Exploring Ecosystem Donor Funding in Ethiopia, Kenya and Rwanda:

Evidencing a new agenda for enhanced alignment, coherence, and collaboration

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Introduction

Donor funding plays a crucial role in advancing development goals across East Africa, not least in Ethiopia, Rwanda, and Kenya. These nations have made significant strides toward inclusive economic growth and improved infrastructure to enhance social impact, in part, due to the support of international donors, development agencies and philanthropic funds. However, as multiple organisations fund similar initiatives across these regions, questions arise about coherence, alignment, and potential duplication of efforts.

In the face of data paucity and indicator opaqueness, we aim to address a hypothesis: a lack of donor coherence is causing suboptimal allocation of resources. By 'donor coherence' we mean the degree of alignment between the objectives, processes, and priorities of various funding bodies, aiming to avoid redundancy and ensure that resources are used efficiently. Financial contributions should aim to nurture dynamic entrepreneurial environments while ensuring more effective use of public funds.

This report explores how donor coherence in Ethiopia, Rwanda, and Kenya impacts resource distribution across sectors, identifying potential overlaps and assessing the implications of these strategies. By assessing the activities funded and the thematic areas supported, we can gain insights into how donor coherence affects the overall impact of development assistance in East Africa.

Methodology

This study utilises data from the International Aid Transparency Initiative (IATI) which brings together governments, multilateral institutions, private sector and civil society organisations and others to increase the transparency and openness of resources flowing into developing countries. We also examined various associated databases to assess donor funding broadly associated with entrepreneurship and innovation related activities in Kenya, Rwanda, and Ethiopia between 2019 and 2024.

The data collection process was designed to ensure comprehensive and up-to-date information, allowing for a detailed analysis of donor funding patterns, overlaps, and thematic focus areas in East Africa.

Data Collection

To compile a robust dataset, data collection took place between July and September 2024, employing a multi-source approach to capture a wide range of donor-funded activities. This timeframe ensured that the data was current, capturing the latest trends and developments in donor-funded projects across Ethiopia, Rwanda, and Kenya.

The primary data sources included a range of platforms and databases associated with the International Aid Transparency Initiative (IATI) including:

1. Development Portal (https://d-portal.org/):
   Part of the International Aid Transparency Initiative (IATI), this tool provides comprehensive project information and outcomes, enhancing transparency and accountability. The IATI registry was a primary source for gathering data on entrepreneurship and innovation activities, filtered by recipient country (Kenya, Rwanda, Ethiopia), donor organisation, project status, and the year range (2019–2024).

2. UNDP Transparency Portal (https://open.undp.org):
   The UNDP Transparency Portal was a valuable source of data on global donor activities, including projects funded by other major international organisations. This centralised platform provided essential financial and operational information on various UNDP projects, funding allocations, and expenditures, enabling a closer look at UNDP's role in supporting entrepreneurship and innovation in the three countries.

3. Country Development Finance Data (https://countrydata.iatistandard.org/):
   Also part of the IATI registry, this platform enabled tailored bulk downloads and provided aggregated visualisations of funding data. This tool was particularly useful for analysing trends and patterns across sectors in Kenya, Rwanda, and Ethiopia.

4. IATI Datastore (https://datastore.iatistandard.org/):
   Another component of the IATI registry, the IATI Datastore provides access to data published by various organisations on their resources and project results. This tool offered detailed project-level information, including objectives, implementation strategies, and budget allocations, enhancing the comprehensiveness of the dataset.

5. Official Reports and Donor Websites:
   In addition to primary data sources, this study also utilised data from official reports and donor websites. For example, Development Tracker (https://devtracker.fcdo.gov.uk/) primarily covers UK government-funded projects, offering insights into the Foreign, Commonwealth & Development Office (FCDO)'s funding activities in East Africa. A further example - Open Government Data of Swedish Aid (https://openaid.se/en) provides data on Swedish development aid, offering additional insights into donor funding activities.

Such information was used to verify Country specific project details, clarify funding amounts, and provide qualitative context on project objectives and impacts. Notable donors examined in this manner included USAID, the World Bank, and foundations such as the Mastercard Foundation and the Tony Elumelu Foundation.

Data Filtering and Categorisation

To refine the dataset specific filters were applied, such as:

- **Recipient Country:** Projects were filtered to include only those directed at Kenya, Rwanda, or Ethiopia.
- **Donor Organisation:** A focus was placed on major donor organisations funding activities in East Africa, including both bilateral and multilateral donors.
- **Activity Status:** Only ongoing or recently completed projects were included, ensuring relevance to current donor activities
- **Year Range:** The scope was limited to projects funded between 2019 and 2024, capturing recent developments in donor funding strategies.

The resulting data was exported as an Excel file, allowing further categorisation of projects based on their thematic focus. Projects were manually classified into sectors such as industry, banking and financial services, agriculture, trade policies, and other services. This approach facilitated an organised analysis of funding flows within specific sectors, offering insights into donor priorities across the entrepreneurship and innovation landscapes.

Funding topics were clustered, to develop a mechanism that enables comparison across donors, countries, and through time. First-order clusters represent broad thematic areas of economic and social development, such as “Agricultural and Agribusiness Development” or “Financial Inclusion and Innovation,” while second-order clusters delve into more specific subcategories within these themes. In this context, they help to categorise donor funding priorities across Ethiopia, Kenya, and Rwanda, highlighting which broad areas and specific sectors receive the most support and identifying potential overlaps or funding gaps.

Combined Data Sources

Using multiple data sources was crucial for a thorough and reliable analysis. Each platform contributed unique insights and helped cross-validate information, ensuring a more accurate representation of donor activities. For example:

- The **IATI Datastore** offered standardised data on a wide range of projects, allowing for consistent tracking across various donors.
- **Official reports and donor websites** added qualitative depth, providing background information on project objectives, implementation strategies, and expected outcomes. By way of example, Development Tracker provided insights specifically on UK-funded projects, while UNDP Transparency Portal and Country Development Finance Data expanded the scope to include multilateral projects.

This multi-source approach ensured a comprehensive and reliable dataset, capturing a broad spectrum of donor-funded activities in entrepreneurship and innovation.

Classification Gaps and Limitations

Transparency serves as the cornerstone of effective management and accountability within global development aid. Yet, the voluntary basis of the OECD's Creditor Reporting System (CRS) disclosures often results in a piecemeal and somewhat opaque view of the funding terrain. The task of tracking the varied contributions from donors and systematically organising projects alongside their funding origins is daunting. Despite our efforts to create a comprehensive dataset, several challenges affected data collection and analysis:

1. Sector Classification Challenges:

Many donor activities are broadly defined and do not fit neatly into specific categories like entrepreneurship and innovation. This required the research team to manually search through funded activities across sectors, such as industry, agriculture, and financial services, to identify relevant projects. Consequently, it was difficult to disaggregate data specifically related to entrepreneurship and innovation.

2. Inconsistent Reporting Standards:

The absence of a harmonised reporting standard among donors resulted in data inconsistencies. While the OECD Creditor Reporting System (CRS) provides a transparent infrastructure for Official Development Assistance (ODA) reporting, contributions from private foundations and emerging donors are not consistently reported. Major contributors like GIZ, AFD, British Council, and Ford Foundation do not fully disclose their activities, limiting the comparability of funding data.

3. Unreported Activities:

Several prominent donors, including the Mastercard Foundation and Tony Elumelu Foundation, did not disclose all relevant entrepreneurial and innovation activities. For example, the $275 million partnership between Carnegie Mellon University and Mastercard Foundation aimed at developing entrepreneurship education in Kenya and Rwanda was absent from published data.

4. Transparency Limitations:

While platforms like the IATI Datastore and Development Tracker provide extensive data, they do not cover all projects funded by philanthropic organisations, multilateral donors, or private-sector entities. This lack of transparency limits understanding of the full scope of donor funding, especially in emerging sectors like entrepreneurship and innovation.

The lack of granular, transparent, and easily accessible data on donor funding significantly impedes coherence and coordination in development efforts. Without detailed information on the specific amounts, objectives, and outcomes of donor-funded projects, stakeholders struggle to assess where resources are directed, identify overlaps, and uncover funding gaps. This opacity often leads to redundancy, with multiple donors financing similar initiatives in the same region or sector, duplicating efforts rather than fostering complementary, high-impact programmes. It also complicates the alignment of donor activities with local and national priorities, as governments and local organisations may lack a full view of donor activities in their areas, limiting their ability to coordinate effectively. The system remains deeply inefficient and ineffective, obstructing the accurate assessment of public value and undermining financial probity.

Addressing Data Gaps for Future Research

To address these classification and transparency gaps, there is a need for an integrated reporting framework that includes not only government-backed ODA but also philanthropic and private-sector contributions. An ideal reporting framework would standardise data across all types of funding bodies, making it easier to track contributions, monitor project progress, and align donor activities with national and regional development priorities.

In the absence of accessible data, the ability to adapt and respond to changing needs is compromised, as donors cannot readily identify where additional resources or different interventions are required. The lack of transparency also diminishes opportunities for collective learning and best practice sharing, where donors might otherwise leverage successful models (and learnings) across countries and regions. Furthermore, this data scarcity hinders accountability, as limited public access to funding details prevents civil society and beneficiaries from holding donors accountable for outcomes.

A significant and concerning gap exists in the transparency of Development Finance Institutions (DFIs) — where generally, public funds allocated to directly support SMEs are not readily accessible for public review. As DFIs grow in scale and importance, playing a pivotal role in economic development, it becomes ever more critical to maximise the impact of their resources, especially in the face of escalating global crises. However, the lack of transparency hinders the ability to verify that DFIs are delivering positive development outcomes, mobilising private investment, and effectively managing environmental, social, and governance (ESG) risks. In response, the advocacy group, Publish What You Fund, introduced the DFI Transparency Index [1] in an attempt to assess current transparency levels and provide a roadmap for improvement. Despite their important work, and best efforts, DFIs have far to go. A more integrated approach, enabling public and private actors to operate with a clearer understanding of the funding landscape and ultimately maximising the impact of their contributions would be highly valuable.

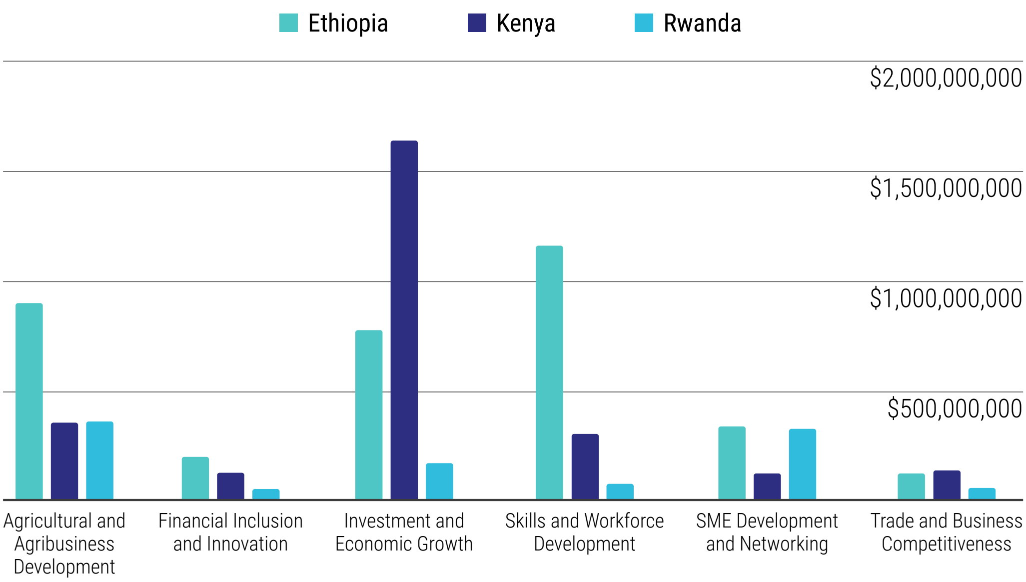
A more transparent, and comprehensive (aggregate) centralised database, and richer data to rank and rate index systems could bridge these gaps, providing public access to (real-time) project data, outcomes, and financial flows. This approach would also enable other donors to operate with a clearer understanding of the funding landscape, allowing for dynamic adjustments and more efficient resource allocation.

[1] The DFI Index by Publish What You Fund DFI can be read here: https://www.publishwhatyoufund.org/dfi-index/ Publish What You Fund also points to the need for better measurement and disclosure of multilateral development bank (MDB) private finance mobilisation data. There is insufficient evidence on current performance to assess where the best opportunities for mobilisation lie—including by sector, country, region, and financial instrument.

National Funding Landscape

Donor data offers valuable insights into the allocation of donor funding across different economic and developmental clusters in Ethiopia, Kenya, and Rwanda. Each cluster (see figure 1, below) represents a focus area critical to these countries' broader development agendas, with variations reflecting unique national priorities and economic landscapes. Examining these allocations alongside contextual factors in each country reveals patterns, opportunities, and potential areas of duplication or synergy in donor funding.

Figure 1 - Funding by first order topic cluster by country



Source: International Aid Transparency Initiative (IATI) and related datasets, 2024

1. Agricultural and Agribusiness Development

Ethiopia receives a substantial amount of funding for agricultural and agribusiness development, with $897.7 million allocated. This figure significantly surpasses Kenya's and Rwanda's allocations in this cluster, reflecting Ethiopia's strong agrarian base and the high importance of agriculture in its economy, employing around 70% of the workforce. Given Ethiopia's reliance on agriculture, funding in this area is likely focused on increasing productivity, supporting value chains, and improving food security.

In Kenya and Rwanda, the funding levels in this cluster are comparatively lower at $358.1 million and $361.3 million, respectively. Although agriculture remains an essential sector in these countries, both have diversified their economies, with Kenya having a substantial ICT sector and Rwanda focusing on services and tourism. The more modest funding may indicate that Kenya and Rwanda are transitioning from agriculture as a primary economic driver to other sectors, while still supporting agribusiness growth to enhance rural development and food security.

2. Financial Inclusion and Innovation

Funding for financial inclusion and innovation reflects distinct developmental priorities across the three countries. Kenya receives $129.9 million in this cluster, which, although lower than Ethiopia's $203.7 million, represents a significant investment. Kenya has established itself as a leader in financial technology (fintech) innovation within Africa, primarily due to the success of mobile money services like M-Pesa. Funding in Kenya is likely focused on scaling fintech solutions, improving access to financial services for underserved populations, and fostering innovation.

Ethiopia's higher funding may reflect its ambition to expand financial inclusion as part of its economic reform agenda. With many Ethiopians still outside formal banking systems, investments are likely aimed at developing the digital infrastructure and regulatory frameworks needed to broaden access to financial services. Rwanda, which receives the least funding at $57.5 million, has also invested in financial inclusion but on a smaller scale, possibly due to its already high levels of financial literacy and an emphasis on integrating financial technology within existing systems.

3. Investment and Economic Growth

Kenya leads in funding for investment and economic growth with $1.64 billion, followed by Ethiopia's $776.8 million. Kenya's considerable allocation is consistent with its status as a regional economic hub with a diverse economy. Investments likely support growth in areas such as infrastructure, manufacturing, and digital services, which have been central to Kenya's Vision 2030 economic plan.

Ethiopia's funding is also significant, supporting its ambitious economic reform programme aimed at 'liberalising' sectors such as telecommunications and finance. The emphasis on investment and economic growth aligns with Ethiopia's vision to attract foreign direct investment (FDI) and improve competitiveness. Rwanda's relatively low funding of $174 million reflects its smaller economic base but is nonetheless crucial to support its strategic focus on services and tourism as growth drivers.

Given the large volume of funding in this cluster, there is potential for duplication if similar projects target the same industries without coordination. Centralised M&E efforts could help track overlapping initiatives, ensuring that funds are allocated to maximise returns on investment and drive meaningful economic growth in each country.

4. Skills and Workforce Development

Ethiopia again receives the highest funding in this area, with $1.16 billion directed toward skills and workforce development, significantly more than Kenya's $307.7 million and Rwanda's $78.5 million. This large allocation may reflect Ethiopia's demographic trends, with a young and growing population requiring substantial investments in education, vocational training, and workforce readiness programmes to meet the demands of a modernising economy.

Kenya's funding supports initiatives to improve education quality, technical skills, and workforce competitiveness, which are critical to sustaining growth in sectors like ICT and manufacturing. Rwanda's comparatively low funding suggests a narrower focus, possibly on high-skilled sectors aligned with its development goals, such as ICT and tourism.

Given the high volume of funding across countries, a joint donor platform could help avoid duplication in skills development programmes, especially in Ethiopia. For instance, programmes could be streamlined to address skills gaps that align directly with each country's growth industries, thus ensuring that efforts in workforce development are targeted and impactful.

5. SME Development and Networking

Interestingly, Rwanda's funding in this cluster is comparable to Ethiopia's, with $330.5 million allocated to SME development, highlighting Rwanda's emphasis on entrepreneurship as a future driver of economic transformation. This funding may support incubators, business networks, and access to finance for small and medium-sized enterprises, which are integral to Rwanda's ambitions to become a regional hub for business and innovation.

Kenya, with $128.2 million, has a more modest allocation, likely reflecting a greater reliance on private sector-driven SME growth. Ethiopia's funding level suggests a commitment to supporting SMEs as part of its broader economic reform, aiming to empower local businesses and reduce dependency on state-owned enterprises.

6. Trade and Business Competitiveness

The funding allocation for trade and business competitiveness is relatively low across all three countries, with Ethiopia at $124.1 million, Kenya at $138.8 million, and Rwanda at $60 million. This cluster may cover support for regulatory reforms, export promotion, and regional trade initiatives. Kenya's comparatively higher funding aligns with its strategic position as a trade hub in East Africa, particularly through the Mombasa port and connections to regional markets.

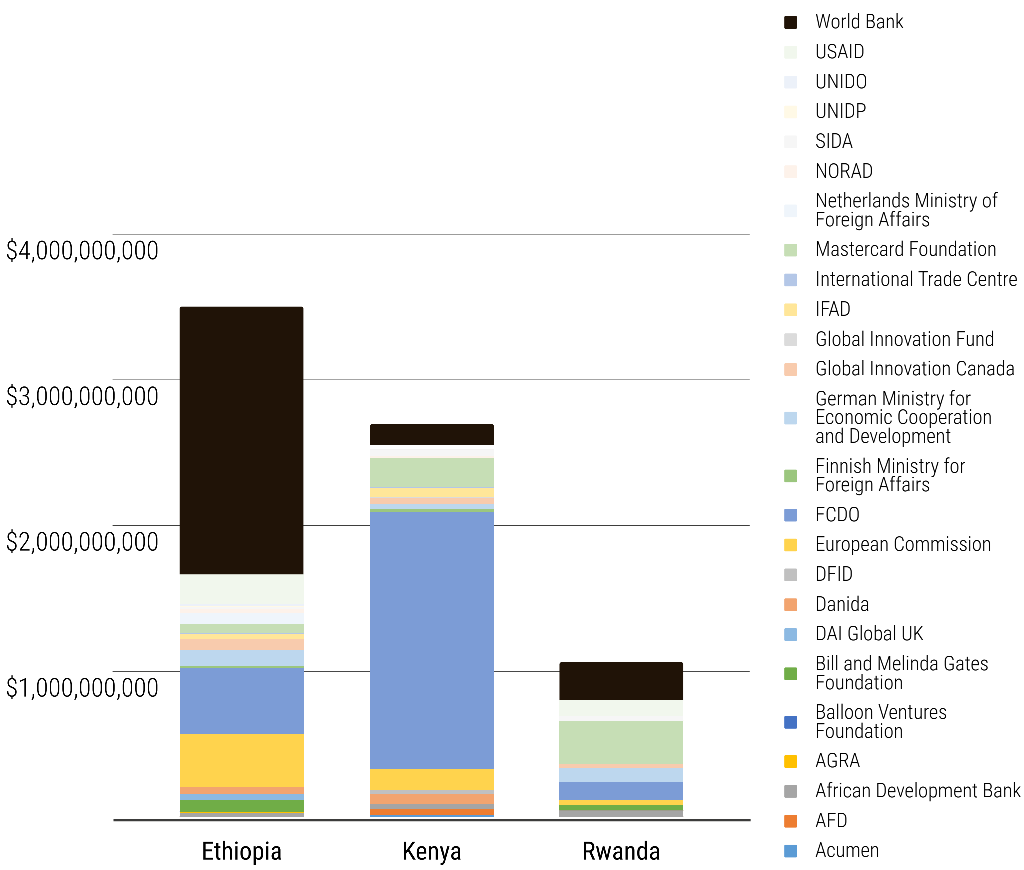
Ethiopia's funding suggests efforts to strengthen its competitiveness, potentially through trade facilitation, infrastructure, and export-oriented policies that align with its ambitions to industrialise and integrate into global supply chains. Rwanda's focus might be on specific trade areas, such as tourism and services, which align with its overall economic strategy.

Donor Funding Distribution by Country

The distribution of donor funding across Ethiopia, Kenya, and Rwanda from various international organisations highlights different developmental priorities and economic needs within each country. Ethiopia, receiving extensive support from agencies like USAID ($209.7 million) and the World Bank ($1.83 billion), demonstrates a focus on large-scale projects that address infrastructure, agricultural development, and economic reforms.

In Kenya, funding is more diversified across sectors, with notable contributions from the FCDO ($1.77 billion) and European Commission ($144 million), supporting the country's goals of enhancing trade, financial inclusion, and innovation. Kenya also receives substantial support from organisations like the World Bank, African Development Bank, and Acumen (based in Nairobi), emphasising its role as a regional leader in innovation and economic growth, with investments directed toward tech and digital infrastructure, as well as agriculture and trade.

Figure 2 - Funding by donor and recipient country ($)



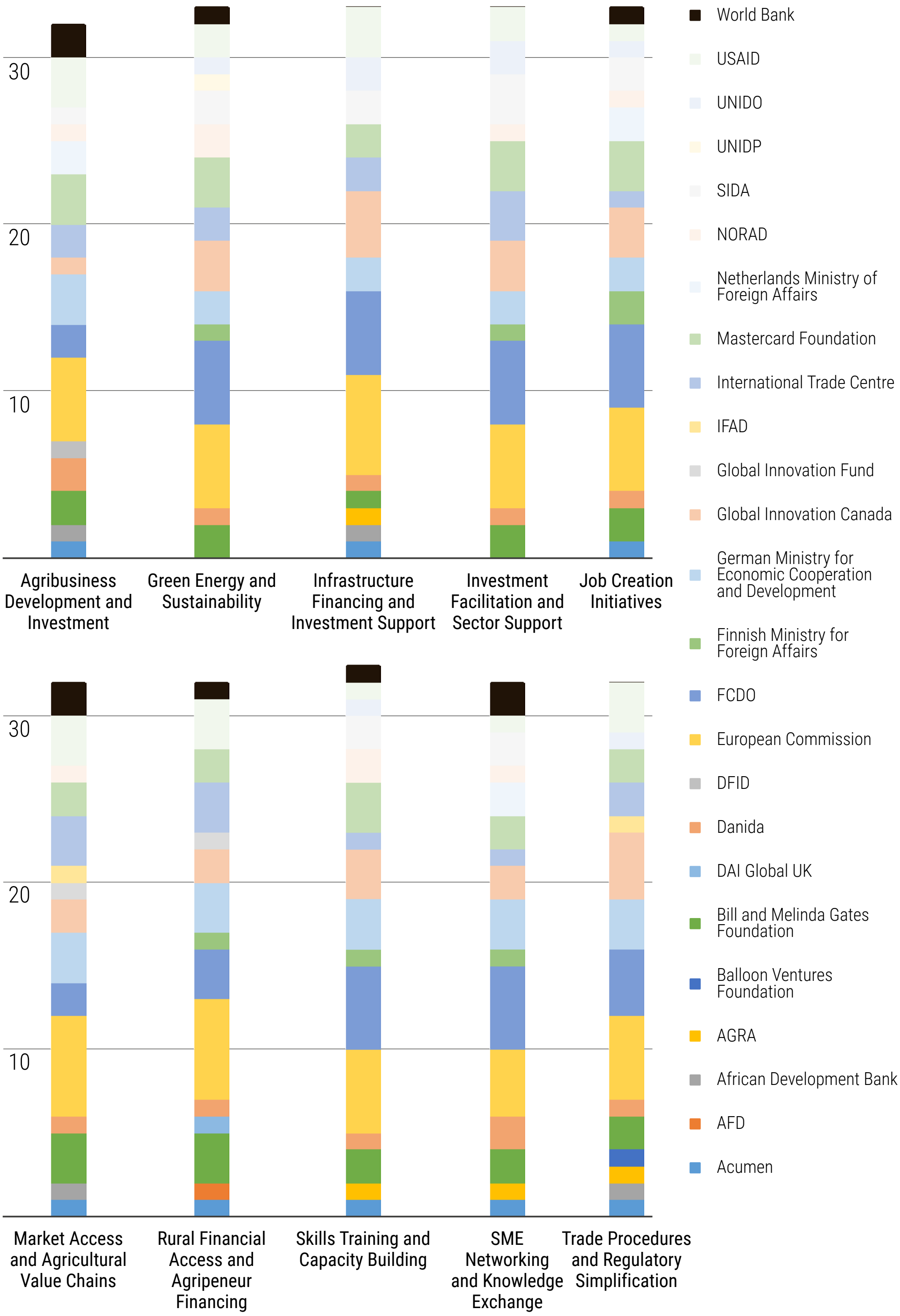
Source: International Aid Transparency Initiative (IATI) and related datasets, 2024

Rwanda, while receiving less overall funding than Ethiopia and Kenya, sees concentrated support from the USAID and the World Bank, with $105.6 million and $262.8 million respectively, which aligns with Rwanda's ambitions in sustainable development and SME growth. The focus from organisations like the African Development Bank ($40.7 million) and Global Affairs Canada highlights targeted interventions in economic competitiveness and social initiatives, with an emphasis on skills development and inclusive growth.

Donor Funding Landscape

Analysis of funding patterns across Ethiopia, Kenya, and Rwanda reveals that donors generally focus on a few key thematic areas: economic growth, skills development, trade and competitiveness, SME development, and agricultural support. Within these broad (first order topic clusters) themes, donors further divide their funding into more specific clusters, such as infrastructure investment, clean energy, agribusiness, job creation, and financial inclusion. Here, we examine the most prominent themes and how funding varies by country and donor.

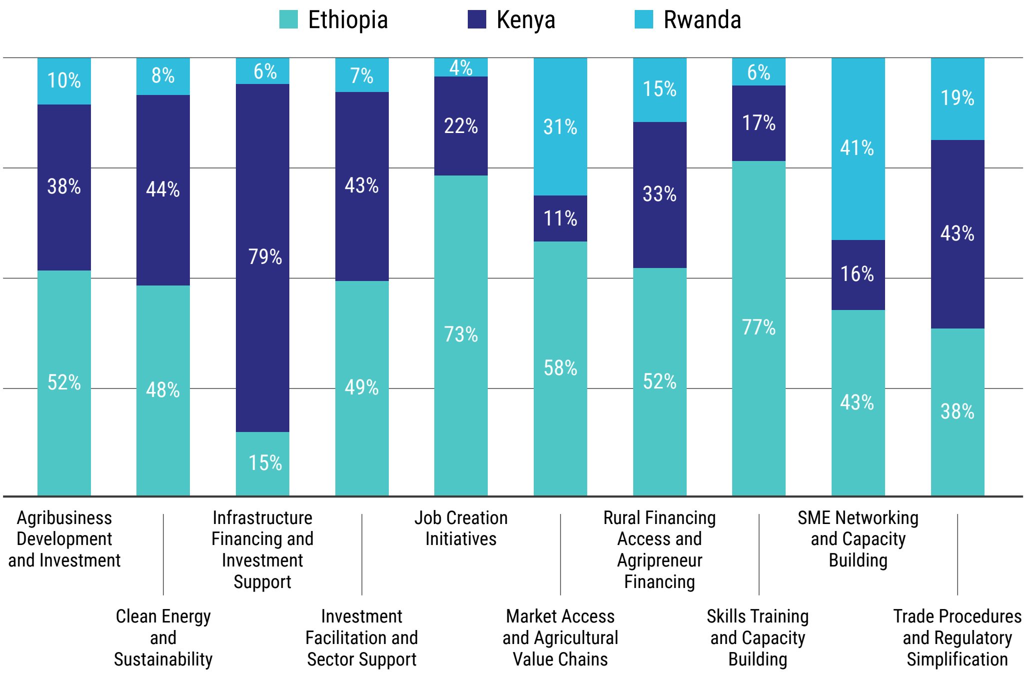
Figure 3 - Funding by theme and donor (number of projects)



Source: International Aid Transparency Initiative (IATI) and related datasets, 2024

Looking at this another way, we can see overlap between thematically similar projects funded in Rwanda, Ethiopia, and Kenya in terms of the proportion of funding delivered:

Figure 4 - Proportion of funding delivered by Second order cluster by country



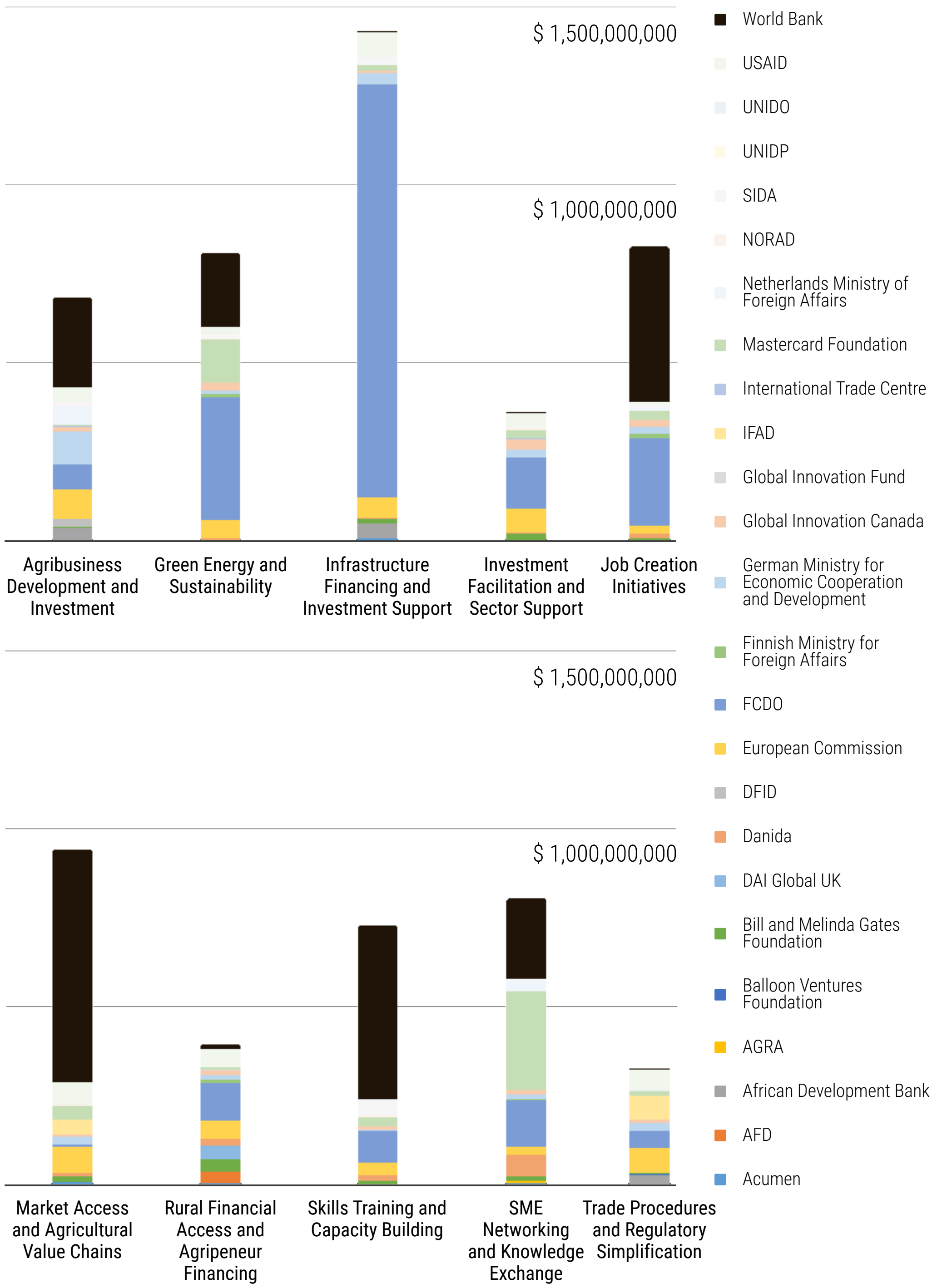
Source: International Aid Transparency Initiative (IATI) and related datasets, 2024

1. Investment and Economic Growth

A significant portion of donor funding in Ethiopia, Kenya, and Rwanda is directed towards investment and economic growth, encompassing initiatives in infrastructure development, investment facilitation, and clean energy. In Kenya, for instance, infrastructure financing is a major focus, supporting projects that enhance connectivity, facilitate trade, and contribute to economic growth. Similarly, Ethiopia and Rwanda have benefited from funding directed at creating conducive environments for foreign direct investment (FDI) and building necessary infrastructure to support economic activity.

Donor agencies such as the Foreign, Commonwealth & Development Office (FCDO) in the UK, the World Bank, and the United States Agency for International Development (USAID) have provided substantial support in this domain.

Figure 5 - Funding by theme and donor (value of funding $)



Source: International Aid Transparency Initiative (IATI) and related datasets, 2024

2. Skills and Workforce Development

Another prominent theme across Ethiopia, Rwanda and Kenyan donor funding landscapes is skills and workforce development, which aims to enhance technical and vocational skills, promote job creation, and improve employment opportunities, especially for youth and women. This thematic area is particularly important in Ethiopia, where there is a large youth population facing high unemployment rates. Donor-funded initiatives in Ethiopia focus on training programmes in sectors such as agriculture, manufacturing, and technology, enabling young people to enter the workforce with relevant skills.

In Rwanda, skills development programmes are similarly aimed at fostering a capable workforce to support its growing economy, particularly in areas like information and communications technology (ICT) and tourism. Kenya, on the other hand, has seen a shift towards entrepreneurship support and capacity building for small and medium-sized enterprises (SMEs) within the skills development framework. While these programmes are essential, there is potential for duplication, as multiple donors often fund similar training programmes without sufficient coordination, potentially leading to an overlap in skill sets that do not match local labour market needs.

3. SME Development and Networking

SME development and networking initiatives are seen as integral to fostering innovation, creating jobs, and promoting economic resilience across East Africa. In Kenya, Ethiopia, and Rwanda, donors support projects that build the capacity of SMEs, provide access to finance, and facilitate knowledge sharing through networking events and training sessions. These activities not only strengthen the local business environment but also encourage entrepreneurial growth, contributing to the broader economic development of the region.

However, as with skills development, multiple donors tend to target similar SMEs within the same industry or geographic location, resulting in overlapping support. This is particularly evident in sectors like agribusiness, where SMEs often receive grants or technical assistance from multiple donors. A more coordinated approach could streamline these efforts, ensuring that funding is spread across a wider range of industries and regions, thereby maximising impact.

4. Agricultural and Agribusiness Development

Given the agrarian nature of Ethiopia, Kenya, and Rwanda, agricultural and agribusiness development remains a top priority for donor agencies. Projects under this theme focus on promoting sustainable farming practices, improving market access for smallholder farmers, and enhancing the productivity of agribusinesses. In Ethiopia, for example, substantial funding has been directed towards modernising the agricultural sector, promoting climate-smart farming practices, and supporting rural development.

Kenya has similarly benefited from donor-funded programmes aimed at strengthening agricultural value chains, while Rwanda has prioritised horticulture and dairy development. Despite the clear need for agricultural support, there is a risk of funding overlaps in certain sectors, such as dairy and horticulture, where different donors often provide similar types of assistance. Coordinated donor efforts in this area would prevent redundant funding and ensure that agricultural support reaches diverse farming communities.

5. Financial Inclusion and Innovation

Donors have also been active in promoting financial inclusion and innovation, especially in rural and underserved communities. Funding in this area includes support for microfinance institutions, rural financing programmes, and financial literacy initiatives. In Kenya, financial inclusion efforts have been central to promoting digital financial services, reaching the unbanked population, and enhancing economic participation for low-income individuals.

Ethiopia has similarly seen an increase in donor-funded projects focused on expanding access to finance, particularly for women and rural entrepreneurs. Rwanda's financial inclusion initiatives are more focused on building financial infrastructure and supporting digital payments. However, the involvement of multiple donors in the financial inclusion sector may lead to duplication, especially when different programmes target the same demographic with similar financial products. Streamlining these efforts can lead to a more cohesive financial inclusion strategy.

Assessing Donor Coherence: Overlaps and Gaps

The presence of multiple donors operating across Ethiopia, Kenya, and Rwanda on similar initiatives raises crucial questions about coherence and efficiency. Coordinated donor efforts could greatly enhance the effectiveness and sustainability of development initiatives in East Africa by addressing systemic challenges, reducing redundancy, and achieving economies of scale. Coherence fosters impactful projects that tackle root issues, moving beyond temporary solutions to drive lasting change. A unified funding approach also enables donors to fill gaps, respond dynamically to evolving needs, and adapt to emerging development challenges.

Conversely, fragmented or duplicative donor efforts risk inefficient resource allocation, where overlapping projects can lead to competition rather than collaboration among local partners. Such fragmentation may also create donor dependency, where communities receive short-term aid instead of support that builds long-term resilience and self-sufficiency.

While donors undoubtedly play a critical role in driving development, the analysis suggests that there is often overlap in funding within the same thematic areas. For instance:

- **Infrastructure financing:** Several donors fund infrastructure projects across the three countries, often with overlapping objectives - notably, the FCDO funds (by amount of funding) a significant proportion of total infrastructure investment across Ethiopia, Rwanda and Kenya, with a number of other donors, such as the Bill and Melinda Gates Foundation, the African Development Bank, the European Commission and USAID also investing notably. From more granular descriptions, at face value, many of these projects have overlap, for example, the Bill and Melinda Gates Foundation funds a project aimed at supporting access to financial services, insurance and market linkages for small scale entrepreneurs in the agricultural sector, while the European Commission funds work to support the transition of the economy from agricultural to more industrial one - programmes that share many objectives, prospective processes, and outcomes. A coordinated approach to infrastructure investment could prevent redundant projects and ensure that funding reaches underserved regions.
- **Skills training programmes:** In the area of skills development, multiple donors often fund similar vocational training and capacity-building programmes in the same country. By aligning their objectives, donors can diversify their focus areas and avoid training individuals in duplicate skill sets.
- **Agricultural support:** Given the importance of agriculture, many donors prioritise agribusiness development. However, overlapping support for specific sectors within agriculture, such as dairy and horticulture, can lead to duplicated efforts. A more coordinated donor strategy would ensure comprehensive agricultural development across diverse crops and farming practices.

In addition to overlaps, there are also gaps in funding for certain thematic areas. For example, despite the growing demand for renewable energy in East Africa, clean energy innovation does not receive as much donor attention as more traditional sectors like agriculture. By identifying these gaps, donors could potentially expand their focus to include underfunded areas, such as renewable energy and climate resilience.

Recommendations for Enhancing Donor Coherence in East Africa

To improve donor coherence in Ethiopia, Kenya, and Rwanda, it is essential for donors to adopt collaborative approaches and share information on funding priorities. Key recommendations include:

1. Demand-driven, locally-led donor support

The Centre for Global Development previously identified six critical barriers to making aid more effective, future-ready, and aligned with local priorities: funding volatility, fragmentation, displacement of domestic financing, ineffective prioritisation, lack of transition planning, and insufficient country ownership. In response, the Centre proposed a New Compact [2], particularly aimed at the health sector, built around three core principles:

- Locally-led, evidence-informed prioritisation
- Domestic-first resource allocation
- Consolidated supplementary aid

This approach shifts the dynamic from donor-driven, earmarked funding decisions to a model where countries, with technical support if needed, set their own priorities. Funding would then act as a supplemental force, enhancing and expanding the locally defined agenda.

- **Better engaging local organisations and communities in project design:** Involving local organisations and beneficiaries from the (early) planning stage ensures that funded initiatives address actual needs and avoid overlap. Local insights can reveal gaps in services or infrastructure that may not be visible to external donors, helping direct funds to underserved areas.
- **Institutionalise local governance oversight:** Empowering local governments to coordinate donor efforts by centralising information and project approvals can prevent project duplication, enhance accountability, and ensure that initiatives align with national or regional priorities.

Local co-creation approaches are essential, requiring donors to align more closely with the host government's specific priorities, milestones, and KPIs. Without this alignment, initiatives risk becoming supply-driven, potentially overlooking the nuanced, contextualised needs and demands of the local ecosystem.

2. Improved donor engagement platforms

The current state of affairs, characterised by segmented efforts and limited cross actor collaboration, underscores the critical need for a shift towards more cohesive, action-oriented networks. Networks need to extend beyond facilitating simple dialogue and spur the collaborative action essential for systemic change.

- **Sector-specific subgroups:** Establish specialised groups, such as one for entrepreneurship and SME development, to enable donors to share targeted insights, pool resources, collaborate on goals, and reduce redundancy. This promotes specialisation and aligns donor activities with the specific needs of each sector.
- **Coordinate planning cycles:** Synchronising planning and funding timelines with local government agendas and other donors can prevent overlapping projects and redundant efforts. This alignment facilitates more efficient fund allocation, supporting both immediate and long-term priorities through strategic investment.
- **Centralised Monitoring & Evaluation (M&E):** A unified M&E framework can track project outcomes across donors, regions, and sectors, revealing ineffective (or redundant) efforts, providing feedback on impact, and guiding future funding decisions. Standardised metrics and reporting requirements improve the ability to identify synergies, share successes, and prevent project duplication.

[2] A New Compact for Global Health Financing: Could Countries and Donors Rewrite the Rule Book on Health Aid? https://www.cgdev.org/blog/new-compact-global-health-financing-could-countries-and-donors-rewrite-rule-book-health-aid

3. Promote data standardisation and transparency

The judicious application of data is pivotal for enhancing decision-making and strengthening ecosystem governance. To unlock the full potential of data, improved standardisation is vital. The primary obstacles to unlocking data re-use lies in agency asymmetries.

- **Centralised project database(s):** Establish a unified database where donors can publish comprehensive project information, such as funding amounts, objectives, geographic focus, and intended outcomes. A straightforward technology platform could allow stakeholders to visualise funding distribution across regions and sectors, highlighting overlaps and uncovering underserved areas.
- **Enforce real-time project updates:** Shift from one-time data uploads to real-time or frequent project updates, covering milestones, budget usage, beneficiaries, and outcomes. This approach would provide an up-to-date snapshot of donor activities, allowing others to dynamically adjust their efforts, fostering synergy and reducing redundancy.
- **Publish impact assessments & case studies:** Make data on project outcomes, impact assessments, challenges, and case studies accessible to the public. This transparency would enable donors to learn from each other's successes and setbacks, building a shared understanding of effective approaches in specific contexts and promoting more informed decision-making.

4. Promote shared (qualitative) learning agendas

A culture of shared learning, employing peer reviews, public consultation and stakeholder audits can collectively nudge progress towards unified development objectives.

- **Exchange lessons learned:** Encourage donors to openly share insights, both positive and negative, as exemplified by the UNDP's Unstuck Systems platform. This exchange fosters a collaborative environment where donors benefit from each other's experiences, advancing collective learning and transparency.
- **Foster mutual accountability:** Donors are urged to reflect on their roles as catalysts for change, moving beyond traditional accountability models that often mirror exhaustive audits. As noted by the Stanford Social Innovation Review, true progress calls for "mutual accountability"—a collaborative commitment where funders and grantees jointly bear responsibility for outcomes, promoting a more balanced, equitable partnership.

5. New concept development solutions

To transform how development initiatives are envisioned, executed, and scaled, a multifaceted approach that bridges gaps, fosters collaboration, and drives impactful change is essential.

- **Cultivating new opportunities:** Building on established forums, designing new spaces for systemic solution exploration is critical. By hosting creative sessions to generate and refine solutions from incremental improvements to transformative shifts, innovation efforts can align more effectively with strategic goals, creating an environment where breakthrough ideas can flourish and have lasting impact.
- **Driving ambitious innovation & prototyping:** Embracing 'sandboxing' methodologies allows for the development and real-world testing of innovative concepts. This agile approach ensures ideas are validated through user feedback and refined iteratively, balancing creativity with practical viability to enhance solution impact and scalability.

6. Diversification in gender data funding

An area of growing concern is the decline in gender data funding diversification since 2022. According to the OECD, nearly 75% of this funding is currently provided by just five donors, highlighting an urgent need for a broader base of contributors. Whilst this report focuses on donor data themes more generally, it is clear that such a high concentration restricts the scope and stability of gender data initiatives and risks significant setbacks if any of these core donors reprioritise.

- **Broaden the donor base for gender data funding:** Encourage a wider range of donors, including private sector partners, foundations, and non-traditional funders, to invest in gender data initiatives. Expanding the funding base will reduce reliance on a few major contributors, enhancing the resilience of gender data initiatives and ensuring continued support for critical data needs.
- **Integrate gender data with gender equality funding:** Advocate for a cohesive funding approach where gender data is embedded as a core component within broader gender equality funding. This alignment will improve the effectiveness of gender equality programs by providing essential data to inform policy decisions, track progress, and ensure accountability toward gender equality objectives.

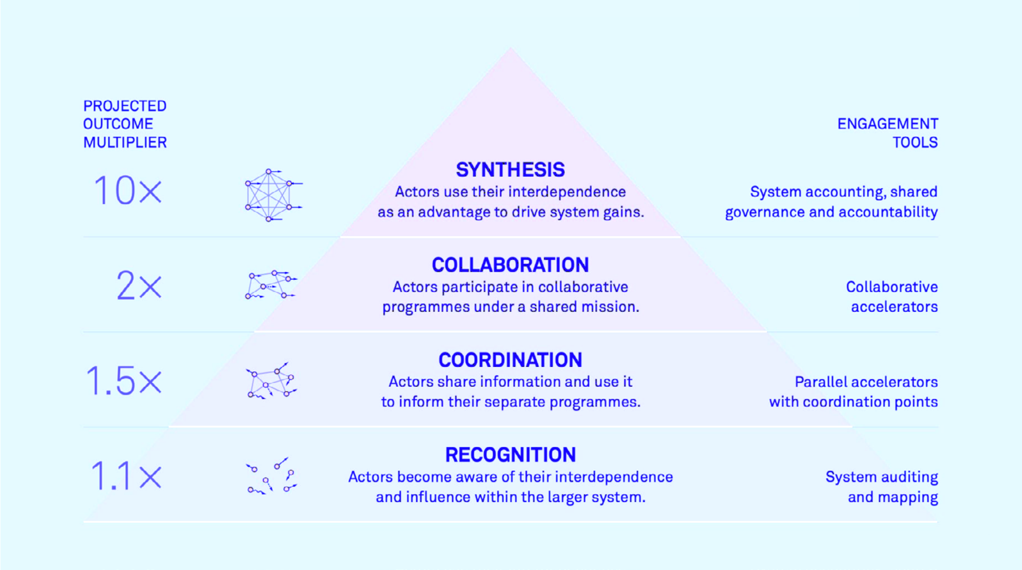
7. Shift donors from coordination to collaboration through to synergistic (shared) actions

The prevalent siloed approach in donor activities limits the potential for multiplier and network effects that could significantly enhance the ecosystem. This approach not only reduces efficiency and effectiveness but also misses substantial opportunities for value creation that could emerge through critical synergies among stakeholders. Currently, many entities operate independently, with limited alignment and measurement of their collective impact, often working in isolation. Shifting toward a collaborative mindset, where co-participation is valued and pursued, can pave the way for synergised actions and, eventually, syndication of resources and strategies.

As depicted in Figure 6, achieving systemic synergy requires progressing beyond traditional collaboration, which is often transactional, temporary, and loosely structured. At the highest level, true synergy involves a synthesis of activities that generates compounded benefits—a multiplier effect that can sustain and expand impact over time. This evolution necessitates mindset shifts and the adoption of normative principles, systems-change factors, and innovative practices, all of which can lay the foundation for shared resources and collective functions that support genuine donor coherence.

- **Cultivate collaborative mindsets and practices:** Encourage donors to prioritise co-creation and shared goal-setting, fostering deeper engagement that goes beyond coordination. By aligning objectives and pooling resources, stakeholders can maximise the multiplier effects of their contributions, creating a more resilient and interconnected ecosystem.
- **Develop collective tools and resources:** Establish enhanced working frameworks and shared digital platforms that facilitate continuous coordination, transparency, and tracking of collective impact. Such tools and resources would enable donors to work together in a unified manner, promoting cohesive, impactful actions rather than fragmented efforts. After all, these expectations are already placed on grantees—so it seems only logical to turn the spotlight inward, applying the same standards of transparency, accountability, and continuous improvement to donor practices.

Figure 6 - Levels of Systemic Synergy



Source: Dark Matter Labs

Final remarks

In conclusion, achieving donor coherence in East Africa requires a shift toward collaborative, locally-driven approaches that prioritise transparency, alignment, and accountability. By centering development efforts on country-defined priorities, fostering shared learning, and adopting innovative approaches to concept development, donors can play a supportive role that strengthens local ecosystems and meets genuine community needs. Building ecosystems that rely less on foreign assistance must be the long-term trajectory, but targeted short-term improvements are essential to drive immediate impact. A unified approach, where public and private sector ecosystem builders rally under a shared vision, can significantly advance sustainable innovation ecosystems. Local national governments are well-positioned to champion this vision, fostering collaboration and laying the groundwork for resilient, self-sustaining growth.

Implementing these recommendations will foster resilient, sustainable partnerships that empower local institutions, streamline efforts, and enhance the impact of donor interventions. The upcoming International Conference on Financing for Development (FfD) in June 2025 presents a pivotal opportunity to prioritise data as a critical driver for achieving shared global goals. Ultimately, a more coordinated, efficient, and adaptive donor landscape is essential to effectively address the evolving challenges of development.

To learn more about the RISA Fund visit www.risa-fund.org
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