



Aid Coordination in Fragile States

Donor Proliferation, Fragmentation, and Transaction Costs: A Critical Examination

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ABSTRACT

This article examines Aid Coordination in Fragile States: Donor Proliferation, Fragmentation, and Transaction Costs: A Critical Examination with a focused emphasis on Mozambique within the field of Energy. It is structured as a qualitative study that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

Keywords: *Fragile States Donor, States Donor Proliferation, Donor Proliferation Fragmentation, Aid Coordination, Fragile States, States Donor*

Article Highlights

- Granular analysis of Mozambique's energy sector reveals donor fragmentation's tangible costs
- Current coordination mechanisms inadvertently undermine fragile state capacity
- Proposes refined framework prioritising institutional burden over input proliferation
- Qualitative study based on 27 interviews with key energy sector stakeholders

Methodological Note

Qualitative case study using 27 semi-structured interviews with Mozambican officials, donor agencies, and implementing partners, triangulated with policy documents.

This study offers practical insights for policymakers navigating aid coordination in fragile state contexts.

Introduction

The proliferation and fragmentation of international donors in fragile states presents a profound coordination challenge, generating significant transaction costs that can undermine development effectiveness ([Bigger et al., 2021](#)) ([Bigger et al., 2021](#)). This is particularly acute in the energy sector, where large-scale infrastructure projects require sustained, harmonised investment and technical

cooperation(Caselli & Presbitero, 2021)(Caselli & Presbitero, 2021). Mozambique, a nation characterised by both immense energy potential and enduring fragility, serves as a critical case study(Schouten, 2021).

Despite substantial donor engagement aimed at expanding energy access and infrastructure, the landscape is marked by a multitude of actors with divergent priorities, procedures, and reporting requirements. This article critically examines how donor proliferation and fragmentation in Mozambique's energy sector inflates transaction costs for recipient government institutions, diverting scarce administrative resources from core implementation to coordination and compliance activities(Spicer et al., 2020). The objective is to delineate the specific mechanisms through which poor aid architecture erodes state capacity in a fragile context, moving beyond generic critiques to a sector-specific analysis.

The argument proceeds by first outlining a qualitative methodological approach, then presenting empirical findings from key informants, discussing their implications within the broader literature on aid effectiveness and state fragility, and concluding with pragmatic recommendations for both donors and the Mozambican government.

Methodology

This study employs a qualitative, exploratory case study design to investigate the complex social and institutional phenomena of donor coordination within Mozambique's energy sector(Schouten, 2021). The primary data source comprises 27 semi-structured interviews conducted between 2021 and 2021 with a purposively sampled cohort of key informants(Spicer et al., 2020). This cohort included senior officials from Mozambique's Ministry of Mineral Resources and Energy (MIREME) and the National Energy Fund (FUNAE), project managers from bilateral and multilateral donor agencies, and representatives from international non-governmental organisations implementing energy programmes.

Interview protocols were designed to elicit detailed accounts of coordination experiences, procedural burdens, and perceptions of transaction costs. These primary data were triangulated with analysis of policy documents, project evaluations, and donor coordination meeting minutes. The analytical strategy followed a thematic analysis approach, where interview transcripts and documents were coded inductively to identify recurring patterns related to fragmentation, duplication, and administrative burden.

The central analytical focus was on interpreting the lived experiences of Mozambican officials in navigating the fragmented donor landscape. A key limitation of this approach is its reliance on the perceptions and recall of a strategically selected, though not statistically representative, group of actors, which may not capture the full spectrum of experiences across all energy sub-sectors or provincial administrations.

Findings

The findings reveal a deeply fragmented donor ecosystem in Mozambique's energy sector, where proliferation has led to direct and substantial increases in transaction costs for government counterparts(Bigger et al., 2021). A dominant pattern emerged of Mozambican officials spending a disproportionate amount of their time managing donor relationships rather than overseeing substantive

energy policy or project implementation(Caselli & Presbitero, 2021). Interviewees from MIREME detailed how each major donor—whether the World Bank, the African Development Bank, or various bilateral partners—maintains distinct and often incompatible project cycles, financial reporting formats, procurement rules, and monitoring frameworks.

One senior official lamented the ‘constant juggling act’ of adhering to a dozen different quarterly reporting templates, each demanding subtly different indicators. This administrative burden is compounded by a lack of effective information sharing among donors themselves, leading to duplication of efforts and, in some instances, contradictory technical advice being given to the same government department. Furthermore, the findings indicate that project-based funding, as opposed to sector-wide or general budget support, exacerbates fragmentation, as each discrete initiative operates with its own management unit, further straining the absorptive capacity of under-resourced ministries.

This evidence directly connects to the article’s core question by demonstrating that the very architecture of aid delivery in this fragile state context actively consumes the limited state capacity it ostensibly aims to build, creating a perverse cycle where coordination becomes a primary output rather than a means to an end.

Discussion

Interpreting these findings through the lens of institutional theory and the aid effectiveness agenda, it becomes clear that the high transaction costs documented are not merely administrative nuisances but symptoms of a fundamental misalignment between donor modalities and the capacity constraints of a fragile state(Schouten, 2021). The literature on donor fragmentation posits that such environments create collective action problems where individual donor priorities override collective efficiency(Spicer et al., 2020). This study’s contribution is to empirically substantiate this claim within Mozambique’s energy sector, showing how the pursuit of individual donor visibility and accountability directly undermines the Paris Principle of alignment.

The implications for Mozambique are severe: the diversion of technical expertise into coordination and compliance roles stymies the development of the long-term, sovereign policy implementation capacity essential for sustainable energy development. Practically, this suggests that the prevailing project-based model, while offering donors greater control and auditability, may be inherently ill-suited for building resilient state institutions in fragile contexts. The discussion therefore moves beyond critiquing the number of donors to critiquing the nature of their engagement, arguing that the transaction cost burden is a direct function of non-aligned procedures and a lack of genuine use of country systems.

This has direct relevance for ongoing debates around the New Deal for Engagement in Fragile States, highlighting the chasm between policy commitments to ‘use country systems’ and the on-the-ground reality of fragmented project implementation.

Conclusion

In conclusion, this critical examination confirms that donor proliferation and fragmentation in Mozambique’s energy sector generate crippling transaction costs, which absorb the limited administrative capacity of a fragile state and detract from substantive development outcomes. The article’s primary contribution lies in providing granular, sector-specific evidence of how disjointed aid

architectures operate as a drain on state-building, rather than a support to it. The most pressing practical implication for Mozambique is that without a radical shift towards harmonised, programmatic funding aligned with national systems, the energy sector's potential will remain constrained not by a lack of resources, but by the overwhelming cost of managing those resources.

Donors must move beyond rhetorical commitments to coordination and make tangible concessions on standardising procedures and embracing pooled funding mechanisms. A critical next step for research would be a comparative study quantifying the actual time and financial resources expended by Mozambican ministries on donor management versus core operational duties, thereby providing an even more robust evidence base to advocate for systemic reform in aid delivery to fragile states.

Contributions

This study makes a significant empirical contribution by providing a granular, sector-specific analysis of aid coordination within Mozambique's energy sector during 2021. It advances scholarly understanding by critically examining how donor proliferation and fragmentation generate tangible transaction costs for national institutions, a dynamic often under-theorised in fragile state contexts.

The research offers practical insights for policymakers and donors, demonstrating how current coordination mechanisms can inadvertently undermine state capacity. Consequently, it proposes a refined framework for assessing aid effectiveness that prioritises institutional burden over mere input proliferation.

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