
 - What kinds of new tasks do people have to fulfil? (*What kind of work e.g., reporting?*)
 - How are core government duties affected when people also have to work on development partner funded projects?
 - How do you prioritise between routine government functions and development partner funded projects?
 - o Do you ever have to put aside routine government work?
 - Do working hours increase as a result of working on development partner funded projects?
 - o Do people get facilitated when working on such projects? (*Benefits*)
 - How are people facilitated to work on such projects? (*What kinds of benefits do people receive? e.g., training, allowances, equipment*)
 - o How is performance on such projects measured?

Figure 11: Qualitative Instrument

D Qualitative Sample

Characteristic	Number	Percent
Gender		
Male	48	75%
Female	16	25%
Ministry		
Ministry of Finance, Planning, and Economic Development	20	31%
Ministry of Health	8	13%
Ministry of Trade, Industry, and Cooperatives	7	11%
Ministry of Agriculture, Animal Industries, and Fisheries	6	9%
Ministry of Education and Sports	6	9%
Ministry of Works and Transport	5	8%
Justice, Law, and Order Sector	5	8%
Ministry of Lands, Housing, and Urban Development	3	5%
Ministry of Gender, Labour, and Social Development	2	3%
Ministry of ICT	1	2%
President's Office	1	2%
Position		
Mid-level officer	30	47%
Entry-level officer	20	31%
Senior / Management	14	22%
Total	64	100%

Figure 12: Characteristics of Interview Respondents

E Survey Sample

E.1 Sample Description

		No of Respondents	Percent
Ministry	Ministry of Finance, Planning and Economic Development	197	35%
	Ministry of Trade, Industry and Cooperatives	27	5%
	Ministry of Agriculture, Animal Industry and Fisheries	37	7%
	Ministry of Health	115	21%
	Ministry of Education and Sports	80	14%
	Ministry of Works and Transport	103	18%
Gender	Male	341	61%
	Female	218	39%
Region	Northern	59	11%
	Southern	2	0%
	Eastern	126	23%
	Western	184	33%
	Central	182	33%
	Other	6	1%
Education	Vocational/post-high school diploma	24	4%
	Undergraduate degree	177	32%
	Post-graduate diploma	77	14%
	Masters degree	276	49%
	PhD/Doctorate	4	1%
	Other	1	0%
Contract	Permanent contract/pensionable	460	82%
	Short-term/Temporary/Contractor	98	18%
	No response	1	0%
Rank	Management, direction and supervision	60	11%
	Technical and/or professional responsibilities	406	73%
	Administrative support and assistance	91	16%
	Other	2	0%
Recruitment	Interview	530	61%
	Written examination	286	33%
	Other formal assessment	49	6%
	No formal assessment was undertaken	2	0%

Figure 13: Characteristics of Survey Respondents: Table

F Descriptive Figures

F.1 Trends in Aid

There has been a marked shift from budget support toward project-based interventions over time. In 2004, project aid accounted for just 8 percent of public sector aid while budget aid stood at 25 percent. By 2023, project aid had become the dominant modality within public sector assistance, comprising 46 percent compared to 23 percent for budget aid (OECD 2024). Figures 14 and 15¹⁰ below further demonstrate how disbursement channels and modalities have evolved over time. This pivot away from budget support has largely been driven by divergent donor and recipient government development priorities, alongside donor concerns about the quality of recipient government institutions, human rights abuses, and democratic governance (Congressional Research Service 2013; Hennessy et al. 2023; Reuters 2012, 2023; Swedlund and Lierl 2020).

¹⁰The NA category in figure 15 reflects data where individual donors likely did not report the cooperation modality. While NA appears in the OECD CRS data platform, it is not a defined category in the official taxonomy (OECD 2024b).

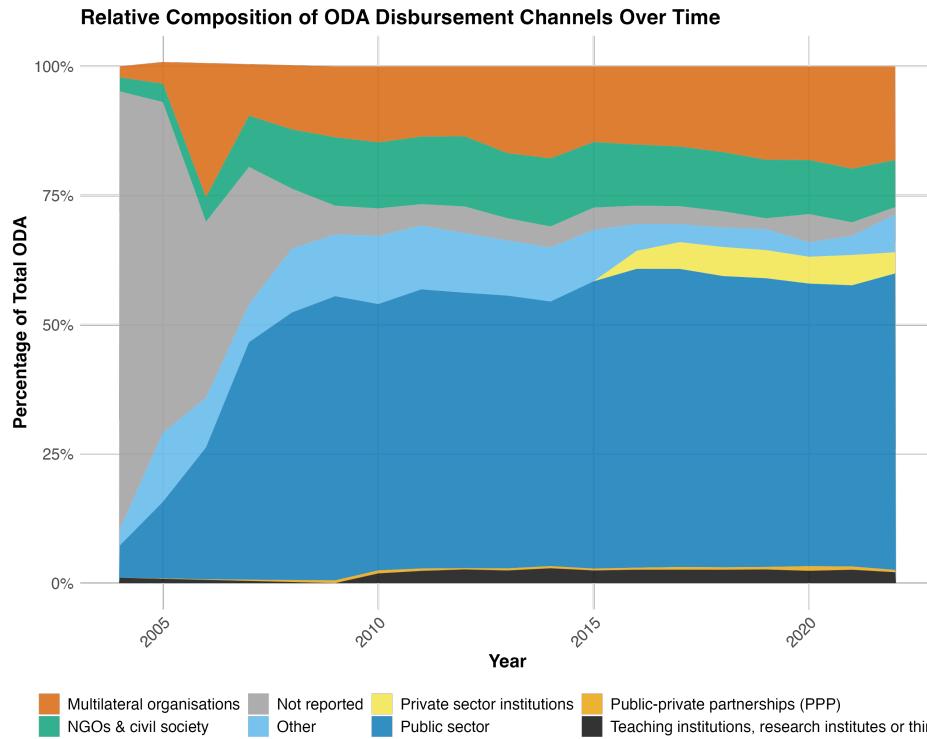


Figure 14: The figure shows that aid is primarily disbursed to the public sectors of recipient countries.

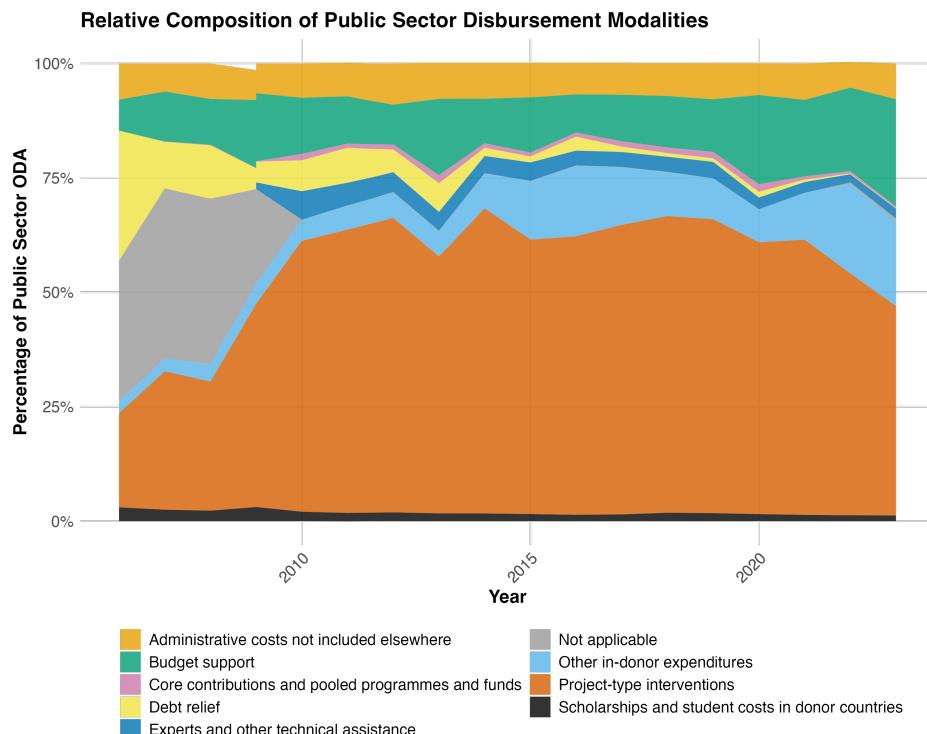


Figure 15: The figure shows that aid to the public sector is primarily disbursed as project aid.

Source: OECD (2024)

G Excerpts of Government Salaries and Allowances for Mid-Level Bureaucrats

		2023-2024 salary range	
		Monthly (UGX)	Annual (UGX)
Principal Officer (Professional Cadre)	U2 (Upper)	1,527,241	18,326,892
		1,510,753	18,129,036
		1,494,471	17,933,652
		1,478,401	17,740,812
		1,353,136	16,237,632
		1,337,524	16,050,288
		1,322,109	15,865,308
		1,306,898	15,682,776
		1,291,880	15,502,560
		1,282,315	15,387,780

Figure 16: Excerpt of 2023/2024 Salaries for Mid-Level Bureaucrats

1.8 NIGHT ALLOWANCE OUTSIDE UGANDA, FOR PUBLIC OFFICERS

Category	Existing rate per night	Revised rate per night
Head of Public Service/Secretary to Cabinet	\$570	\$750
Deputy Head of Public Service/ Deputy Secretary to Cabinet	\$510	\$740
Permanent Secretary	\$500	\$730

Page 3 of 14



Director General of Health Services	\$ 500	\$ 730
Senior Medical Consultant	\$450	\$710
Deputy Secretary to the Treasury	\$450	\$710
Secretary Uganda Land Commission	\$450	\$710
Accountant General	\$450	\$710
Director	\$450	\$710
Chief Administrative Officer	\$450	\$710
Assistant Inspector General of Police	\$450	\$710
Medical Consultant	\$390	\$680
Ambassador/FSO Gr.I	\$390	\$680
Deputy Director	\$390	\$680
Head of Department	\$390	\$680
Other Officers in Scale U 1 –U8	\$360	\$650

Figure 17: Excerpt of Allowances for Bureaucrats Traveling Abroad

H Tables for Figures in Paper

Table 3: Projects Bureaucrats Prefer to Work On

<i>Dependent variable: Project Choice</i>	
Funder	
is funded by Government of Uganda (baseline)	
is funded by World Bank	-0.033 (0.023)
is funded by China	-0.114*** (0.022)
is funded by USAID	-0.078*** (0.023)
Monetary Benefits	
None (baseline)	
USD. 1,500	0.137*** (0.023)
USD. 5,000	0.218*** (0.022)
USD. 10,000	0.275*** (0.022)
Ownership	
No participation (baseline)	
Departmental Participation	0.241*** (0.021)
Personal Participation	0.234*** (0.019)
Discretion	
Impossible to change (baseline)	
Difficult to change	0.097*** (0.02)
Easy to change	0.314*** (0.019)
Constant	
Constant	0.655*** (0.027)
Obs.	3,354
DF	3,343
Adj. R ²	0.1638
F Stat.	66.66***

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Table 4: Departments Bureaucrats Prefer to Work In

Dependent variable: Department Choice

Donor Exposure	AMCE
None (baseline)	
30 percent	0.087*** (0.022)
60 percent	0.195*** (0.022)
All	0.232*** (0.022)
Inequity	
Four times as much (baseline)	
Twice as much	0.068*** (0.019)
Equal	0.19*** (0.021)
Coordination	
Very difficult (baseline)	
Sometimes difficult	0.167*** (0.02)
Easy	0.432*** (0.019)
Constant	0.702*** (0.022)
Obs.	3,354
DF	3,346
Adj. R ²	0.1842
F Stat.	109.1***

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Table 5: Willingness to Increase Effort for Project

<i>Dependent variable: Additional Hours</i>	
Funder	AMCE
is funded by Government of Uganda (baseline)	
is funded by World Bank	-0.072 (0.076)
is funded by China	-0.173* (0.079)
is funded by USAID	-0.136· (0.077)
Monetary Benefits	
None (baseline)	
USD. 1,500	0.073 (0.085)
USD. 5,000	0.12 (0.084)
USD. 10,000	0.332*** (0.082)
Ownership	
No participation (baseline)	
Departmental Participation	0.004 (0.074)
Personal Participation	0.038 (0.074)
Discretion	
Impossible to change (baseline)	
Difficult to change	0.07 (0.082)
Easy to change	0.071 (0.0807)
Constant	3.266*** (0.093)
Obs.	1,677
DF	1,666
Adj. R ²	0.01022
F Stat.	2.731***

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Table 6: Willingness to Lower Effort on Government Work

<i>Dependent variable: Additional Hours</i>	
Funder	
is funded by Government of Uganda (baseline)	
is funded by World Bank	-0.132 (0.103)
is funded by China	-0.149 (0.107)
is funded by USAID	-0.2 (0.104)
Monetary Benefits	
None (baseline)	
USD. 1,500	0.175 (0.115)
USD. 5,000	0.206 (0.113)
USD. 10,000	0.321** (0.111)
Ownership	
No participation (baseline)	
Departmental Participation	0.072 (0.106)
Personal Participation	0.008 (0.1)
Discretion	
Impossible to change (baseline)	
Difficult to change	0.118 (0.109)
Easy to change	0.037 (0.102)
Constant	3.547*** (0.126)
Obs.	1,677
DF	1,666
Adj. R ²	0.00272
F Stat.	1.457

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Table 7: Willingness to Increase Effort for Department

<i>Dependent variable: Additional Hours</i>	
Donor Exposure	AMCE
None (baseline)	
30 percent	0.06 (0.087)
60 percent	0.135 (0.082)
All	0.23** (0.081)
Inequity	
Four times as much (baseline)	
Twice as much	0.046 (0.069)
Equal	0.132** (0.065)
Coordination	
Very difficult (baseline)	
Sometimes difficult	-0.011 (0.075)
Easy	0.131* (0.071)
Constant	2.893*** (0.075)
Obs.	1,677
DF	1,669
Adj. R ²	0.006411
F Stat.	2.545*

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

I Marginal Means

I.1 Marginal Means for Project Attributes

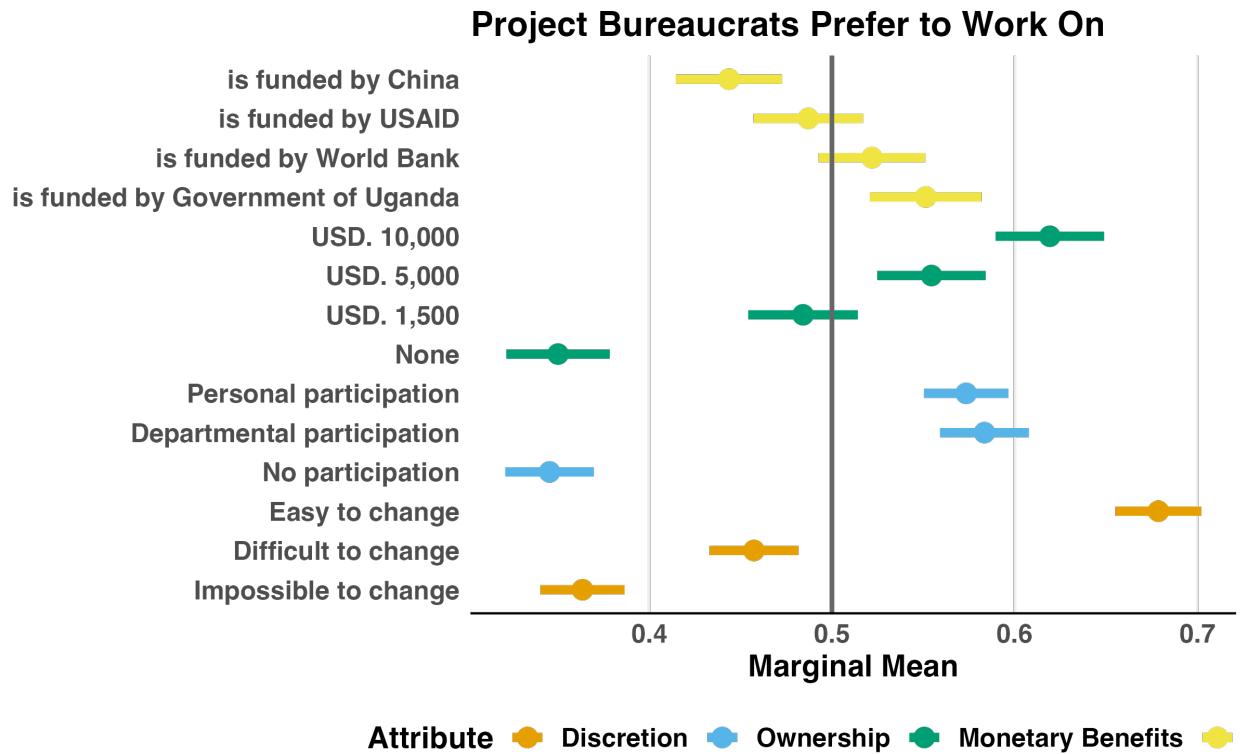


Figure 18: The figure shows marginal means for different project attributes. Points to the left of the grey line indicate that, on average, bureaucrats preferred that attribute less. Points to the right of the grey line indicate that, on average, bureaucrats preferred that attribute more.

Table 8: Projects Bureaucrats Prefer to Work On

Dependent variable: Project Choice

Funder	MM
is funded by Government of Uganda	0.551*** (0.016)
is funded by World Bank	0.522*** (0.015)
is funded by China	0.444*** (0.015)
is funded by USAID	0.487*** (0.015)
Monetary Benefits	
None	0.35*** (0.014)
USD. 1,500	0.484*** (0.015)
USD. 5,000	0.554*** (0.015)
USD. 10,000	0.619*** (0.015)
Ownership	
Personal Participation	0.573*** (0.012)
Departmental Participation	0.583*** (0.012)
No participation	0.345*** (0.012)
Discretion	
Easy to change	0.679*** (0.012)
Difficult to change	0.457*** (0.012)
Impossible to change	0.363*** (0.012)
Obs.	3,354

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

I.2 Marginal Means for Hours Increased on Projects and Decreased on Regular Government Work

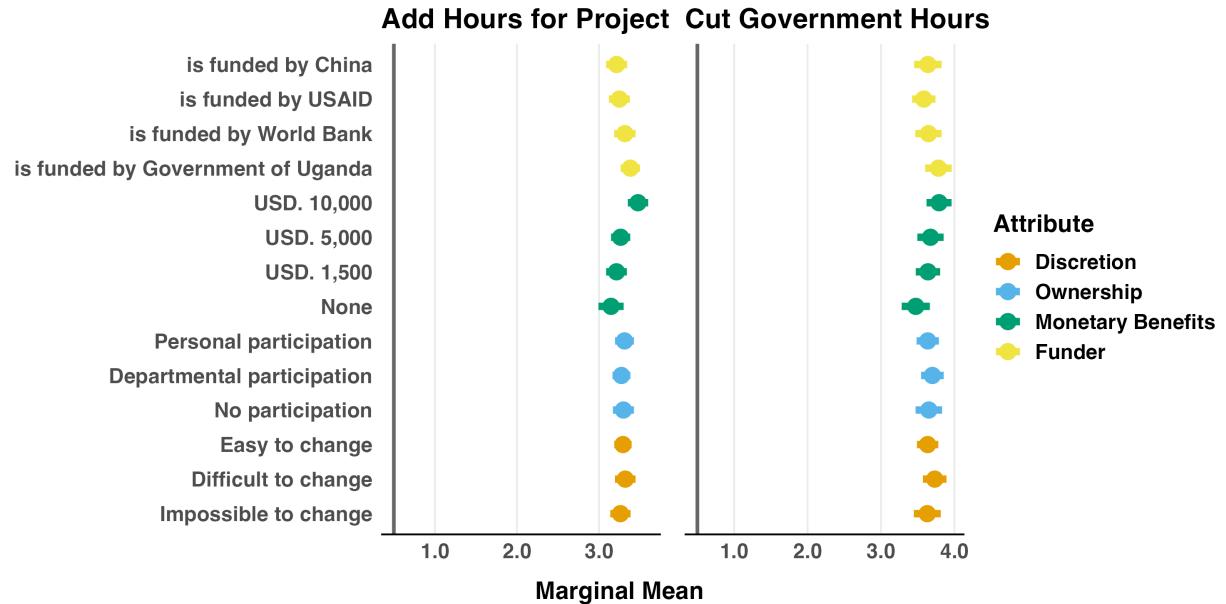


Figure 19: The figure shows the average number of additional hours bureaucrats would be willing to work (reduce from regular government work) on a project with a specific attribute level, while averaging over all other attributes.

Table 9: Hours Bureaucrats Would Work on a Project

<i>Dependent variable: Project Hours</i>	
Funder	
MM	
is funded by Government of Uganda	3.382*** (0.060)
is funded by World Bank	3.315*** (0.066)
is funded by China	3.215*** (0.066)
is funded by USAID	3.249*** (0.065)
Monetary Benefits	
None	3.147*** (0.078)
USD. 1,500	3.213*** (0.064)
USD. 5,000	3.263*** (0.060)
USD. 10,000	3.475*** (0.063)
Ownership	
No participation	3.297*** (0.065)
Departmental participation	3.274*** (0.056)
Personal participation	3.311*** (0.059)
Discretion	
Impossible to change	3.261*** (0.063)
Difficult to change	3.320*** (0.064)
Easy to change	3.292*** (0.054)

Table 10: Hours Bureaucrats Would Reduce from Regular Government Duties

<i>Dependent variable: Government Hours</i>	
Funder	
is funded by Government of Uganda	3.782*** (0.092)
is funded by World Bank	3.646*** (0.091)
is funded by China	3.639*** (0.095)
is funded by USAID	3.582*** (0.081)
Monetary Benefits	
None	3.473*** (0.098)
USD. 1,500	3.639*** (0.085)
USD. 5,000	3.674*** (0.091)
USD. 10,000	3.790*** (0.087)
Ownership	
No participation	3.651*** (0.092)
Departmental participation	3.700*** (0.079)
Personal participation	3.637*** (0.077)
Discretion	
Impossible to change	3.631*** (0.094)
Difficult to change	3.731*** (0.082)
Easy to change	3.635*** (0.074)

I.3 Marginal Means for Department Attributes

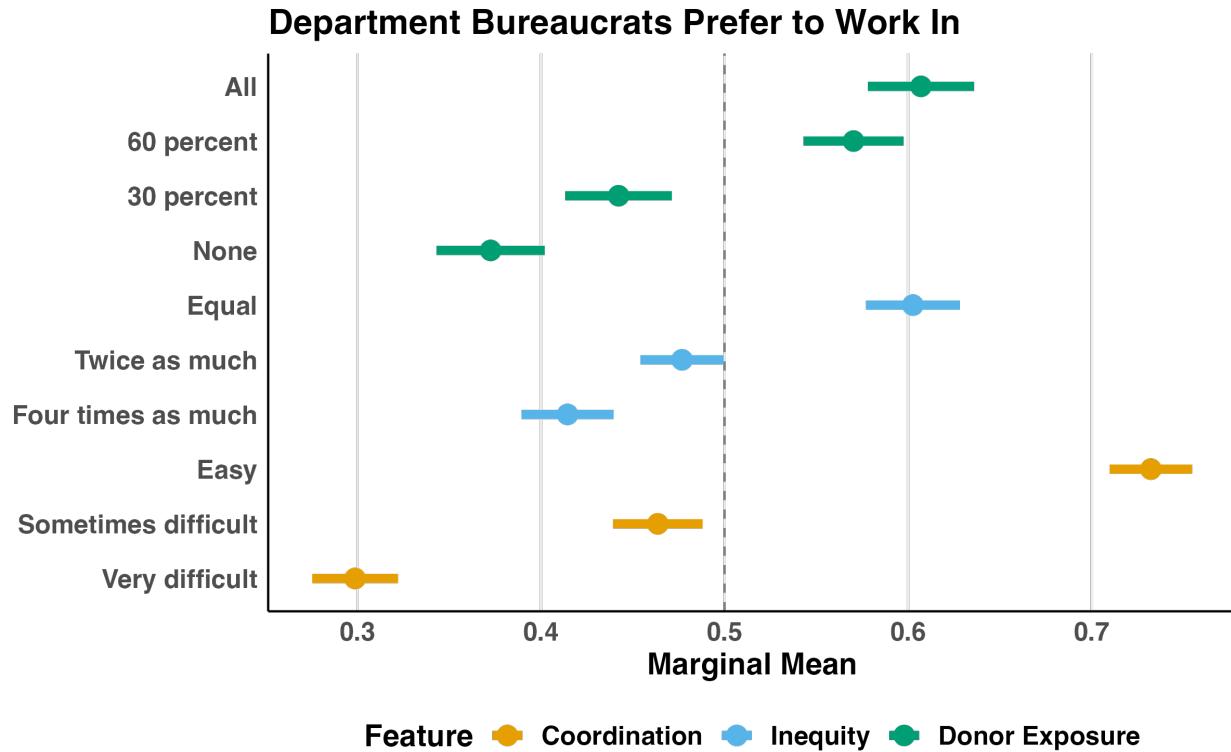


Figure 20: The figure shows marginal means for different department attributes. Points to the left of the grey line indicate that, on average, bureaucrats preferred that attribute less. Points to the right of the grey line indicate that, on average, bureaucrats preferred that attribute more.

Table 11: Departments Bureaucrats Prefer to Work In

Dependent variable: Department Choice

Donor Exposure	MM
None	0.373*** (0.015)
30 percent	0.442*** (0.015)
60 percent	0.571*** (0.014)
All	0.607*** (0.015)
Inequity	
Four times as much	0.414*** (0.013)
Twice as much	0.477*** (0.011)
Equal	0.603*** (0.013)
Coordination	
Very difficult	0.299*** (0.012)
Sometimes difficult	0.463*** (0.012)
Easy	0.732*** (0.011)
Obs.	3,354

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

I.4 Marginal Means for Additional Hours Worked in Department

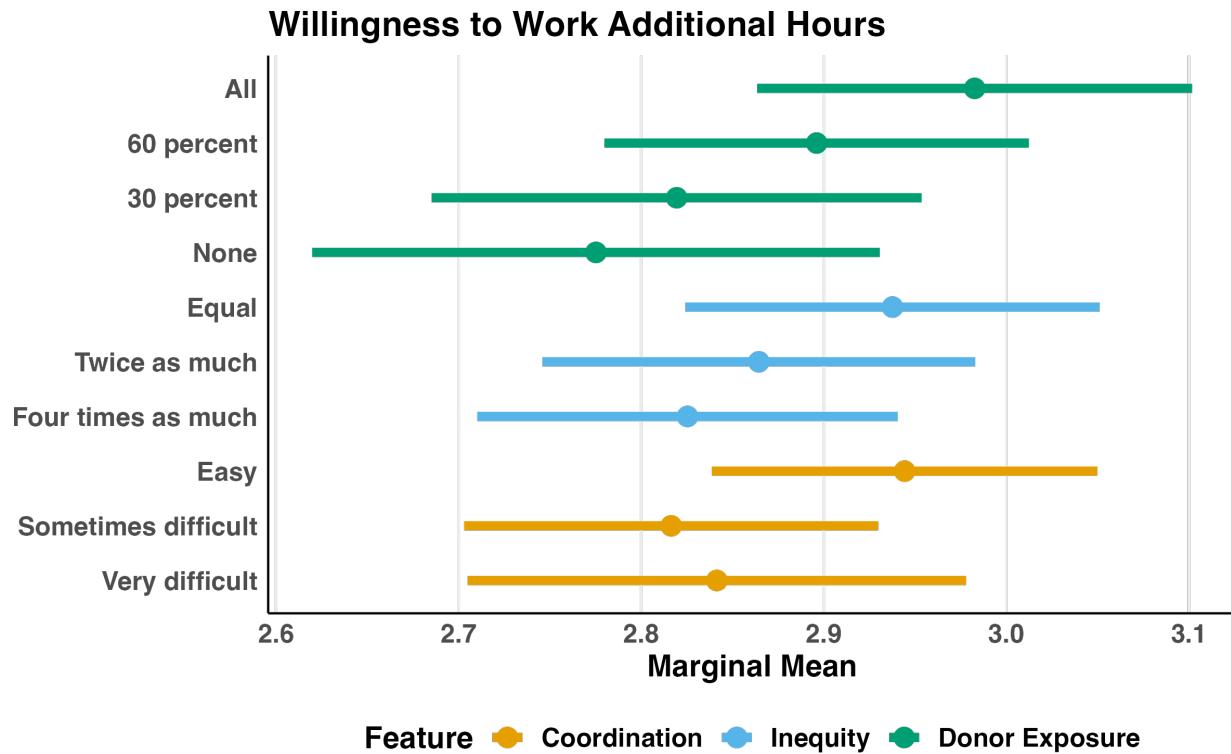


Figure 21: The figure shows the average number of additional hours bureaucrats would be willing to work in a department with a specific attribute level, while averaging over all other attributes.

Table 12: Hours Bureaucrats Would Work in Department

<i>Dependent variable: Department Hours</i>		
Donor Exposure		MM
None		2.775*** (0.079)
30 percent		2.819*** (0.068)
60 percent		2.896*** (0.059)
All		2.983*** (0.061)
Inequity		
Four times as much		2.825*** (0.059)
Twice as much		2.864*** (0.060)
Equal		2.938*** (0.058)
Coordination		
Very difficult		2.841*** (0.070)
Sometimes difficult		2.816*** (0.058)
Easy		2.944*** (0.054)
Obs.		3,354

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

J Sub-Group Analyses

J.1 Project Preference AMCEs by Gender

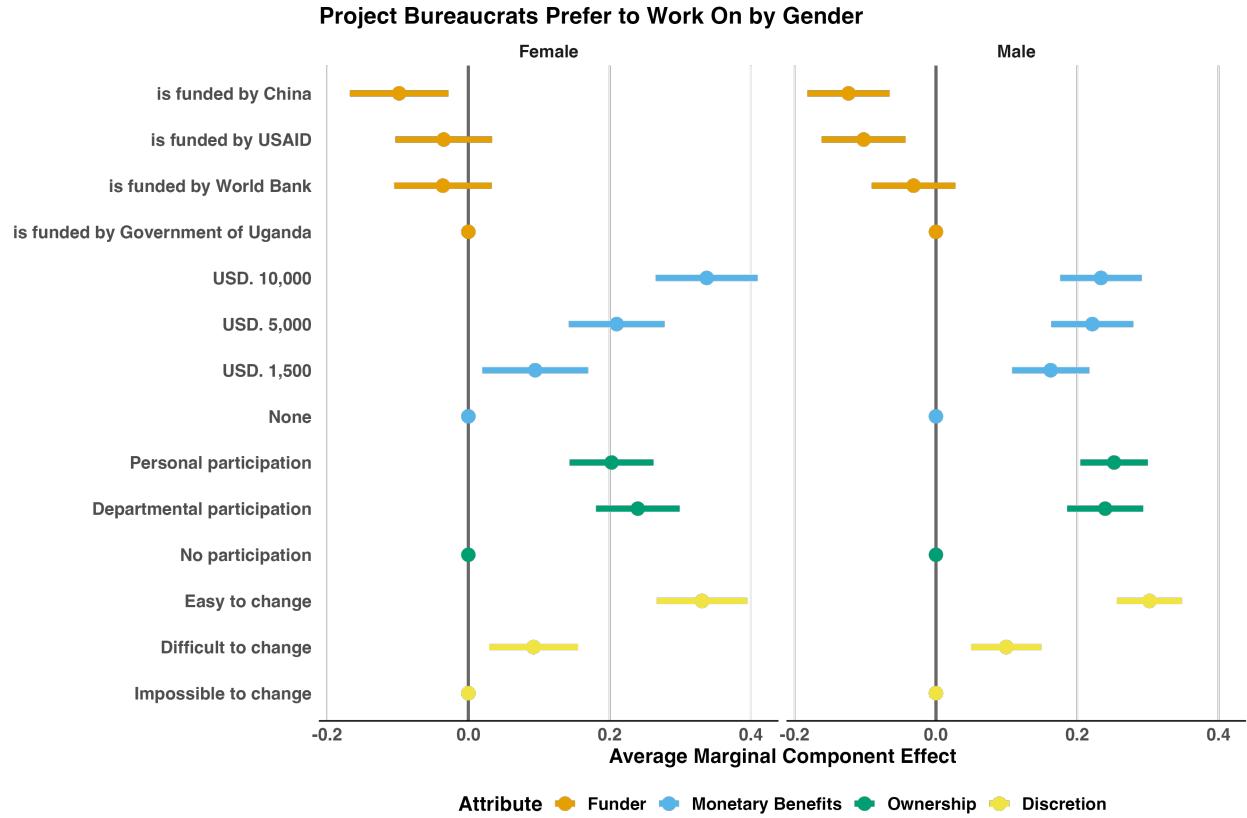


Figure 22: The figures show AMCE estimates for different project attribute levels by gender. Points to the left of the grey line indicate a negative causal effect of the attribute level on the likelihood of project selection, relative to a baseline category set to zero. Points to the right of the grey line indicate a positive causal effect of the attribute level on the likelihood of project selection.

J.2 Department Preference AMCEs by Gender

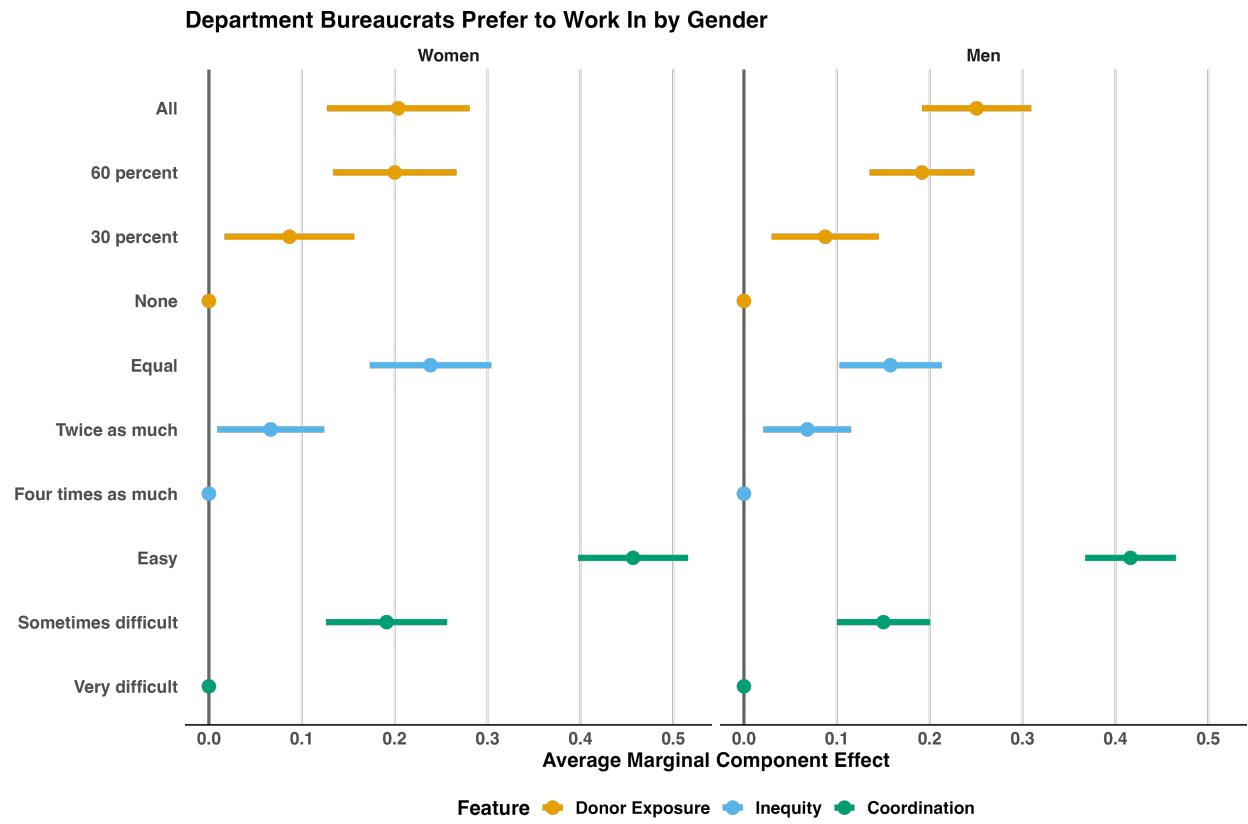


Figure 23: The figures show AMCE estimates for different department attribute levels by gender. Points to the left of the grey line indicate a negative causal effect of the attribute level on the likelihood of project selection, relative to a baseline category set to zero. Points to the right of the grey line indicate a positive causal effect of the attribute level on the likelihood of project selection.

J.3 Project Preference AMCEs by Experience with Donors

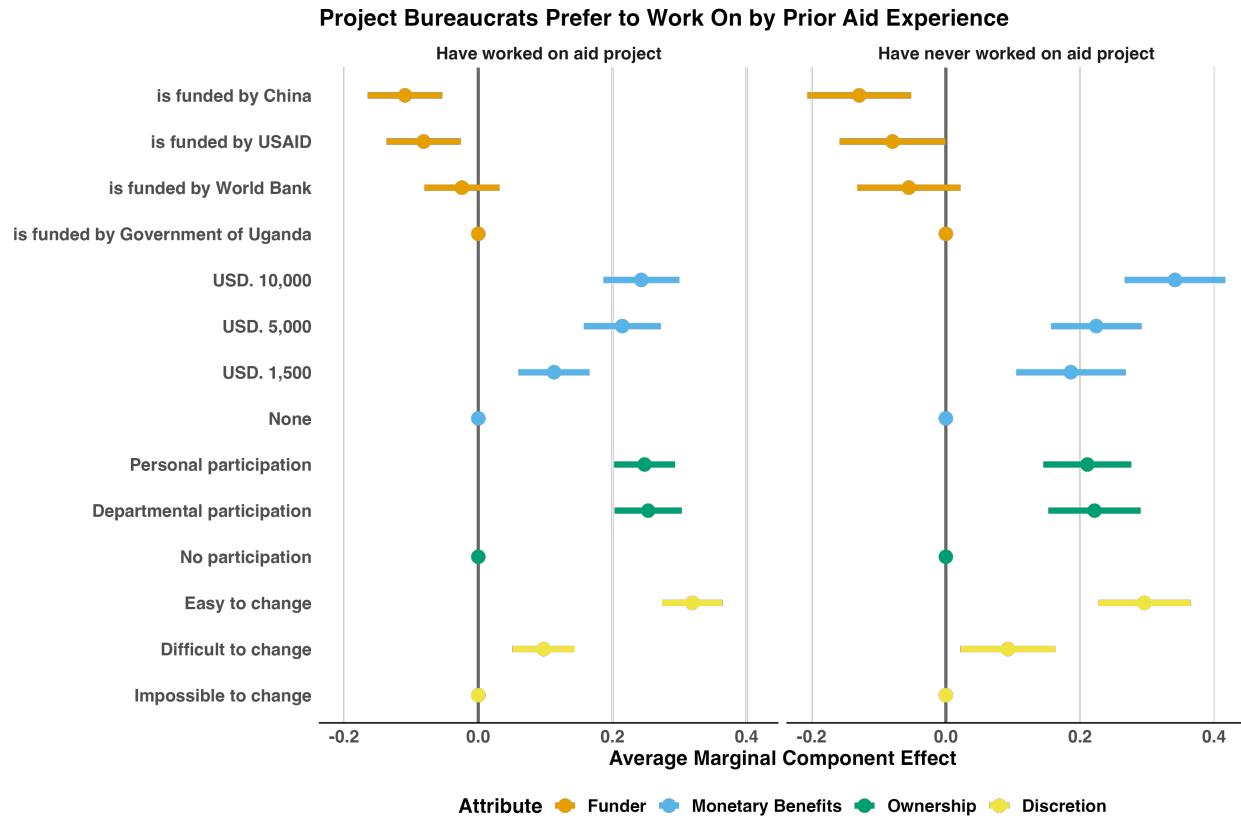


Figure 24: The figures show AMCE estimates for different project attribute levels by prior experience. Points to the left of the grey line indicate a negative causal effect of the attribute level on the likelihood of project selection, relative to a baseline category set to zero. Points to the right of the grey line indicate a positive causal effect of the attribute level on the likelihood of project selection.

J.4 Department Preference AMCEs by Experience with Donors

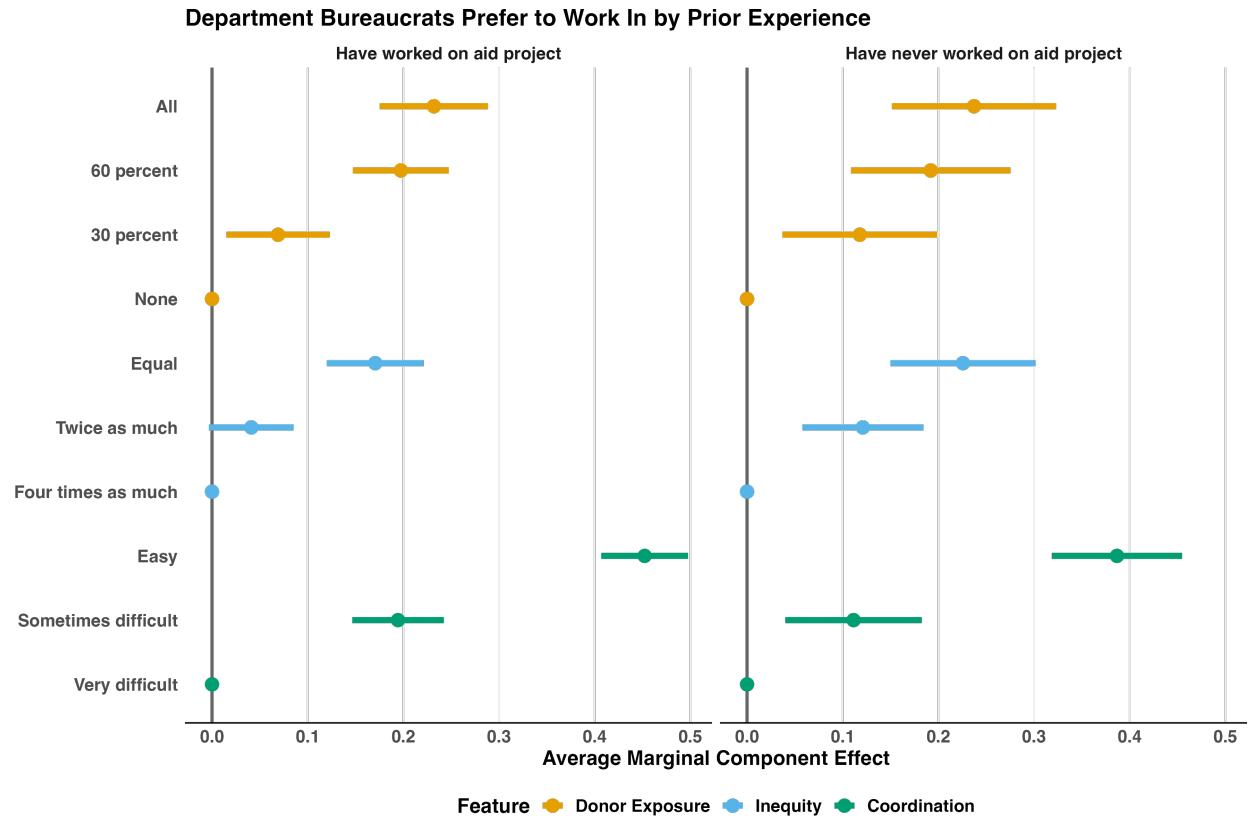


Figure 25: The figures show AMCE estimates for different department attribute levels by prior experience. Points to the left of the grey line indicate a negative causal effect of the attribute level on the likelihood of project selection, relative to a baseline category set to zero. Points to the right of the grey line indicate a positive causal effect of the attribute level on the likelihood of project selection.

J.5 Project Preference AMCEs by Ministry

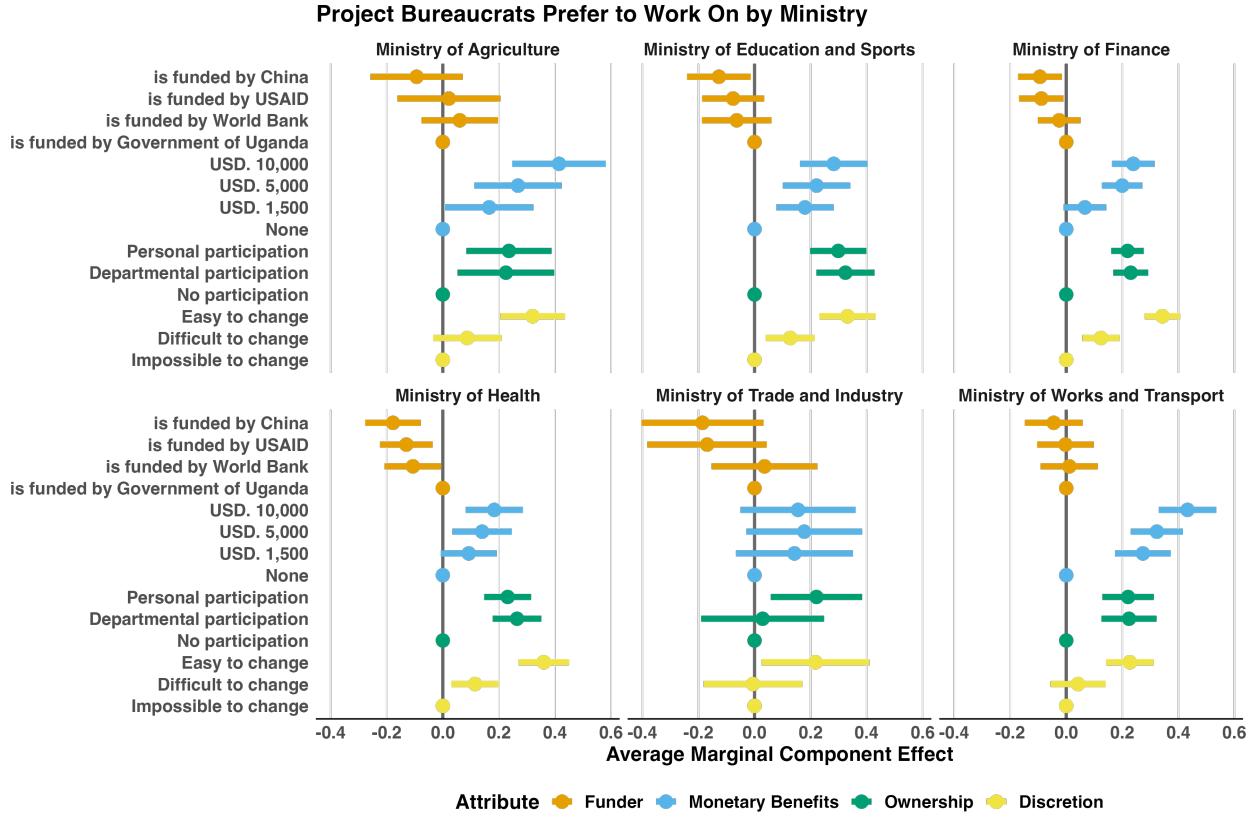


Figure 26: The figures show AMCE estimates for different project attribute levels by ministry. Points to the left of the grey line indicate a negative causal effect of the attribute level on the likelihood of project selection, relative to a baseline category set to zero. Points to the right of the grey line indicate a positive causal effect of the attribute level on the likelihood of project selection.

J.6 Department Preference AMCEs by Ministry

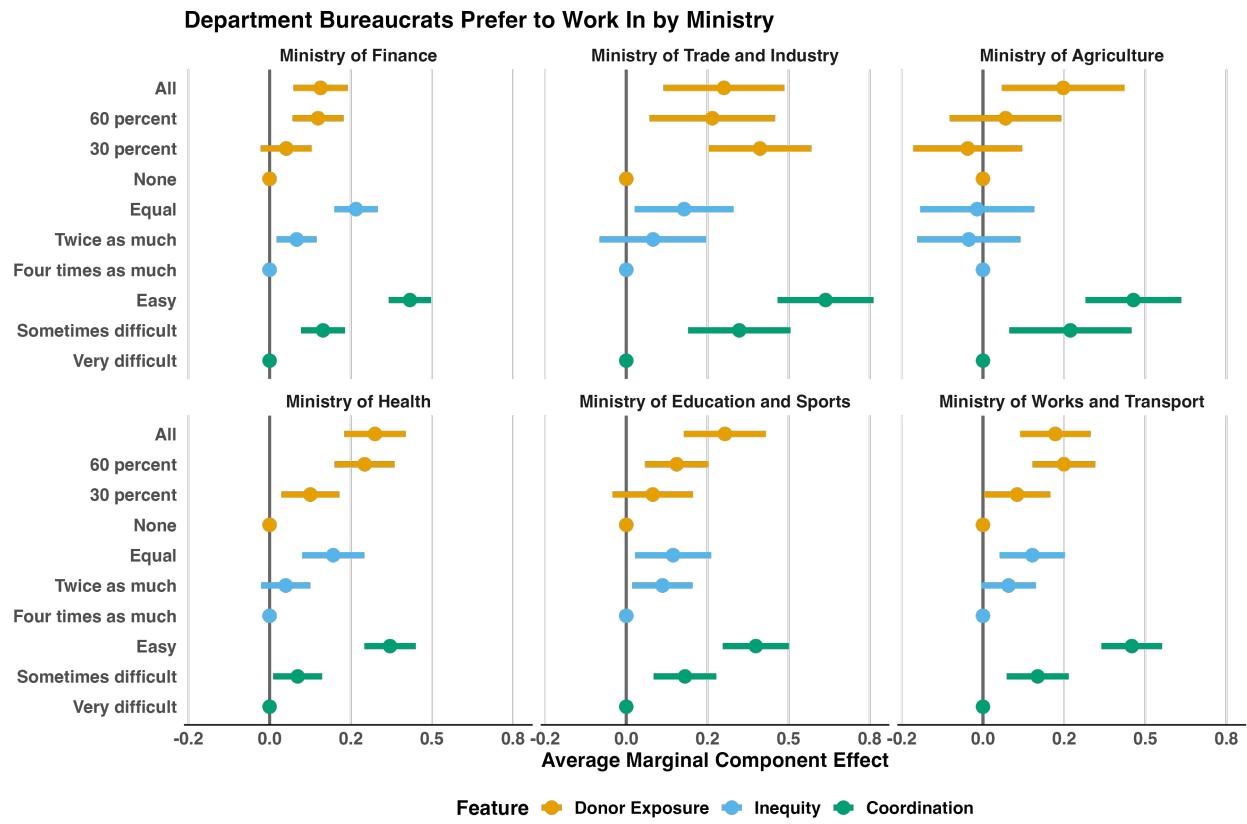


Figure 27: The figures show AMCE estimates for different department attribute levels by ministry. Points to the left of the grey line indicate a negative causal effect of the attribute level on the likelihood of project selection, relative to a baseline category set to zero. Points to the right of the grey line indicate a positive causal effect of the attribute level on the likelihood of project selection.

K Diagnostics

Figures 28 and 29 below display the frequency with which each attribute value was shown to respondents for the project and department experiments respectively. The uniform distribution demonstrates the randomization was successful.

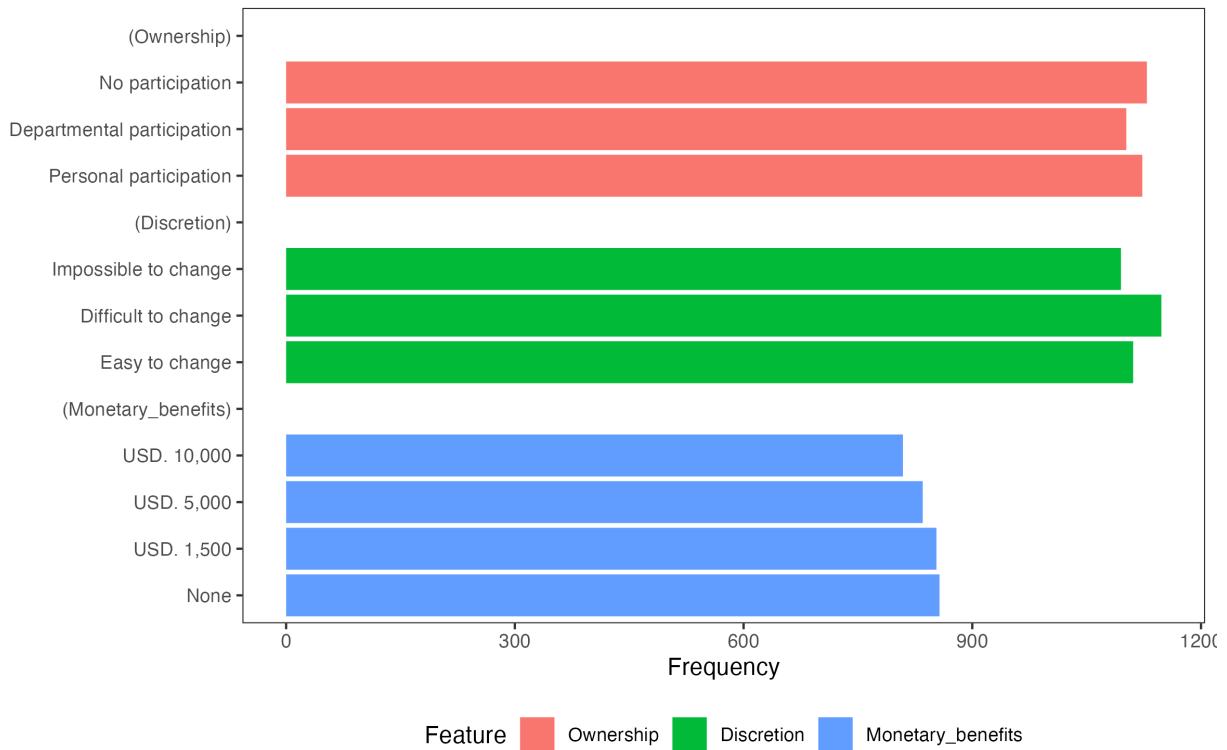


Figure 28: Display frequencies for each attribute in the project experiment.

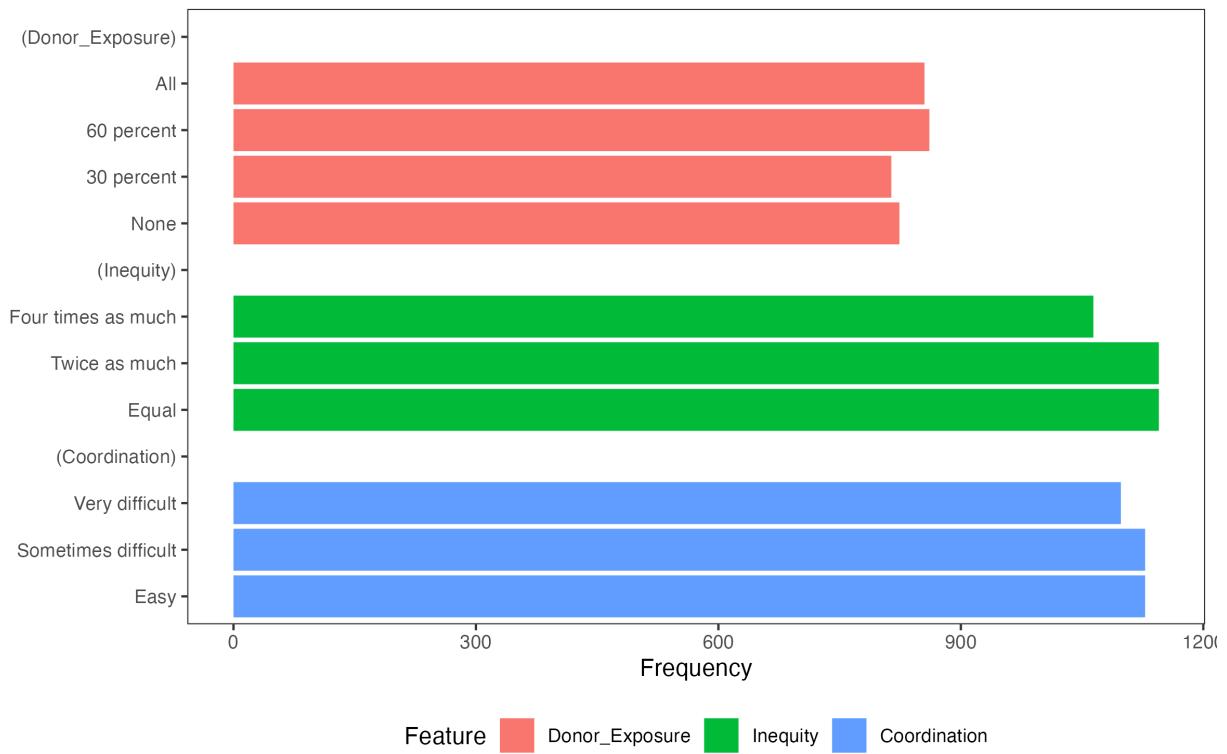


Figure 29: Display frequencies for each attribute in the department experiment.