IBN HALDUN UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF ECONOMICS

MASTER THESIS

THE IMPACT OF FOREIGN AID, POLITICAL AFFILIATION, ETHNICITY AND LOCATION ON WELFARE INEQUALITY IN UGANDA

JAMIL MWANJA

THESIS SUPERVISOR: ASSIST. PROF. ŞERİFE GENÇ İLERİ

ISTANBUL, 2020

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by

JAMIL MWANJA

A thesis submitted to the School of Graduate Studies in partial fulfillment of the requirements for the degree of Master of Arts in Economics

THESIS SUPERVISOR: ASSIST. PROF. ŞERİFE GENÇ İLERİ

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APPROVAL PAGE

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Economics.

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This is to confirm that this thesis complies with all the standards set by the School of Graduate Studies of Ibn Haldun University.

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I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name Surname: Jamil Mwanja
Signature:

ÖZ

UGANDA'DA DIŞ YARDIM, SİYASİ ÜYELİK, ETNİKLİK VE KONUMUN REFAH EŞİTLİĞİNE ETKİSİ

Yazar: Jamil, Mwanja

İktisat Yüksek Lisans

Tez Danışmanı: Dr. Öğr. Üyesi Şerife Genç İleri

Temmuz 2020, 52 Sayfa

Dış yardım, gelişmekte olan ülkelerde, özellikle Sahra altı bölgesinde, yoksullukla mücadele edilmesi ve ekonomik kalkınmanın sağlanması için sunulan araçlardandır. Çeşitli kalkınma ve yoksulluğun ortadan kaldırılması projelerine yardım olarak gönderilen milyarlarca dolar düşünüldüğünde, Sahra-altı bölgesi, milyarlarca nüfusun yoksulluk sınırının altında yaşadığı en yoksul bölge için hala iyi bir örnek teşkil etmektedir. Bu çalışma 1999-2016 yılları arasında Uganda'da dış yardım, siyasi bağlantı ve etnik kökenin refah eşitsizliği üzerine etkisini değerlendirmektedir. Refahla ilgili sorulara olumlu yanıt veren Ugandalılar için dış yardımın pozitif refah etkilerinin olduğu saptanmıştır. Görevdeki siyasi parti destekçileri ve iktidardaki etnik grubun üyeleri, meslektaşlarına kıyasla daha iyi bir refah yaşama şansına sahip olduğu görülmektedir. Görevdeki siyasi parti taraftarları için, iyi yaşam koşullarına sahip olma olasılığı muhalefetteki siyasi parti taraftarlarının oranından yüzde 102,7 daha yüksektir.

Anahtar Kelimeler: Dış Yardım, Etnisite, Refah, Siyasi Bağlantı, Yer

ABSTRACT

THE IMPACT OF FOREIGN AID, POLITICAL AFFILIATION, ETHNICITY AND LOCATION ON WELFARE INEQUALITY IN UGANDA

Student Name: Jamil, Mwanja

MA in Economics

Thesis Supervisor: Assist Prof. Şerife Genç İleri

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Foreign aid is presented as one of the tools to combat poverty and ushering in economic development in developing countries, particularly in the sub-Saharan region. Given the billions of dollars dispatched in form of aid on various developmental and poverty elimination projects, the sub-Saharan region still portrays a good example of most poverty-stricken regions with billions of its population living under the poverty line. This study assesses the effect of foreign aid, political affiliation and ethnicity on welfare inequality in Uganda between 1999 and 2016. I found that foreign aid positive welfare implications for Ugandans who responded positively to the welfare related questions. The incumbent political party supporters and members of the ruling ethnic group have higher odds of experiencing better welfare compared to their counterparts. For the incumbent political party supporters, the odds of having good living conditions was 102.7 percent higher than the odds of the opposition political party supporters. Also, members of the non-ruling ethnic group who live in the ruling ethnic groups' constituencies have higher odds of having better welfare outcomes compared the non-ruling ethnic groups living in other constituencies.

Keywords: Ethnicity, Foreign Aid, Location, Political Affiliation, Welfare Inequality

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Name Surname
Jamil Mwanja
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GDP	Gross Domestic Product
FORAIDPC	Foreign Aid Per Capita
UAMP	Uganda’s Aid Management Platform

CHAPTER I

INTRODUCTION

Foreign aid programs were introduced in developing countries way before the existence of cogent theoretical evidence that they could be effective. The main aim of the foreign aid programs was to promote economic growth and reduce poverty in the recipient countries. In the 1990s, foreign aid donors dispatched about 50 billion US dollar of nonmilitary aid to developing countries which averaged above 8 percent of the recipient country's Gross National Product. Most of the time, these funds were fungible and with political strings attached. Since then, many studies have used the impact of aid as a test of different theories of economic development (Boone, 1995).

This study concerns the welfare implications of foreign aid in developing countries. There are various mechanisms through which foreign aid can reduce poverty and enhance the welfare in the recipient countries. The earliest studies concentrated on capital market imperfections, suggesting that foreign aid could help increase the mobility of capital which in turn ignites the profitable investment activities that are initially barred by inadequate domestic savings in the developing countries. The low levels of domestic savings were because of acute poverty in these countries. That said, there is an increase in foreign direct investments in developing countries. Also, the richest quarter of the population owns over half of the income in developing countries. Such factors, among others, challenge the plausibility of market imperfection claim, in fact, capital is mobile in the developing countries (Sundrum, 1992).

Fiscal policy is another way through which foreign aid increases the welfare of developing countries. In the endogenous growth model developed by (Barro, 1990), government use non-distortionary tax to finance public investments. The optimal tax rate is determined by measuring the social cost of high taxes and the benefit of increased public goods. Foreign aid, therefore, enables the government to reduce distortionary taxes resulting in more saving and investment in the economy. However, the political regime in the recipient country determines whether foreign aid will affect

the fiscal policy. Some critics of foreign aid such as (M. Friedman, 1958) suggest that foreign aid fails reach its main goals due to inefficient allocation by the politicians. Furthermore, the aid funds are used to finance the recurrent expenditures of the political elites. Therefore, foreign aid escalates poverty as long as it strengthens the corrupt governments' grip on power.

As many studies concentrate on the above mechanisms, little attention is given the other political and social factors that affect aid distribution in the recipient countries. Most aid-dependent countries, especially in the Sub Sahara region, are ethnically diverse, which breeds tension and mistrust among the ethnic groups. Ethnicity affects the status quo in these countries to the extent that even the welfare of the individual depends on which ethnic group they come from. Political parties also are formed at ethnicity basis; therefore, when one political party wins the election, the main ethnic group and its closest collaborators retain the authority and ownership of the country's resources. Therefore, to better understand the impacts of foreign aid in recipient countries, the questions regarding how its distribution based on political affiliation and ethnicity affects the welfare of the poor should be analyzed first instead of the mechanisms through which it will emancipate the poor population from poverty.

The tension between ethnic groups in the Sub Sahara region dates from the pre-colonial era where the largest ethnic groups often attacked the minor smaller ethnic groups, confiscating their lands and sometimes selling off the captives to the slave traders. This was intensified by the colonial powers through divide and rule method of governance. The colonialists turned their collaborating ethnicities into masters of the lands, used them indirectly to crush the resisting ethnic groups by providing arms. After independence, the colonial masters did less to reconcile the ethnic groups, the former collaborators of the colonial rule took power, and the oppression carried on, this time purely on the hands of fellow countrymen. This escalated enmity resulting in civil wars in some part of Sub Sahara region, for example, Rwanda, Uganda, Mozambique, Nigeria, Sudan, and Liberia. Currently, ethnicity does not define the interaction between the different groups in the Sub-Sahara region but only when is it necessary to protect the identity of a certain ethnic group from any attack by the other or promote the already dominant ethnic group Recent studies try to answer the question as to why ethnicity is politicized in the Sub-Saharan region. They suggest that the main reason for this is competition over the scarce economic resources and political power,

which, is the main channel of dispensing patronage. In other words, ethnicity dynamics can be associated with capitalism and the conflict over economic resources (Ajulu, 2002).

The ethnicity of the ruling political party leads to a biased distribution of the economic resources in the developing countries. If not accounted for, foreign aid donors' efforts to promote economic growth and alleviate poverty will always go in vain. The ruling ethnic group is more likely to use the aid to favor their members, leading to high inequality levels as some ethnic groups become richer than the others. The aid funds end up in the constituencies of the ruling elites which at the same time are the richest constituencies since the people in the government own most economic resources of the country. In this case foreign aid makes the rich richer and the poor poorer. That said, the foreign aid literature attribute less focus to the issue of ethnic diversity and its potential effects on the aid distribution within the recipient country. One of the objectives of the current study is to analyze the difference in welfare outcomes of the ethnic groups and to explain whether foreign aid serves to increase this inequality.

Governments of aid recipient countries often use foreign aid funds to achieve their political ambitions. The incumbent political parties allocate a huge amount of aid funds to their stronghold and swing constituencies. Sometimes, governments deliberately withhold foreign aid to some constituencies as a punishment for not voting for them in the elections. For example, the Ethiopian government blocked the foreign aid comprising of food and agricultural supplies to the families politically affiliated to the opposition parties before the 2010 elections. These malpractices did not capture the attention of the donors because the Ethiopian government continued to receive a tremendous amount of aid of about 3 billion US Dollars between 2010 and 2011[1]. The strong opposition districts in Pakistan were allegedly denied the access to foreign aid for emergency relief after the flooding in 2010[2]. Also, in Zimbabwe, the citizens who

[1]Mark Tran "Ethiopia using aid as a political tool" The Guardian May 5, 2011 available at https://www.theguardian.com/global-development/2011/aug/05/ethiopia-aid-political-tool-opposition, accessed July 15, 2020.

[2] Ahmed Rashid "Pakistani flood relief must start with fighting corruption", available at https://www.washingtonpost.com/wp-dyn/content/article/2010/09/05/AR2010090502816.html, accessed July 15, 2020

had applied for the food relief prior to the 2005 national elections were requested to prove their support to the then ruling political party before they got the food relief [3].

The failure of the incumbent governments to efficiently manage the foreign aid funds lead to the development of corrupt institutions which hinder the improvement of welfare in the aid recipient countries (Djankov et al., 2008). Increased foreign aid and other non-refundable transfers reduce the incentive of taxing the nationals. This hinders democracy and improved governance which are necessary for economic growth. The ability of governments to tax its citizens facilitates the development of democracy, and with good governance comes good institutions that promote economic development. For example, In the Western European countries, democracy led the creation of representative institutions that accelerated development. This was made possible partly by through taxation (North, 1990). In aid recipient countries, foreign aid acts as a source of government revenue which is free from any accountability. Therefore, state leaders are free to use these funds for personal gains. Most of the aid ends up in the areas that strongly support the incumbent political party leading to welfare inequality.

The effectiveness of foreign aid in poverty elimination has been associated with the government type in the recipient countries. Authoritarian governments distribute foreign aid funds to the poor constituencies with the aim of reducing the potential threat of an uprising by the citizens who ask for a democratic rule (Morrison, 2007). This implies that authoritarian governments will not view foreign aid as an instrument for poverty alleviation but the means of increasing their stability and social spending. In the prevalence of revolutionary threats, the state leaders choose whether to decrease or increase the supply of government services or goods. If the incumbent regime has broad political support, foreign aid will have an increasing effect on welfare since the politicians have the incentive of increasing supply of the public goods. It, therefore, eliminates the intention of revolting against the government since the provision of public goods increase the governments' support[4] (Smith, 2008).

[3]Chris McGreal, " Mugabe accused of using food as political weapon in Zimbabwe" The Guardian available at https://www.theguardian.com/world/2008/jun/04/unitednations.zimbabwe, accessed July 15, 2020

[4] Smith also suggest that regimes with small political support will respond to revolutionary threats by providing fewer public goods. The costs of stopping revolutionary motives by reducing public goods tend to be higher than the benefits of stopping revolutionary desires by increasing public goods.

My study coincides with those of Chatterjee & Turnovsky (2005), Djajic et al., (1999), Rahman, (1967), Noël & Thérien, (1995) among others who have situated and discussed the impact of foreign aid on the welfare of the recipient countries. They explore the mechanisms through which aid improves the welfare and goes on to conclude that government spending, partisan politics and the characteristics of institutions are vital mechanisms in the aid-welfare relationship. However, none of them attempted to explain how political affiliation, ethnicity and location influences distribution of foreign aid given that most of the recipient countries are ethnically diverse and experience corruption. They also overlook the potential of aid to become an inequality-enhancing instead of poverty-alleviating tool in the recipient countries. It is this gap that the current study intends to explore. Since aid donors allocate most of their aid to electoral democracies, it is important to understand how incumbent regimes in the recipient countries use the aid for electoral motives[5]. Elections play an important role in deciding the spending of the incumbent politicians. But most of the available studies on foreign aid concentrate on corruption, neglecting the influence of elections in formulating the decisions of governments in allocating the aid fund. The current study also aims to fill this gap by analyzing how recipient governments' allocation of foreign aid to constituencies where their strong supporters are mainly located affect inequality in the welfare.

While the findings of this study are applicable to the Sub Sahara region, it focuses on Uganda. This case is suitable for the analysis due to various reasons. Foreign aid accounts for more than 20 percent of government spending in Uganda. Secondly, Uganda is not only listed in the top aid receiving countries in the Sub Saharan region but also one of the countries with a high level of inequality[6]. Thirdly, Uganda is one of the most ethnically diverse countries. There are four major ethnic groups which are subdivided into many minor tribes speaking over fifty African languages. The presence of many ethnic groups causes tensions and mistrust, which sometimes has led to tribal wars and civil conflicts. For example, the ruling tribe has been accused of perpetuating tribal conflicts with their neighbors in the western districts of Uganda[7].

[5] In 2010, the top twenty aid recipient countries held national elections (Jablonski, 2014)
[6] United Nations, "Aid to Africa",https://www.un.org/en/africa/osaa/pdf/policybriefs/2010_aid.pdf accessed July 15, 2020
[7]Katureebe & Njoroge, "Museveni districts breeding tribal wars?" The Independent June 30, 2009, available at https://www.independent.co.ug/museveni-districts-breeding-tribal-wars/ , accessed on July 16, 2020.

This study is developed basically on four main hypotheses. Firstly, the study hypothesizes that foreign aid contributes to welfare inequality in recipient countries. Secondly, the ethnicity of individuals affects welfare inequality in ethnically diverse countries. Thirdly, the political affiliation of an individual affects their welfare. Lastly, the location of an individual affects their chances of having better welfare. The study also establishes the claim that the mechanism through which foreign aid leads to welfare inequality is the biased distribution depending on the political affiliation, ethnicity and location of the individuals in the recipient country.

To empirically prove the claims, I start by comparing the responses of Ugandans to welfare related survey questions with the district level foreign aid per capita. Then I run logistic regressions to find out how the odds of better welfare outcomes change changes in the incumbent political party's stronghold constituencies versus opposition constituencies. A similar process is repeated to explore the influence of ethnicity and location of an individual on the welfare outcomes. To test for the collective impact of foreign aid and political affiliation, foreign aid and ethnicity, foreign aid and location, on the welfare outcomes of the respondents, I regress the welfare outcomes on these variables and find out whether the coefficients are jointly significant. I found a positive relationship between foreign aid and welfare outcomes. The results show that foreign aid increases the odds of having better living conditions, easy access to basic household necessities such as food water, cooking fuel and cash income. Foreign aid reduces the odds of accessing public services such as public schools and hospitals for respondents who report good standards of living[8]. This finding coincides with that of Afridi & Ventelou,(2013); Feeny & Ouattara, (2013) who found that foreign aid has a significant impact on health by reducing the mortality rate among adults and children in developing countries. I also find that the ruling tribe is more likely to have good living conditions compared to other tribes in Uganda, and for the respondents who are politically affiliated to the incumbent political party, the odds of having better welfare are greater than those of the opposition supporters except for welfare outcomes of access to water and identity documents. Furthermore, I find a positive correlation

[8] This does not mean that foreign aid is negatively related with access to public schools and hospitals. But for respondents who report better living conditions, easy access to basic needs and cash income, increase in foreign aid just reduces their demand the public school and hospitals.

between foreign aid and political affiliation, foreign aid and ethnicity and, a negative correlation between foreign aid and location.

The rest of the study is organized as follows. The next chapter reviews the literature that explains the distribution of foreign aid, ethnicity and political affiliation, and the impact of foreign aid on economic outcomes. Chapter three covers the data and methodology, chapter four presents the results and empirical analyses, and finally, chapter five concludes the study.

CHAPTER II

LITERATURE REVIEW

This study concerns the impact of foreign aid on inequality in the aid recipient countries. Most aid recipient countries, particularly in Sub-Sahara Africa are not only ethnically diverse, but also experience high levels of inequality in welfare. The prevalence of ethnic tensions and mistrust dating from the colonial era has bred nepotism which has made the ruling ethnic groups richer than their counterparts. This study explains how foreign aid in conjunction with political affiliation, ethnicity and location serves to broaden the inequality in welfare in Uganda. It therefore draws on the strands of literature that investigates links between political affiliation, ethnicity and foreign aid distribution, and, relationship between foreign aid and welfare outcomes by examining how politicians allocate foreign aid funds in favor of their stronghold constituencies and ethnic groups.

The impact of political affiliation and ethnicity on aid distributions has received less attention in the foreign aid literature although closely related to the current study is the work of (Jablonski, 2014) who examine the influence of electoral motives on foreign aid distribution in Kenya. He suggests that the constituencies with a larger share of the incumbent political party supporters obtain more aid funds than those with a larger share of the opposition political party supporters and that the constituencies with the larger share of the ruling Kikuyu ethnic group receive more aid funds on average when their fellow tribesman was in power from 1992-2007. The unequal distribution of aid within the constituencies therefore is driven by the ethnicity and political motives of the incumbent government.

One of the mechanisms that explain the welfare outcomes of foreign aid is that the incumbent politicians use the aid funds to influence election results to maximize their period in power. According to the framework developed by (De Mesquita & Smith, 2007) incumbents use the foreign aid funds to buy votes for their winning coalitions

and that foreign aid has a great positive impact on political survival in areas where the incumbent experience lower winning chances and limited resources to solicit for political support.

There is a growing number of studies on how incumbent political parties use foreign aid funds to strengthen their political support in their stronghold constituencies. (Briggs, 2012) for example, state that national electrification aid and other bilateral aid funds affect the number of polls of the incumbent government. As a result of misappropriation, more aid funds end up in the incumbent government's political base and the swing constituencies. In fact, the incumbent poll numbers stagger with the decrease or increase in the amount of aid funds allocated to these constituencies during the election periods. An example for this case is in Ghana where the NDC government polls decreased significantly with the decrease in foreign aid disbursement in 2000 even in the constituencies that strongly supported the NDC party in the preceding elections of 1996.

The nature of the government influences the outcomes of foreign aid in the recipient country. Some policymakers argue that foreign aid props up the governments of recipient countries. For example, free-market economists oppose foreign aid to developing countries because they claim that it enables the corrupt governments to strengthen their grip on power while the socialists argue that foreign aid backs up the governments that are inclined to exploiting their people (See Milton Friedman, 1995 and Carter, 1995). For the former, aid funds irrespective of their type and objectives, are more likely to be allocated to areas or projects that will boost the government's popularity. In this context, it posits that foreign aid helps unpopular governments that would have probably collapsed stay in power. Although this argument is popular, it is often criticized on two grounds. Firstly, lack of systematic proof that foreign aid enables dictators to stay long in power. Two examples to this case are Mobutu Sese Seko of Democratic Republic of Congo and Valentine Strasser of Sierra Leone who received a huge amount of foreign aid, but the latter stayed in office for a shorter time compared to the former. Secondly, there is no concrete proof and reason to believe that foreign aid helps autocratic governments but not the democratic governments since both of them require financial support to stay in power, hence foreign aid is beneficial to both types of governments.

Foreign aid often leads to adverse implications on welfare due to corruption and rent-seeking behavior of the pro-incumbent government politicians and the rich individuals in the recipient country growth (See (Hodler, 2007) and Economides et al., 2008)). Politicians and the rich individuals in the recipient countries use the aid funds to manipulate public policy and economic conditions to maximize their respective constituency gains thanks to their big share of the recipient country's factors of production. The implication of this is that more aid projects and funds are drawn to areas of pro-government politician's constituencies and less to the opposition constituencies (Angeles & Neanidis, 2009). At the same time, the aid funds politicians or rich elites misappropriate are proportional to the expenditure on rent-seeking, therefore the remainder of the aid funds after a higher cost of rent-seeking is not adequate enough to equally benefit the opposition constituencies (Drazen, 2007).

Failure of aid recipient governments to effectively manage and distribute the aid funds jeopardizes the grand objectives of the donors such as the Millennium Development Goals. To a smaller extent, foreign aid is effective in achieving some goals such as reducing child mortality, providing universal primary education, combating HIV/AIDS, malaria and other killer diseases, improving maternal health and promoting gender equality, but to a larger extent it is ineffective in reducing economic inequality and uplifting the living standard in the recipient countries, (Easterly, 2006). The fact that by 2004, almost one billion people lived under the poverty line and close to three billion people survived on less than three dollars per day was clear evidence for the ineffectiveness of foreign aid to achieve its major goal. Despite the overall declining poverty trend in the world, many regions in the foreign aid recipient countries experience an increase in the poor population, (Ravallion, 2007).

According to (Briggs, 2017), foreign aid funds do not benefit the poorest individuals in the recipient countries but it is misappropriated to benefit the regions in which the recipient country's rich people are located. The subnational aid distribution is in direct dispute with the donors' stipulated preferences. This indicates that the donor institutions and countries are either unable to monitor and audit their aid or unwilling to restrict the distribution in the recipient country. The failure of foreign aid to reduce poverty in the Sub-Sahara region is partly due to inadequate monitoring and auditing to ensure transparency in management of the aid funds.

The consumption motives of the recipient country affect the distribution of foreign aid. Critics of foreign aid argue that recipient governments use the aid funds to finance current consumption instead of investment in long term projects that improve the standard of living of the poor. The major recipients of official development assistance allocate most of it to consumption even when it is not meant for this purpose. Foreign aid tied to a specific project successfully achieves its objective as most of it is or saved or invested. That said, there is no evidence that the improvement in the living standards in aid recipient countries is as a result of capital formation from the investment of the aid funds (Levy, 1987).

According to (Herzer & Nunnenkamp, 2012), foreign aid is an effective tool for poverty alleviation if two condition are met. Firstly, the donor institutions must allocate their growth-oriented aid resources by targeting the poorest developing countries. Secondly, the authorities in the recipient countries should ensure that foreign aid projects and funds are directly sent to the areas where the poor population is largely concentrated. The fact that some aid funds particularly from bilateral donors often have strings attached renders the former condition partly unreachable and since the recipient governments are in most cases corrupt, the aid funds are less likely to reach the poor population.

The motive of the donor institution or country cannot go unmentioned while analyzing the within country distribution of foreign aid. Donors not only have altruistic but also egoistic motives. Most donor institution and rich countries such as the USA, France, and Germany often behave egoistically while allocating their aid funds. Therefore, they allocate more aid funds to countries with well-developed governance indicators such as political stability and democracy. Countries like Switzerland, Austria, and many Nordic countries are more altruistic in allocating their aid funds. The egoistic motive of the aid donors probably could be the reason why a large population in aid-dependent countries in the Sub-Sahara region continue to live under the poverty line despite the billions of dollars in aid they receive. Besides the egoistic nature of bilateral donors, they follow some selective rules while allocating their funds based on the merits and needs of recipients (Berthélemy, 2006). Similarly, (Alesina & Dollar, 2000) suggest that the allocation of foreign aid is more influenced by the political and strategic motives of the donors than economic performance improvement of the

recipient countries. They argue that foreign aid is distributed without discrimination between democratic and autocratic governments.

Aid projects from multilateral and bilateral entities differ in their main objectives and this affects their allocation. According to (Dollar & Levin, 2006) huge amount of aid funds from multilateral donors, for instance, the World Bank and African Development Bank, are associated with poverty eradication. Contrary to the bilateral aid funds, Multilateral aid funds are mainly allocated to the poorest countries simply because their main mission is to eradicate poverty and they have voting arrangements that enable aid to flow to the regions where the stakeholders aim overlap making it easier to allocate aid to poorer countries than to a country that is in close political or economic relations with only one stakeholder. However, there is no evidence to whether multilateral or bilateral aid funds are evenly distributed at subnational level.

Despite the donor's incentive of helping the poverty-stricken population in the recipient low-income countries, the governments in these countries have little or no incentives to use the foreign aid resources to improve the lives of the poor. Conditionality on aid might be partly helpful in exacerbating this problem only if the donor institutions are willing to provide strong commitment. Without well-defined commitment mechanisms, foreign aid programs will continue to fail in achieving their goals as the recipient government will always exert low effort to alleviate poverty. Lack of commitment technology for donors and moral hazard problems adversely affect the recipient government's incentives to adopt structural reforms is a key factors that explain the poor performance of aid projects (Svensson, 2000).

The efficacy of foreign aid is determined by analyzing its impact on economic growth and welfare. Most of the foreign aid literature concentrates on its impact at the macroeconomic level. As a result, studies about foreign aid effectiveness examine its impact on the level of GDP per capita of the receiving countries for example, (Headey, 2008; Mallik, 2008; Moreira, 2015). Such studies often find a positive relationship. However, they neglect other social and economic factors that may affect GDP especially in developing countries, also some drawbacks of GDP per capita as a

measure of welfare such as the exclusion of non-market transactions and accounting for income inequality are omitted rendering the results to be ambiguous.

Recent studies explain the impact of foreign on a micro-level basis sometimes using the country level surveys about welfare and economic conditions of the respondents. for example, (De & Becker, 2015; Roberts & Dionne, 2013) examine the distribution and impact of foreign disbursement to education, health, and water supply on the standard of living in Malawi. Their results show a positive relationship between aid and standard of living. The aid for the water supply sector is efficient in decreasing the cases of diarrhea disease, aid to the education sector increase the number of primary school enrolment and health aid decreased the severity of diseases. Their results reveal that studies about the efficacy of foreign aid should be directed to the sectors that aid projects initially target instead of the whole economy. However, this study does not address the issue of embezzlement of aid funds which affect variables of poverty such as nutrition and health, Easterly (2002).

Similar studies suggest that foreign aid yield positive results when specific sectors of the recipient country are considered. For example, (Mishra & Newhouse, 2009) study the relationship between foreign aid allocated to the health sectors and infant mortality rates for 118 countries between 1973 and 2004 using a panel data approach. The results show that foreign aid to the health sectors was a significant mechanism to reduce infant mortality rates in recipient countries and, that doubling the health aid had a 2 percent additional effect on reduction of mortality rates which was less than the goal targeted by Millennium Development Goals. Also, foreign aid allocated to the education sectors is associated with improvement in education by increasing universal education enrolment
(Michalowa & Weber, 2006). Aid disbursements by multilateral donors have a decreasing impact on poverty and are more likely to improve the living conditions in the recipient countries (Alvi & Senbeta, 2012).

Foreign aid would be a crucial instrument to improve the quality of living in the recipient countries if the donor countries wish for democracy and regime change. Both bilateral and multilateral aid donors can induce the recipient country institutions to efficiently use the aid funds by putting emphasis on political reform and establishing

a conducive environment for election. (Dunning, 2004) suggest that the geopolitical ambitions of western donor countries during cold war error might have jeopardized foreign aid's role in promoting democratic reforms that could accelerate economic growth in the recipient countries. But the fall of the Soviet Union and the subsequent end of the Cold War facilitated the effectiveness of string-attached aid from the western donor countries. The impact of foreign aid on economic growth and poverty in developing countries especially in Sub-Sahara region between 1975-1991 was significantly lower partly due to the prevalence of cold war politics, but, in the post-Cold War era, this impact positively increases.

Foreign aid is a potential instrument for improving welfare in recipient countries with good economic policies. It has a small positive impact on welfare and these effects are greater than direct impacts that the economic policies solely have on economic growth. There is no evidence that bilateral aid tends to favor a well-defined economic policy, yet multilateral aid is significantly disbursed in favor of good economic policy (Burnside & Dollar, 2000).

According to (Kosack, 2003), foreign aid has a positive impact on the standard of living when the incumbent government in the recipient country is democratic. For autocratic regimes, foreign aid is more likely to undermine the standard of living. Therefore, aid combined with efforts to democratize is necessary to increase the effectiveness of foreign aid in achieving its goals.

Foreign aid though expected to improve economic conditions, can bare negative effects on the welfare and income distribution in the recipient countries. Some studies provide theoretical evidence that increased foreign aid in developing countries can worsen wage inequalities for some sectors. Foreign aid fully untied to capital imports increases the non-tradable prices and may lead to wage inequality since it is likely to lead to a decrease in unskilled wages, but a rise in skilled wages, but, foreign aid fully attached to capital imports decreases the non-tradable prices. Also a decline in the price of the nontraded goods broadens the wage inequality between the skilled and the unskilled labor (Chao et al., 2010).

Foreign aid studies are mainly concerned about its effectiveness on the improvement of the macroeconomic performance of the recipient country. The results from these studies are often different to the extent that there is no concrete conclusion to whether foreign aid is a minor or major macroeconomic performance catalyst. Arndt et al., (2011); Gomanee et al. (2003); Hansen and Tarp (2001).

This study makes three important contributions to foreign aid literature. Firstly, it provides empirical evidence that ethnicity affects the distribution of foreign aid in ethnically diverse countries, especially in the Sub Sahara region. The prevalence of ethnic tensions way back from colonial era has left the ruling ethnic groups with better welfare at the expense of others. Through nepotism, the ruling tribes dominate most of the income resources in the economy leading to inequality in the standards of living. This study shows that members of the ruling ethnic group are more likely to benefit from the foreign hence they are more likely to enjoy better welfare than their counterparts. Secondly, this study explains how foreign aid is more likely to impact the welfare of people based on their political affiliation. My findings reveal that the predominantly incumbent districts have higher odds of experiencing better welfare than the opposition districts. Thirdly, the study shows how the location in the ruling ethnic groups' constituencies and foreign aid affects an individual's welfare. My results show that members of nonruling ethnic groups are less likely to have good living conditions even if they are in the districts of the ruling ethnic group. Although I found no significant evidence to prove that foreign aid, political affiliation, ethnicity and location jointly affect the welfare of the respondent, the correlation coefficients show a significant but weak positive relationship between foreign and ethnicity and negative relationship between foreign aid and location.

CHAPTER III

DATA AND METHODOLOGY

In this study, I analyze how foreign aid impacts inequality in welfare based on mainly political affiliation and ethnicity in Uganda. The data used in this research is obtained from two sources, namely, Afrobarometer and Aid data organizations. Afrobarometer is an African non-political aligned research network that carries out surveys on issues about governance, democracy, economic conditions, and other related issues in over 35 African countries. The welfare variables are generated from Afrobarometer survey questions from waves 1-6 that cover the welfare of the respondents. The questions include present living conditions, present living conditions vs others, how frequently do respondents go without water, food, medical treatment, cash income, and cooking fuel.

To determine the political affiliation of the respondents, I use the question concerning which political party that the respondent felt close to. Furthermore, we consider questions about public goods provision such as difficulty to access government schools, difficulty to get Identity documents from public entities, difficult to access medical treatment from public hospitals and other household services for the waves 1-6 between 1999-2015. The details of the survey questions and waves are provided in table 1. Column one shows the context of the question; column two represents the wave in which the question is being asked, and column three shows the question number or variable name. The welfare questions concerning access to food, water, cooking fuel, medical treatment, cash income, public schools, public hospitals, identity documents and household services are not asked in wave one. Similarly, questions about access to services such as schools, hospitals, household services, and identity documents are not available for the fourth wave. In the second wave, the question regarding access to public hospitals is not recorded.

The survey data is geocoded, allowing for easy plotting of the respondents' locations on Uganda's geographical boundary map. After combining the six survey round results, I construct a new sample that consists of 14302 observations covering 114 districts in Uganda. Map 1 shows the distribution of the respondents within the districts in Uganda for all survey rounds. The northern districts of Apac, Lira, and Arua, and the southwestern district of Mbarara had the largest number of respondents while districts of Moroto, Nakapiripirit, Kapchorwa in the East, Bundibugyo district in the southwest and Kiboga district in the central region had the lowest number of respondents. All survey questions and related wave are obtained from survey codebooks available on the Afrobarometer official website.

Table 3.1: Survey Questions and Waves

Question	Waves	Variable Name/Question Number
Present living conditions	1, 2, 3. 4, 5 and 6	pfesol, Q1B, Q4B, Q4B, Q3B and Q4B
Living conditions vs others	1, 2, 3. 4, 5 and 6	pfeerd, Q2B, Q5, Q5, Q4 and Q5
How often gone without food	2, 3, 4, 5 and 6	Q9A, Q8A (For wave 3-6)
How often gone without water	2, 3, 4, 5 and 6	Q9B, Q8B (for wave 3-6)
How often gone without medical treatment	2, 3, 4, 5 and 6	Q9C, Q8C (For wave 3-6)
How often gone without cooking fuel	2, 3, 4, 5 and 6	Q9E, Q8D (For wave 3-6)
How often gone without a cash	2, 3, 4, 5 and 6	Q9F, Q8E (For wave 3-6)
Difficulty to obtain public school services	2, 3, 5 and 6	Q58B, Q71D, Q67D, and Q55A
Difficulty to obtain medical Treatment	3, 5 and 6	Q71E, Q67E, and Q55C
Difficulty to obtain an identity document	2, 3, 5 and 6	Q58A, Q71A, Q67A, and Q55E
Difficulty to obtain household services	2, 3, 5 and 6	Q58D, Q71B, Q67B, and Q55G
Tribe or ethnic group	1, 2, 3. 4, 5 and 6	language, Q83, Q79, Q79, Q84, and Q87
political party	1, 2, 3. 4, 5 and 6	pidwin, Q87A, Q85, Q86, Q89B, and Q90B

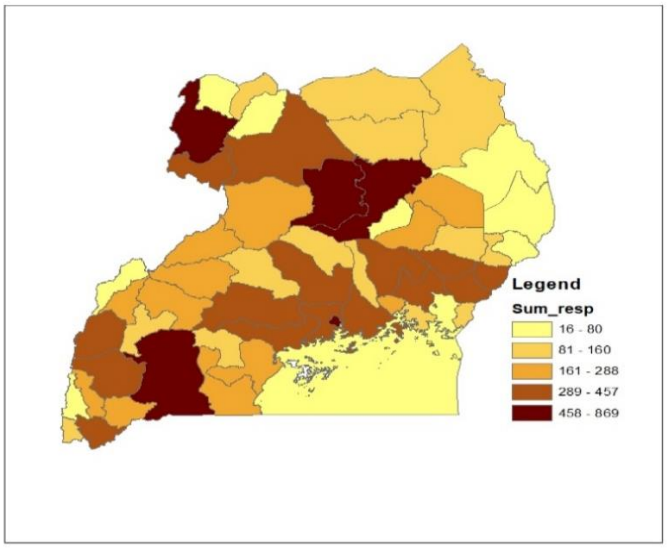

Figure 3.1: Distribution of Respondents Across Uganda

I generated new dummy variables from the survey responses to questions related to welfare, ethnicity, and political affiliation. They include access to Food, Water, Medical, Fuel, Cash, living conditions, and Living Conditions compared to others. These variables take the value of 1 if the response is good or very good, easy or very easy, and 0 if the responses are bad or very bad and worse or much worse. The dummy variable Ethnicity takes the value 1 if the respondent is from the ruling ethnic group 0 if otherwise, whereas the dummy variable Incumbent takes the value 1 if the respondent is close to ruling political party and 0 if otherwise. Other dummy variables are created for questions related to Public School, Public Hospital, ID Document, Gender, Age, and HH services.

The foreign aid data is obtained from Aiddata Research Lab at William & Mary's official website[9]. The dataset comprises all aid projects from the Aid Information Management Systems of Uganda, currently known as Uganda's Aid Management Platform (UAMP). This dataset includes all projects initiated from 1981 to 2016 across 114 districts in Uganda. The total number of projects reported in this dataset is 1709, while the number of geocoded projects is 565. The total commitment for all the entire

[9] Foreign aid dataset use in the current research can be accessed from Aid data website through this link https://www.aiddata.org/datasets

projects was 30.6 billion US Dollars, and the total disbursement s were 18.4 billion US Dollars. The sum of geocoded aid commitments and aid disbursements was 12.1 and 7.7 billion US Dollars, respectively. Both the commitments and disbursements are reported on a geographical precision scale from 1-8. Precision code 1 shows the absolute information about the geographical coordinates of the aid project's disbursement, while 8 allocated to the disbursements received for the central government. In this research, I filter out the precision codes 6 and 8 since the aid disbursements for these codes are allocated to the independent political entity and they are not shared among the districts. There is no information about the precision code of 7 and for this code, there was no aid project reported. After excluding precision codes 6 and 8 the remaining total disbursement and total commitments are 2.6 and 5.7 billion US Dollars, respectively. Due to the absence of district-level population data for Uganda, I estimate the district population manually by finding the percentage share of total respondents for each district in entire survey results sample and then multiplying by the total population of Uganda for the years 1999, 2002, 2005, 2008, 2012 and 2015. The population data for Uganda for the year mentioned is obtained from the World Bank database. Foreign aid per capita is obtained by dividing the total aid disbursements for each district by the population of that district.

Similarly, GDP per capita is obtained by dividing the yearly GDP by the population of that year. GDP data for Uganda is obtained from the World Bank database. Further details about all variables are provided in table 2.

3.1. Explanatory Variables

3.1.1. Foreign Aid Per Capita, Political Affiliation, Ethnicity, and Location

These are the main independent variables for the current study. Political affiliation dummy is generated from responses of survey questions regarding the political party of choice of a given respondent. The variable takes 1 for incumbent supports and 0 for the opposition. Ethnicity and location dummies are obtained similarly, taking values 1 for ruling ethnic group and location in ruling ethnic group's district, 0 for other ethnic groups, and location outside the ruling ethnic group's district.

Table 3.2:Variables Names, Sources, and Description

Variable Name	Source	Description
Food	Afrobarometer	Explains how often the respondent goes without food. It is 1 if several or just once or twice and 0 if several or many times
Water	Afrobarometer	Explains how often the respondent goes without water. It is 1 if several or just once or twice and 0 if always or many times
Medical	Afrobarometer	Explains how often the respondent goes without medical. It is 1 if several or just once or twice and 0 if always or many times
Fuel	Afrobarometer	Explains how often the respondent goes without fuel. It is 1 if several or just once or twice and 0 if always or many times
Cash	Afrobarometer	Explains how often the respondent goes without cash. It is 1 if several or just once or twice and 0 if always or many times
Living Condition	Afrobarometer	Explains the living conditions of respondents. It is 1 if fairly good or very good and 0 for bad and very bad
Living Condition vs Others	Afrobarometer	Explains the living conditions of respondents compared to others. Takes value 1 for responses better or much better and 0 for responses worse and much worse
Public School	Afrobarometer	Explains how difficult it is to access public schools. It is 1 if easy or very easy and 0 if difficult and very difficult
Public Hospital	Afrobarometer	Explains how difficult it is to access public Hospitals. It is 1 if easy or very easy and 0 if difficult and very difficult
HH Services	Afrobarometer	Explains how difficult it is to get Household services. It is 1 if easy or very easy and 0 if difficult or very difficult
ID Document	Afrobarometer	Explains how difficult it is to access an identity document. It is e 1 if easy or very easy and 0 if difficult or very difficult
Ethnicity	Afrobarometer	Represents the ethnicity of the respondent. It is 1 if the respondent is from the ruling ethnic group and 0 if otherwise
Political Affiliation	Afrobarometer	Represents the political affiliation of the respondent. It is 1 if the respondent is close to the ruling political party and 0 if otherwise
Foreign Aid per capita	Aid Data	Represent the amount of aid received per respondent in US Dollars
GDP	World Bank	GDP is gross domestic product divided by district population.
Age	Afrobarometer	Shows the age of the respondent. It takes value 1 for the age of 18-30 and 0 otherwise.
Gender	Afrobarometer	Shows the gender of the repondent. It takes value 1 for male and 0 for female.

I assume that the incumbent stronghold districts are more likely to have better living conditions since the incumbent government allocates more aid project funds to these districts, more aid funds are allocated to districts of ruling ethnic group, and living in the incumbent or ruling ethnic group's increases chances of accessing more aid funds hence better welfare. Foreign aid per capita represents the amount of foreign aid disbursement received per person in each district. Since I could not find the foreign aid per capita at the district level in Uganda, I obtained this variable manually by simply dividing the total aid disbursements by the district population.

3.2. Summary Statistics

Table 3 provides summary statistics for the major variables used in the study. Panel A shows the distribution of a set of dummy variables that I used to determine the welfare of the respondents. The total number of respondents for all waves is 14302. However, the difference in the number of respondents and omission of some welfare-related questions accounts for the non-uniformity in the number of observations across the welfare variables. The same applies to all of the dummy variables used in the current study. Panel B shows the distribution of the main independent variables for this study. The dummy variables INCUMBENT, ETHNICITY, and LOCATION at the same time shows the channels through which foreign aid contributes to the inequality in the welfare between districts in Uganda. The number of respondents who reported politically affiliated was 7889 of which 5772 were supporters of the incumbent political party. The average foreign aid per capita was 19.5 US Dollars. The high standard deviation of Foreign Aid Per Capita reveals inequality in the distribution of aid funds across the districts. Panel C shows the summary statistics for the control variables used in the study. The highest district-level GDP per capita was 676 US Dollars, and the lowest was 418.5 US Dollars. The standard deviation of GDP per capita is lower, indicating a relatively equal level of growth across the districts in Uganda. 49.8 percent of the respondents were male, and 51.3 percent were between the age of 18-30 years.

Table 3.3: Summary Statistics

Variable	Obs	Mean	Std.Dev.	Min	Max
PANEL A: WELFARE VARIABLES					
LIVING CONDITION	10223	.401	.49	0	1
LIVING CONDITION VS OTHER	14300	.267	.443	0	1
WATER	12026	.831	.375	0	1
FOOD	12016	.868	.338	0	1
MEDICAL TREATMENT	12011	.777	.416	0	1
CASH	12007	.538	.499	0	1
COOKING FUEL	12017	.875	.331	0	1
ID DOCUMENT	7009	.66	.474	0	1
PUBLIC SCHOOL	7676	.728	.445	0	1
HH SERVICES	5122	.182	.386	0	1
PUBLIC HOSPITAL	6392	.361	.48	0	1
PANEL B: INDEPENDENT VARIABLES					
INCUMBENT	7889	.732	.443	0	1
ETHNICITY	14300	.203	.403	0	1
LOCATION	14300	.114	.317	0	1
FORAIDPC	7930	19.475	55.545	0	795.884
PANEL C: CONTROL VARIABLES					
GDP	14300	535.221	98.38	418.56	676.246
GENDER	14296	.498	.5	0	1
AGE	13728	.513	.5	0	1

3.3. Distribution of Welfare Variables Across Districts

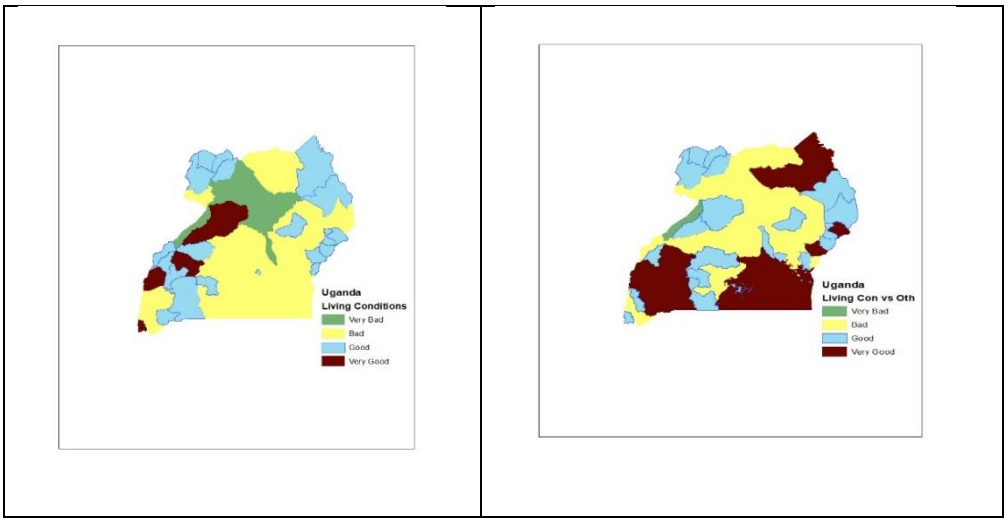

Figure 3.4: Living Conditions and Living Conditions Compared to Others

Figure 3.2 shows the distributions of responses on questions related to living conditions of the respondents in districts in Uganda. On the left, most respondents in the central, and eastern districts reported bad living conditions, while respondents in the westnile region reported very good living conditions. Respondents from the southwest, northeast and some parts of the northwest districts reported good living conditions while those from Hoima, Kibaale and Kasese region reported very good living conditions. On the right, huge number of respondents from the southwestern region and northeastern regions felt better off compared to other Ugandans, whereas respondents from the central region felt worse off compared to others.

Figure 3.3 shows the distribution of responses to questions related to access to home basic needs such as food, Water and cooking fuel. Respondents from the central, south, southwestern and eastern region can easily access food. This is partly due to the fertile lands in these regions especially around Victoria shores that facilitate agriculture. Ugandans living in the eastern and northeastern region reported difficult access to food. The low rainfall and desert conditions in these regions are unfavorable for crop growth which partly contributes to food shortages.

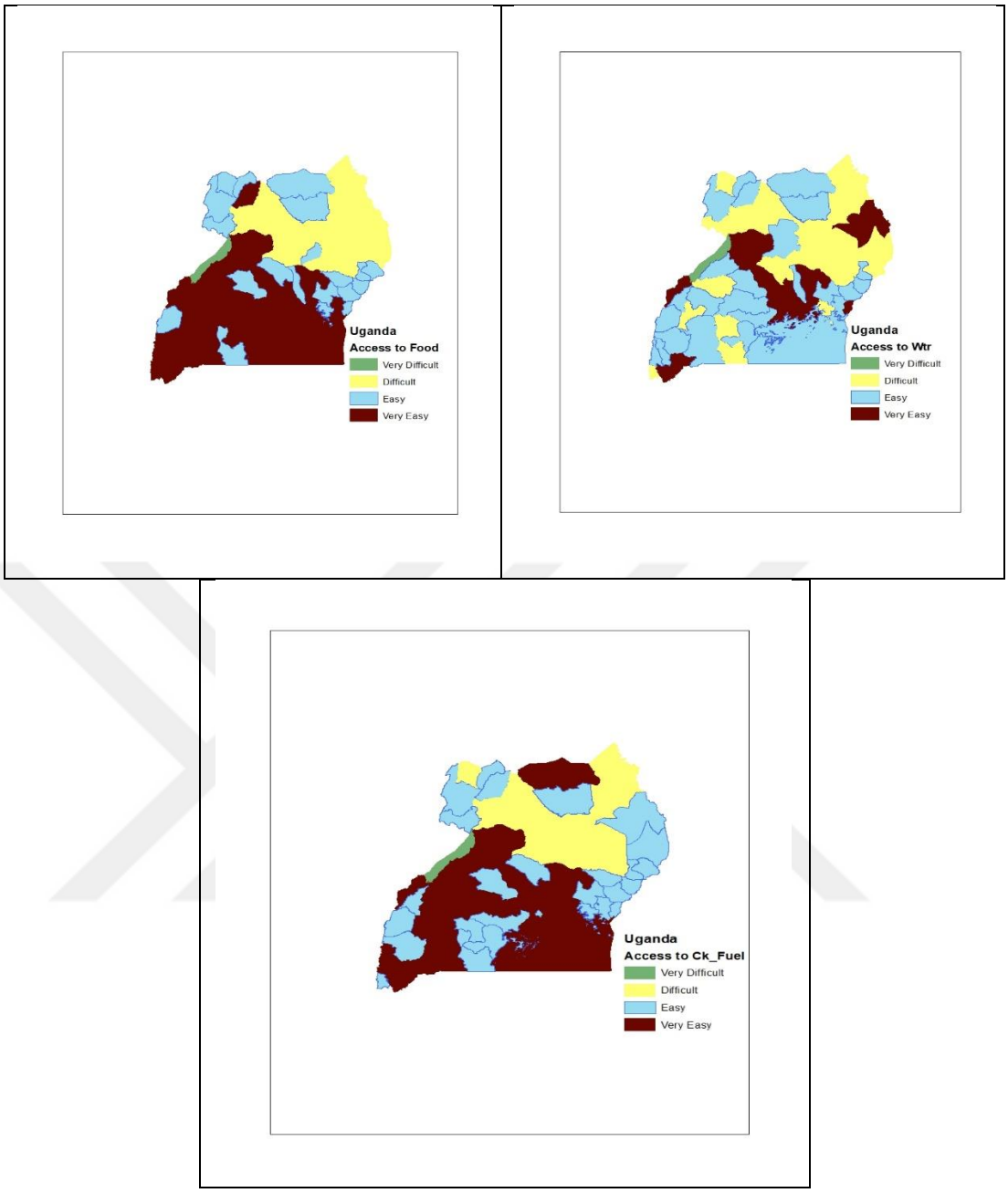

Figure 3. 5: Access to Food and Water and Cooking Fuel

The map on the right shows the distribution of responses to the question of access to water. Generally, the respondents in southern, western, most of eastern and northern region can easily access water while those in the central and northeastern districts find it difficult to access water. When asked about access to cooking fuel, huge number of respondents reported positively except for those in some parts of the northern districts.

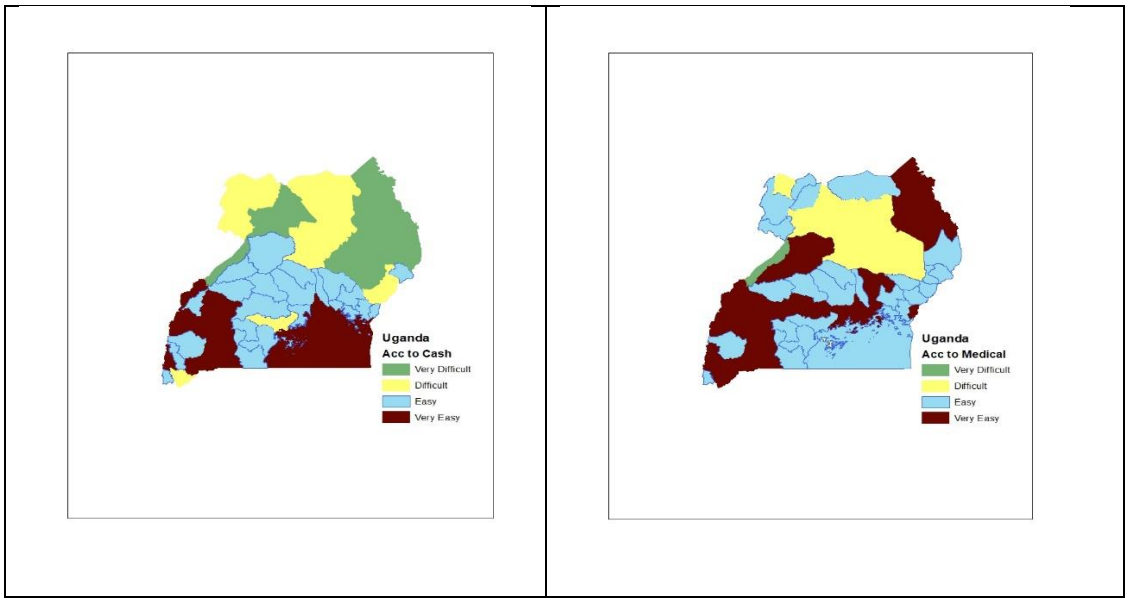

Figure 3.6: Access to Cash Income and Medical Treatment

The figure 3.4 shows the distribution of responses of question related to income and medical treatment. On the left, most respondents from the northern region reported long periods without cash income while in the central and southern region the respondents reported short periods without cash income. The map on the right shows that most Ugandans can easily access medical treatment except for those in some parts of the northern region.

The figure 3.5 shows the distribution of responses on access to public services including identity documents, household services, public schools and public hospitals. The respondents in the eastern and most districts in the central region report easy access identity documents, while respondents from ruling party's stronghold districts in the eastern and southwestern region report difficulty in access to identity documents. The map on the top right shows that most Ugandans face shortages of household services except in the ruling ethnic groups' regions in the southwest and some districts in the central and eastern region. Also, respondents from the southwest and the eastern region face no difficulties in accessing public schools and hospitals.

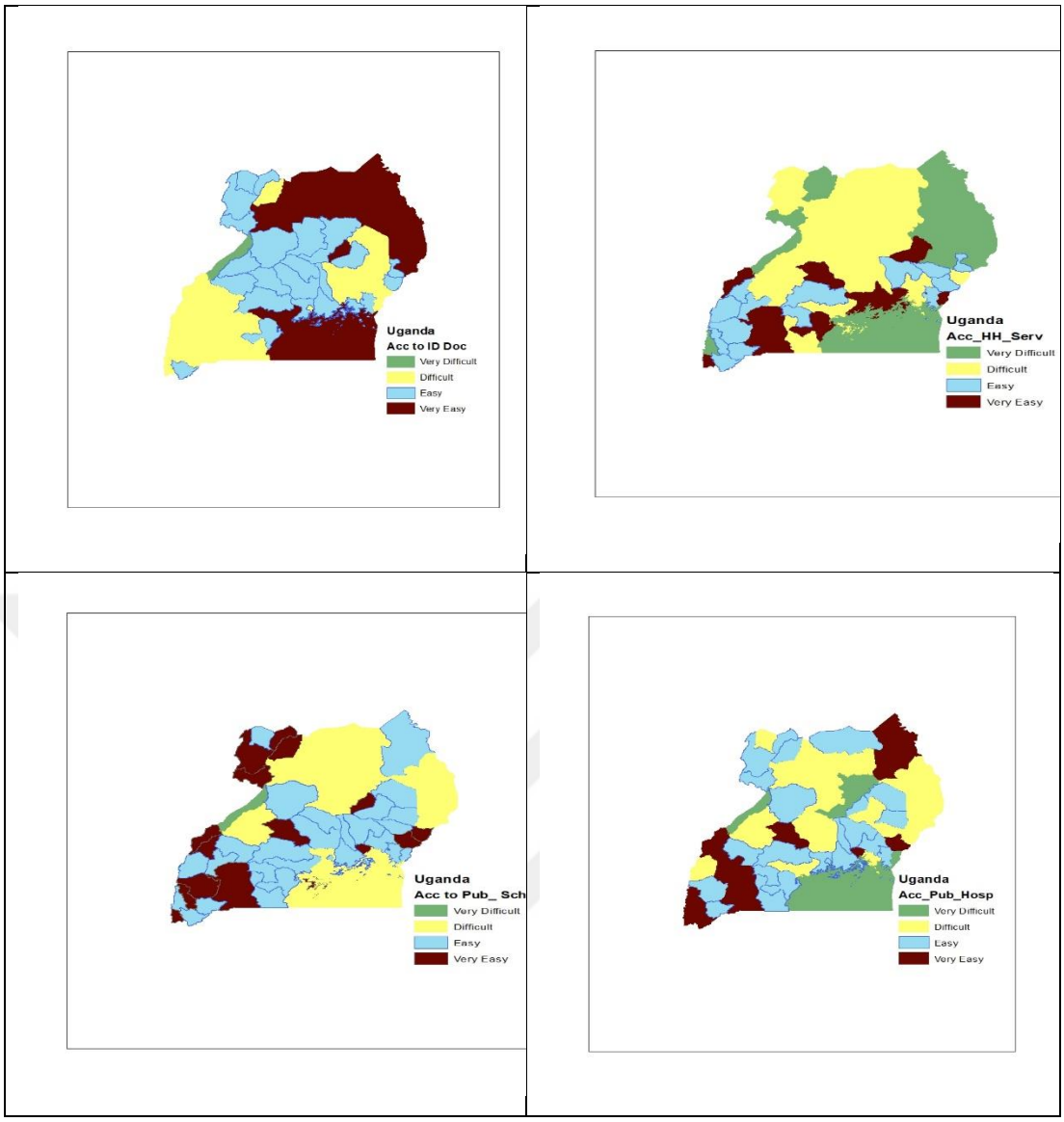

Figure 3.7: Access to Identity Document, Household Services, Public Schools and Hospitals

3.4. Methodology

This study is developed basically on four main hypotheses. Firstly, the study hypothesizes that foreign aid contributes to welfare inequality in recipient countries. Secondly, the ethnicity of individuals affects welfare inequality in ethnically diverse countries. Thirdly, the political affiliation of an individual affects their welfare. Lastly, the location of an individual affects their chances of having better welfare. The study also establishes the claim that the mechanism through which foreign aid leads to welfare inequality is the biased distribution depending on the political affiliation,

ethnicity and location of the individuals in the recipient country. To prove these claims, I test for the joint significance of foreign aid, political affiliation, ethnicity and location in different specifications.

The study has employed the following empirical frameworks to test various arguments put forward:

3.5 The Political Channel

The specification (1) shows the impact of foreign aid on welfare, specification (2) shows the political affiliation impact on welfare and specification (3) represents the joint impact of political affiliation and foreign aid on welfare controlling for some confounding factors and district-specific population characteristics.

$$\boldsymbol{Y_{it}} = \boldsymbol{a} + \beta_1 FORAIDPC_{it} + \mu_i + \square_i + \epsilon_{it} \quad (\mathbf{1})$$

$$\boldsymbol{Y_{it}} = \boldsymbol{a} + \beta_1 INCUMBENT_{it} + \mu_i + \square_i + \epsilon_{it} \quad (\mathbf{2})$$

$$\boldsymbol{Y_{it}} = \boldsymbol{a} + \beta_1 FOR\_INC_{it} + \beta_2 X_{it} + \beta_3 GENDER_{it} + \beta_4 AGE_{it} + \epsilon_{it} \quad (\mathbf{3})$$

The dependent variable $\boldsymbol{Y_{it}}$ in the specification (1), (2), and (3) represent the set of welfare variables in district *i* for the wave *t*. The welfare variables include access to water, food, cooking fuel, cash, medical treatment, living conditions, living conditions vs others, access to public schools, hospitals, identity documents, and household services. FORAIDPC is the foreign aid per capita measured in dollars, the variable INCUMBENT represents political affiliation in the district *i* in wave *t*, it takes the value of 1 for incumbent political party supporters and 0 for the opposition supporters. The interaction term FOR_INC shows the foreign aid recieved by incumbent political party supporters.

3.6 Ethnicity Channel

Specification (4) compares the welfare of the ruling ethnic group and other ethnic groups. Specification (5) shows the combined impact of ethnicity and foreign aid on the welfare of a given respondent.

$$\boldsymbol{Y_{it}} = \boldsymbol{a} + \beta_1 ETHNICITY_{it} + \mu_i + \square_i + \epsilon_{it} \qquad (\mathbf{4})$$

$$\boldsymbol{Y_{it}} = \boldsymbol{a} + \beta_1 FOR\_ETH_{it} + \beta_2 X_{it} + \beta_3 GENDER_{it} + \beta_4 AGE_{it} + \epsilon_{it} \qquad (\mathbf{5})$$

In both specifications $\boldsymbol{Y_{it}}$represent the welfare variable of an individual in district *i* for wave *t, ETHNICITY* shows the ethnic group of an individual in the district I for wave t, it is a dummy variable taking value 1 if the respondent is from the ruling ethnic group and 0 if otherwise, FOR_ETH_{it} is the interaction term showing the amount of aid recieved by the ruling ethnic group, *X* captures the set of confounding variables that affect welfare. $GENDER_{it}$ is the sex dummy which takes value 1 for male and 0 otherwise while AGE_{it} dummy represents the age of the respondent, it takes value 1 for age range 18-30 and 0 for age range 30 and above.

3.7 Location Channel

Specifications (6) compares the welfare of nonruling ethnicities living in the ruling ethnic group's districts and those living in other districts. In other words, it shows whether living in the ruling tribe's districts increases the odds of having good welfare. Specification (7) captures the joint impact of location and foreign aid on welfare also controlling for some district-specific population characteristics. The specification further explains how the welfare outcomes of the ruling ethnic group members living in their predominant districts differ from welfare outcomes of other ethnic groups living with in the same districts, and how the welfare of incumbent supporters living in the ruling ethnic groups' districts differ from the welfare of their counterparts.

$$\boldsymbol{Y_{it}} = \boldsymbol{a} + \beta_1 LOCATION_{it} + \mu_i + \square_i + \epsilon_{it} \qquad (\mathbf{6})$$

Testing for the hypothesis that β_1 and β_2 are significantly greater than zero determines whether foreign and location affects the odds of better welfare.

$$\boldsymbol{Y_{it}} = \boldsymbol{a} + \beta_1 FOR\_LOC_{it} + \beta_2 LOC\_ETH_{it} + \beta_3 LOC\_INC_{it} + \beta_4 X_{it} + \beta_5 GENDER_{it} + \beta_6 AGE_{it} + \epsilon_{it} \quad (7)$$

Dependent variable $\boldsymbol{Y_{it}}$ represents welfare dummy taking value 1 for responses of good and very good, easy and very easy, and 0 for the responses bad and very bad, difficult, and very difficult. The variable $LOCATION_{it}$ represent the location dummy, it is 1 for respondents living in ruling ethnic groups' districts and 0 otherwise, *FOR_LOC* is an interaction term showing the aid recieved by the members of the nonruling ethnic group living in the predominantly ruling ethnic groups' district, the interaction term *LOC_ETH* takes value 1 for respondents from ruling ethnic group living in their predominant districts and 0 otherwise, while the interaction term LOC_INC takes value 1 for respondents of nonruling ethnic group residing in the ruling ethnic groups' districts at the same time supporting the incumbent government, and 0 other wise. X_{it} captures the set of confounding variables that affect welfare in district *i* for wave *t*. $GENDER_{it}$ is the sex dummy which takes value 1 for male and 0 otherwise while AGE_{it} dummy represents the age of the respondent, it takes value 1 for age range 18-30 and 0 for age range 30 and above.

CHAPTER IV

EMPIRICAL RESULTS AND ANALYSIS

4.1 Foreign Aid and Welfare Inequality

Table 4.1 displays the results for equation 1. Since the outcome variables are dichotomous, I estimated a logistic model to find out how aid affects the odds of having better welfare for two respondent categories. In column (1), (2) and 6), the aid coefficient is statistically significant. It reveals an increase in the odds of having good living conditions for the respondents who answered positively to the welfare related questions. A unit increase in foreign aid is associated with 10 percent increase in the odds of having good living conditions, better economic conditions compared to others, and cash income.

Foreign aid coefficient also shows a 10 percent increase in the odds of having easy access to water, easy access to food, easy access to cooking fuel, medical treatment, identity document from any government offices for respondents who reply positively to the welfare related questions. The foreign aid coefficients reveal a decrease in the odds of easily accessing public schools, public hospitals and household services in columns (9), (10) and (11) respectively. This implies that a one-unit increase in the foreign aid per capita is associated with an approximately 0.1 percent decrease in the odds of easily accessing the medical treatment, public schools, public hospitals and household services.

My results are in line with the findings of (Gebhard et al., 2008 and Gopalan & Rajan, 2016) who also found that foreign aid has an increasing impact on the welfare of the recipient countries. In this study, however, I argue that foreign aid increases only the welfare of the respondent who reply positively to the welfare related survey questions. The possible reason for this outcome is that the respondents who reply positively to the survey question get more aid funds compared to those who respond negatively.

Table 4.1: Foreign Aid and Welfare Inequality

VARIABLES	(1) LIV_CON	(2) LIV_CON_VS_OTH	(3) WTR	(4) FD	(5) CK_FL	(6) CASH	(7) MED	(8) ID	(9) PSHC	(10) HHS	(11) PHOS
FORAIDPC	1.002*	1.001**	1.001	1.003	1.003	1.002**	1.001	1.002	0.998	0.999	0.999
	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)	(.)
Constant	0.644***	0.351***	5.319***	6.112***	6.444***	1.228***	3.623***	2.738***	1.378***	0.246***	0.426***
	(0.053)	(0.027)	(0.505)	(0.819)	(0.831)	(0.098)	(0.378)	(0.329)	(0.147)	(0.036)	(0.041)
Observations	6,564	7,930	7,710	7,704	7,705	7,698	7,695	4,362	4,312	3,113	4,944

Robust seeform in parentheses
*** p<0.01, ** p<0.05, * p<0.1

4.2. Political Affiliation and Welfare Inequality

Table 4.2 displays the results for specification (2). The political affiliation coefficient is positive and significant across all the welfare variables except in column (8) (9) and (11). Supporting the incumbent political party is associated with an increase in the odds of having a better welfare. The coefficient shows that for those affiliated to the ruling political party, the odds of having good living conditions, good living conditions compared to others, easy access to food, easy access to cooking fuel, easy access to medical treatment, easy access to public hospitals, and cash income are 100.27 percent, 42 percent, 47 percent, 45 percent, 25 percent, and 14 percent respectively higher than the odds of opposition party supporters, these finding are statistically significant at 5 percent confidence interval.

In column (6), the political affiliation coefficient reveals that for the incumbent supporters, the odds of easily accessing medical treatment are 30 percent higher than those of the opposition political party supporters. The coefficient is statistically significant at 1 percent confidence interval. In column (7) and (11), the political affiliation coefficient reveals that being inclined politically to the ruling party is associated with a 39 percent and 10 percent decrease in the odds of easily accessing identity documents and water respectively. In short, the results postulate the presence of inequality between the welfare of the incumbent and opposition political party supporters in Uganda. The ruling political party (National Resistance Movement) in Uganda sabotages the delivery of services through direct interference in the decision making at the different administrative levels in districts. In some opposition stronghold constituencies in Uganda such as Kampala District, the ruling political party through the president uses subversive strategies to undermine the authority of the opposition leadership. These interferences are meant to blackmail the opposition leadership for corruption and also to protect the ruling party from decline due to anger from the dissatisfied public[10].

[10] President Yoweri Museveni and his party use strategies of subversion to weaken opposition leadership in Kampala District (Lambright, 2014)

Table 4.2: Political Affiliation and Welfare Inequality

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	LIV_CON	LIV_CON VS OTH	FD	CK FL	CASH	MED	ID	PSCH	HHS	PH	WTR
INCUMBENT	2.027***	1.428***	1.472***	1.446***	1.136**	1.304***	0.610***	1.067	1.127	1.254**	0.893
	(0.151)	(0.112)	(0.168)	(0.148)	(0.069)	(0.114)	(0.054)	(0.106)	(0.096)	(0.113)	(0.081)
Constant	0.432***	0.291***	5.630***	5.970***	1.124	3.079***	2.906***	2.190***	0.201***	0.467***	5.409***
	(0.039)	(0.024)	(0.728)	(0.819)	(0.091)	(0.341)	(0.200)	(0.206)	(0.027)	(0.045)	(0.524)
Observations	6,306	7,889	7,436	7,438	7,433	7,435	4,423	4,706	3,190	4,231	7,442

Robust seeform in parentheses
*** p<0.01, ** p<0.05, * p<0.1

4.3. Political Affiliation, Foreign Aid and Welfare Inequality

Table 4.3 displays the results for specification (3). I test for the joint impact of aid and political affiliation on welfare. The interaction term for foreign aid and political affiliation shows that for the incumbent political party supporters, foreign aid increases the odds of having good living conditions, better living conditions compared to others, easy access to food and cooking fuel. A unit increase in foreign aid increases the odds of having better living conditions, easy access to food and cooking fuel by 10 percent for the incumbent political party supporters.

The GDP per capita coefficient is positive and significant in the columns (4) and (7) to (11). Holding other factors fixed, an increase in the GDP per capita increases the odds of having better living conditions compared to others, easy access to water, easy access to food, easy access to cooking fuel, easy access to medical treatment, easy access to identity document by 10 percent. However, as the GDP per capita increases by one unit, the odds of easily accessing the public schools, hospital and household services decreases by at most 2 percent. The Service Delivery Indicators in Uganda shows that the country still has a long way to achieve optimal performance in the public schools and health centers due to the knowledge gap issues and absenteeism[11]. Therefore, as the per capita income increases, the individuals turn to the private sector for the school and health services. The gender dummy coefficient in columns (1), (2), (3), (4), (5), (6) and (11) reveal that for the male respondents, the odds of having good living conditions, good living conditions compared to others, easy access to the basic needs of water, cooking fuel, medical treatment, cash income and food are at most 10 percent lower than those of the female respondents but, it is not statistically significant across all the welfare outcomes. Th age dummy coefficient is not statistically significant for all welfare variables.

[11] S. Gashishiri "Quality of Uganda's Education and Health Services Poses Serious Risk to Long-Term Economic Progress" https://www.worldbank.org/en/news/press-release/2013/11/19/quality-uganda-education-and-health-services-poses-serious-risk-long-term-economic-progress World Bank,November 19, 2013 accessed on 06 Aug 2020

4.3: Political Affiliation, Foreign Aid and Welfare Inequality

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	LIV_CON	LIV_CON_VS_OTH	WTR	CLFL	CASH	MED	ID	PSCH	HHS	PHOS	FD
FOR_INC	1.002*	1.002***	1.000	1.005**	1.002*	1.000	1.001	0.998	0.999	0.999	1.005*
	(0.001)	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)	(0.002)	(0.003)	(0.002)	(0.003)
GDP	1.001	1.001	1.000	1.004**	1.001	1.002	1.010***	0.976**	0.996***	0.990***	1.004**
	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)	(0.001)	(0.010)	(0.001)	(0.002)	(0.002)
GENDER	0.939	0.982	0.978	0.900	0.947	0.903	1.059	1.068	0.896	1.076	0.885
	(0.074)	(0.061)	(0.085)	(0.082)	(0.053)	(0.065)	(0.091)	(0.099)	(0.086)	(0.098)	(0.098)
AGE	0.999	0.957	0.977	0.974	1.022	1.090	1.140	0.909	0.913	1.011	1.104
	(0.065)	(0.061)	(0.080)	(0.084)	(0.057)	(0.073)	(0.114)	(0.078)	(0.124)	(0.081)	(0.085)
Constant	0.324	0.169*	5.427**	0.539	0.813	1.070	0.005***	7.340**	2.795*	3.028***	0.459
	(0.332)	(0.165)	(4.236)	(0.742)	(0.746)	(1.160)	(0.005)	(5.754)	(1.545)	(5.254)	(0.589)
Observations	4,129	4,912	4,868	4,867	4,864	4,862	2,837	2,792	1,996	3,193	4,864

Robust seeform in parentheses
*** p<0.01, ** p<0.05, * p<0.1

4.4. Ethnicity and Welfare Inequality

Table 4.4 shows results for equation (4) which estimate the impact of ethnicity on the welfare inequality in Uganda. The ethnicity dummy coefficient is positive and significant in columns (1), (2), (4), (5), (6), (7), and (8). For the respondents who are from the ruling tribe, the odds of having good living conditions, good living conditions compared to others, easily accessing water, food, cooking fuel, cash income, medical treatment, and identity document are 37 percent, 23 percent, 247 percent, 132 percent, 66 percent, 84 percent, and 31 percent higher than the odds of the respondents from other tribes. In column (9), (10) and (11), the ethnicity coefficient reveals that the odd of easily accessing public schools, public hospitals and household services are 44 percent, 70 percent and 10 percent lower for the respondents who share the same tribe as the incumbent president.

Through nepotism, members of the ruling tribe group in Uganda run the country's main economic activities such as agriculture and trade ending up richer than their counterparts. Since Agriculture is the major economic activity in Uganda, there is high demand for land for farming. The ruling ethnic group owns large fertile lands on which they practice large scale commercial farming, sometimes the land is obtained through grabbing especially in the central and eastern regions. Land owned by other tribes is mostly sufficient for subsistence farming but even the agricultural surplus of small-scale farmers is sold to the large-scale farmers who own most agricultural businesses[12]. These factors among others partly explain why the members of the ruling tribe have increasing odds of better welfare than their counterparts.

[12] "The Future of Uganda is in Danger: Stop Land Grabbing!", Slow Food,08 January 2018, available at https://www.slowfood.com/future-uganda-danger-stop-land-grabbing/ ,accessed 23 July 2020

Table 4.4: Ethnicity and Welfare Inequality

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	LIV_ CON	LIV_CON_ VS_OTH	WTR	FD	CK_FL	CASH	MED	ID	PSCH	HHS	PHOS
ETHNICITY	1.379***	1.234***	1.247	3.472***	2.322***	1.663***	1.846***	1.317**	0.794	1.012	0.585***
	(0.137)	(0.091)	(0.186)	(0.445)	(0.301)	(0.151)	(0.256)	(0.152)	(0.122)	(0.153)	(0.095)
											(.)
Constant	0.631***	0.349***	4.714***	5.580***	6.170***	1.058	3.146***	1.850***	2.796***	0.222***	0.611***
	(0.044)	(0.019)	(0.413)	(0.494)	(0.554)	(0.076)	(0.270)	(0.117)	(0.197)	(0.030)	(0.041)
Observations	10,223	14,300	12,026	12,016	12,017	12,007	12,011	7,009	7,676	5,122	6,392

Robust seeform in parentheses
*** p<0.01, ** p<0.05, * p<0.1

4.5. Foreign aid, Ethnicity Welfare Inequality

Table 4.5 displays the results for equation 5. I control for other confounding variables that affect aid distribution, and population characteristics such as GDP per capita, gender and age. The main objective is to find out whether foreign aid and ethnicity jointly increases the odds of having better welfare.

The coefficients of foreign aid and ethnicity is significant in columns (1), (2), (5), (6), (10) and (11). For the members of the ruling ethnic group, foreign aid increases the odds of having good living conditions, good living conditions compared to others easy access to cooking fuel and cash income by 10 percent. On the other hand, a unit increase in the foreign aid decreases the odds of easily accessing public hospitals and household services by 0.1 percent for the ruling ethnic group.

The GDP per capita coefficient show a positive and significant relationship between GDP and welfare in column (4), (5), (8) to (11). For the respondents who reply positively to the welfare related questions, an increase in GDP by one cent increases the odds of easily accessing food, cooking fuel and identity documents by 10 percent. On the other hand, an increase in GDP by one cent leads to a decrease in the odds of easily accessing public schools, household services and public hospitals by at most 1.8 percent.

The gender coefficients in column (2), (8), and (9) shows that for the male respondents, the odds of having better living conditions compared to others, easy access to identity documents and public schools are 10 percent higher than the odds of the female respondents. Also, the odds of accessing the basic needs such as water, food, cooking fuel and cash income are at most 6 percent lower for the male respondent. However, the gender dummy coefficient is not statistically significant, hence there is insufficient evidence to conclude that the male respondents have better welfare than the female respondents. Similarly, the age dummy coefficient is not statistically significant in all equations. Therefore, I find no statistical evidence that the youth in Uganda have higher or lower odds of experiencing better welfare outcomes compared to the old age group.

Table 4.5: Ethnicity, Foreign Aid, and Welfare Inequality

VARIABLES	(1) LIV_ CON	(2) LIV_CON_ VS_OTH	(3) WTR	(4) FD	(5) CKFL	(6) CSH	(7) MED	(8) ID	(9) PSCH	(10) HHS	(11) PHOS
FOR_ETH	1.002***	1.001**	1.000	1.012	1.003*	1.001**	1.001	1.003	0.996	0.992***	0.995**
	(0.001)	(0.000)	(0.002)	(0.008)	(0.002)	(0.001)	(0.001)	(0.003)	(0.003)	(0.003)	(0.002)
GDP	1.001	1.001	1.001	1.004**	1.005**	1.001	1.002	1.010***	0.982***	0.997***	0.991***
	(0.002)	(0.002)	(0.001)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.004)	(0.001)	(0.001)
GENDER	0.962	1.048	0.965	0.954	0.996	0.966	0.927	1.026	1.117	0.971	1.068
	(0.056)	(0.054)	(0.062)	(0.071)	(0.065)	(0.051)	(0.052)	(0.069)	(0.086)	(0.097)	(0.069)
AGE	1.010	0.981	1.000	1.038	0.946	1.001	1.092	1.092	0.900	0.923	1.070
	(0.058)	(0.057)	(0.066)	(0.063)	(0.056)	(0.047)	(0.062)	(0.112)	(0.070)	(0.096)	(0.079)
Constant	0.314	0.197	3.781*	0.578	0.461	0.874	1.176	0.006***	8.735***	2.139	81.631***
	(0.326)	(0.201)	(2.887)	(0.691)	(0.586)	(0.773)	(1.143)	(0.005)	(3.967)	(1.042)	(69.434)
Observations	6,281	7,593	7,383	7,377	7,378	7,371	7,369	4,186	4,131	2,990	4,723

Robust seeform in parentheses
*** p<0.01, ** p<0.05, * p<0.1

4.6. Location and Welfare Inequality

Table 4.6 displays results for equation 6. The location coefficient in columns (1), (2), and (4) to (11) is statistically significant showing that living in the ruling tribes' constituencies increases the odds of having better welfare. For the members of other tribes living in the ruling ethnic group's districts, the odds of experiencing good living conditions, better living conditions compared to others, easily accessing food, cooking fuel, cash income, medical treatment, public schools, public hospitals and household services are 28 percent, 19 percent, 161 percent, 79 percent, 56 percent, 61 percent, 67 percent, 39 percent and 83 percent higher than the odds of those residing in other districts. The location coefficient in column (8), on the other hand, shows that for the same category, the odds of easily accessing identity documents are 52 percent lower. The fact that members of other ethnicities living in ruling ethnic group's district have higher odds of benefitting from the public schools, public hospitals and household services indicates that they have no sufficient income to get the same services from private sector. As discussed earlier, the public schools and hospitals in Uganda are poorly managed and, they are associated with poor performance, therefore, the Ugandans with low income are most likely to get access the public schools and hospitals. In table 4.4, members of the ruling ethnic group have lower odds of accessing the public schools, public hospitals and household services, possibly due to high incomes.

4.7. Foreign Aid, Location and, Welfare Inequality

Table 4.7 displays the results for the specification 7. The specification allows to test for whether foreign aid and living in ruling ethnic group's districts affects the welfare inequality. It also shows how the welfare outcomes of the ruling ethnic group members living in their respective districts differ from those living in other districts, and welfare outcomes for the members of the nonruling ethnic group living in the ruling ethnic groups' districts and supporting the incumbent political party at the same time.
In columns (8), the coefficient of foreign aid and location is statistically significant.

Table 4.6: Location and Welfare Inequality

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	LIV_ CON	LIV_CON_ VS_OTH	WTR	FD	CK_FL	CASH	MED	ID	PSCH	HHS	PHOS
LOCATION	1.287*	1.189***	1.100	2.614***	1.791***	1.562***	1.612**	0.488***	1.670**	1.390*	1.837***
	(0.167)	(0.078)	(0.245)	(0.410)	(0.393)	(0.180)	(0.308)	(0.073)	(0.338)	(0.272)	(0.296)
Constant	0.653***	0.358***	4.859***	6.091***	6.637***	1.110	3.328***	2.118***	2.538***	0.214***	0.528***
	(0.045)	(0.019)	(0.427)	(0.568)	(0.608)	(0.080)	(0.293)	(0.115)	(0.165)	(0.030)	(0.034)
Observations	10,223	14,300	12,026	12,016	12,017	12,007	12,011	7,009	7,676	5,122	6,392

Robust seeform in parentheses
*** p<0.01, ** p<0.05, * p<0.1

This implies that for members of other tribes living in the ruling tribes' districts, the odds of easily accessing identity documents are 10 percent higher compared to their counterparts. In column (4), (6), (9) to (11) the coefficient of location and ethnicity is statistically significant. Implying that for members of the ruling ethnic group living in their respective districts the odds of easily accessing food, cash income, public schools, hospitals and household services are 80 percent, 39 percent, 271 percent, 122 percent and 95 percent higher than the odds of members from other tribes living with in the same districts.

In columns (8), (9) and (10), the coefficient of location and incumbent is statistically significant. It shows that for the members of other tribes living in the ruling tribes' districts and at the same time supporting the incumbent political party, the odds of easily accessing identity documents and public schools are 53 percent lower compared to their counterparts. However, for the same category, the odds of easily accessing household services are 57 percent higher than for those living in other districts.

The GDP coefficient in columns (4), (5) and (8) to (11), is statistically significant. For the members of other ethnic groups living in the ruling ethnic groups' constituencies, a unit increase in the GDP per capita increases the odds of easily accessing food, cooking fuel and identity documents by 10 percent. On the other hand, a unit increase in GDP is associated with almost 2 percent decrease in the odds of easily accessing public schools, household services and public hospitals.

The gender and age coefficients are not statistically significant in any column hence there is insufficient evidence to whether the male or youth respondents of the other tribes currently residing in the ruling tribes' districts have higher or lower odds of experiencing better welfare compared to their counterparts.

Table 4.7: Foreign Aid, Location and, Welfare Inequality

VARIABLES	(1) LIV_ CON	(2) LIV_CON_ VS_OTH	(3) WTR	(4) FD	(5) CKFL	(6) CSH	(7) MED	(8) ID	(9) PSCH	(10) HHS	(11) PHOS
FOR_LOC	1.005	0.989	1.014	1.001	1.005	1.006	1.008	1.063**	0.967	0.914	0.963*
	(0.006)	(0.010)	(0.017)	(0.007)	(0.010)	(0.005)	(0.018)	(0.027)	(0.021)	(0.058)	(0.021)
LOC_ETH	0.767	0.879	1.111	1.800***	1.226	1.392**	1.212	0.782	3.715**	2.222**	1.955**
	(0.130)	(0.234)	(0.381)	(0.358)	(0.399)	(0.231)	(0.337)	(0.208)	(2.025)	(0.889)	(0.640)
LOC_INC	1.357	1.397	0.902	1.233	1.189	0.869	0.841	0.471***	0.469**	1.570**	1.145
	(0.389)	(0.316)	(0.203)	(0.436)	(0.365)	(0.176)	(0.292)	(0.102)	(0.153)	(0.338)	(0.353)
GDP	1.002	1.002	1.000	1.005**	1.005**	1.001	1.002	1.010***	0.976**	0.996***	0.990***
	(0.002)	(0.002)	(0.001)	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)	(0.009)	(0.001)	(0.002)
GENDER	0.935	0.978	0.977	0.880	0.896	0.942	0.901	1.048	1.074	0.897	1.076
	(0.074)	(0.061)	(0.085)	(0.097)	(0.082)	(0.053)	(0.065)	(0.093)	(0.100)	(0.088)	(0.098)
AGE	0.999	0.954	0.978	1.108	0.976	1.023	1.092	1.148	0.905	0.911	1.012
	(0.064)	(0.060)	(0.080)	(0.085)	(0.085)	(0.057)	(0.072)	(0.114)	(0.079)	(0.125)	(0.081)
Constant	0.288	0.147*	5.602**	0.440	0.506	0.799	1.114	0.005***	6.629**	3.454**	215.269***
	(0.305)	(0.151)	(4.371)	(0.582)	(0.718)	(0.745)	(1.201)	(0.005)	(4.967)	(1.892)	(231.201)
Observations	4,129	4,912	4,868	4,864	4,867	4,864	4,862	2,837	2,792	1,996	3,193

Robust seeform in parentheses
*** p<0.01, ** p<0.05, * p<0.1

CHAPTER V

CONCLUSION

Foreign aid programs were initiated to eliminate poverty in third world countries. From the 1960s, donor institutions have been sending billions of dollars in the form of nonmilitary aid to developing countries. Most of the funds are sometimes with political conditions attached. Aid from Altruist donor institutions such as World Bank and Nordic countries is more concerned about poverty alleviation, inequality reduction and economic growth enhancement in the recipient countries. In fact, this aid is non-fungibles in most cases. On the other hand, egoistic donors, particularly the USA, France, Germany and United Kingdom are more concerned of geopolitical reasons, and recipient governments are required to fulfill some conditions to access this aid.

Many studies have been carried out to understand the aid-welfare relationship. The results are often different to the extent that there is no clear conclusion to whether foreign aid improves welfare. The studies which argues that foreign aid reduces poverty in recipient countries suggest two mechanisms through which this is possible. First, through capital market perfections, foreign aid serves to increase the mobility of capital which in turn ignite the profitable investment activities that are initially barred by inadequate domestic savings in the developing countries. Second, through fiscal policy, foreign aid enables the government to reduce distortionary taxes resulting in more saving and investment in the economy. But, the political regime in the recipient country determines whether foreign aid will affect the fiscal policy, therefore if not well managed, foreign aid will just be used to finance the recurrent expenditures of the corrupt politicians and enable them to prolong their stay in power.

This study has analyzed the welfare impacts of foreign aid, political affiliation, ethnicity and location. Using the geocoded survey and aid data, I found that foreign aid positive welfare implication for Ugandans who responded positively to the welfare-related questions. Foreign aid increases the odds of having better living conditions, easy access to food, water, cooking fuel, cash income and Identity documents by almost 10 percent. An increase in foreign aid reduces the odds of access

to public schools, hospital and household services by 0.1 percent other factors remaining constant. I also found that the incumbent political party supporters and members of the ruling ethnic group have higher odds of experiencing better welfare compared to their counterparts. For those affiliated to the ruling political party, the odds of having good living conditions, good living conditions compared to others, easy access to food, easy access to cooking fuel, easy access to identity documents, easy access to public hospitals, easy access to house hold services and cash income are 102.7 percent, 42.8 percent, 47 percent, 44 percent, 13 percent, 30 percent, 61 percent, and 25 percent respectively higher than the odds of opposition party supporters. Furthermore, my findings show that members of nonruling ethnic group who live in the ruling ethnic groups' constituencies have higher chances of accessing the basic home needs such as food, water and cash income. They also have easy access to public schools, hospitals and household services compared to those living in other constituencies.

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CURRICULUM VITAE

Personal Information:

Name - Surname: Jamil Mwanja

Education:

2014-2018 BA in Economics, Erciyes University, Turkey

2018-2020 MA in Economics, Ibn Haldun University, Turkey

Teaching Experience:

September 2018 – May 2019 Research Assistant, Ibn Haldun University

September 2019 – January 2020 Teaching Fellow, Comparative Theories, Ibn Haldun University

February – May 2020 Teaching Assistant, Intermediate Macroeconomics, Ibn Haldun University

Conferences and Presentations:

Mwanja, J., (2020, May). *The Impact of Foreign Aid, Political Affiliation, Ethnicity and Location on Welfare Inequality in Uganda*. Paper presented at the 3rd Graduate Conference on Social Sciences,

Humanities and Management, IHU Gradcon 2020, Istanbul, Turkey.

Awards and Scholarships:

Ibn Haldun University's Full Scholarship for Graduate Studies (2018 – 2020)

Turkish Government Undergraduate Scholarships (2013 – 2018)