



EXECUTIVE SUMMARY

LISTENING TO LEADERS: WHICH DEVELOPMENT PARTNERS DO THEY PREFER AND WHY?



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Executive Summary

As countries search for the right mix of resources and reforms that will deliver results during the post-2015 SDG era, they will have vastly more sources of advice and types of assistance from which to choose. Once the exclusive province of technocrats in advanced economies, the market for advice and assistance has become a crowded bazaar teeming with bilateral aid agencies, multilateral development banks, civil society organizations and think tanks competing for the limited time and attention of decision-makers.

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The sun has set on the Millennium Development Goals (MDGs) and a new dawn for international development cooperation has arrived in the form of the 2030 Agenda. Much like its forbearer, the Sustainable Development Goals (SDGs) outline a compelling vision of a future for our planet and the people within it, but take on a much broader set of issues with a larger price tag — currently estimated at \$5-7 trillion.

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However, if past is prologue, progress on the SDGs will depend as much on reforms as it does on resources. For in-country decision-makers, the rubber meets the road when money and ideas are brought to bear in support of their domestic reform efforts. And without a credible data and evidence base, zeroing in on the optimal combination of resources and reforms to tackle entrenched socio-economic, governance, and environmental problems requires alchemy rather than science.

As countries search for the right mix of resources and reforms that will deliver results during the post-2015 SDG era, they will have vastly more sources of advice and types of assistance from which to choose. Once the exclusive province of technocrats in advanced economies, the market for advice and assistance has become a crowded bazaar teeming with bilateral aid agencies, multilateral development banks, civil society organizations and think tanks competing for the limited time and attention of decision-makers.

Development partners bring an increasingly diverse set of wares to market, including: impact evaluations, cross-country benchmarking exercises, in-depth country diagnostics, “just-in-time” policy analysis and advice, South-South training and twinning programs, peer-to-peer learning networks, “engaged advisory services”, and traditional technical assistance programs. Yet, we know remarkably little about how the buyers in this market — public sector leaders from low and middle-income countries — choose their suppliers and value the advice they receive.

In this report, we attempt to shed light on a policy discussion that will be of central importance during the post-2015 era: whether and how development partners can help domestic change agents in low- and middle-income countries to enact reforms and create an enabling environment for sustainable development.

This longstanding debate remains opinion-rich and evidence-poor. Some argue that development partners can play a positive and pivotal role: offering financial and reputational benefits to reform-minded policymakers, increasing the costs of postponing reform through financial and social sanctions, and equipping change agents with new sources of evidence, analysis, and advice. Others view development partners as largely impotent, providing weak incentives and pressures that have little bearing on domestic reform processes. A third group takes the position that development partners are consequential, but they usually exert undue influence that distorts and displaces partner government priorities.

The rapid rise of emerging powers — most notably, Brazil, Russia, India, China and South Africa — brings a new dimension to this debate. The arrival of “non-DAC” development partners is characterized by many pundits and policymakers as a seismic shift, with the so-called “Beijing Consensus” and “Mumbai Consensus” winning large numbers of converts and challenging the once dominant “Washington Consensus.” Others argue that these claims are overblown.

Our goal with this report is to inject a new source of evidence into these policy discussions, by listening to and learning from those who are making and shaping policy in the developing world. *Which development partners do leaders in low- and middle-income countries prefer – and why?*

Regardless of whether one is optimistic or pessimistic about development partners and their ability to spur and sustain reform, one thing is certain: we sorely need better data and evidence to understand how decision-makers in low- and middle-income countries perceive the development partners with whom they interact and judge the utility of external involvement in domestic reform efforts.

In the summer of 2014, we launched the *Reform Efforts Survey* to make a substantial contribution to closing this evidence gap and equip the international community with better tools with which to assess development partner influence and performance. The first wave of the survey benefited from the participation of nearly 6,750 development policymakers and practitioners in 126 low- and middle-income countries who provided information about the influence and performance of 100+ Western and non-Western development partners.

We seek to answer three key questions in this report:

- How do decision-makers in low- and middle-income countries assess the performance of development partners who seek to influence their reform efforts?
- To what extent is the performance of development partners enhanced or constrained by the characteristics of the countries they seek to assist?
- Are there certain attributes of development partner institutions that may make them more influential and useful from the perspective of public sector decision-makers who are seeking to prioritize and implement reforms?

5 Trends in Development Partner “Ground Game”

Since development partner influence implies at least some interaction with domestic authorities, we sought to first determine how often bilateral and multilateral development institutions communicate with their host government counterparts in low- and middle-income countries. By analyzing responses from the host government officials who participated in the *2014 Reform Efforts Survey*, we identified **5 trends** in how development partners are communicating with their host government counterparts.

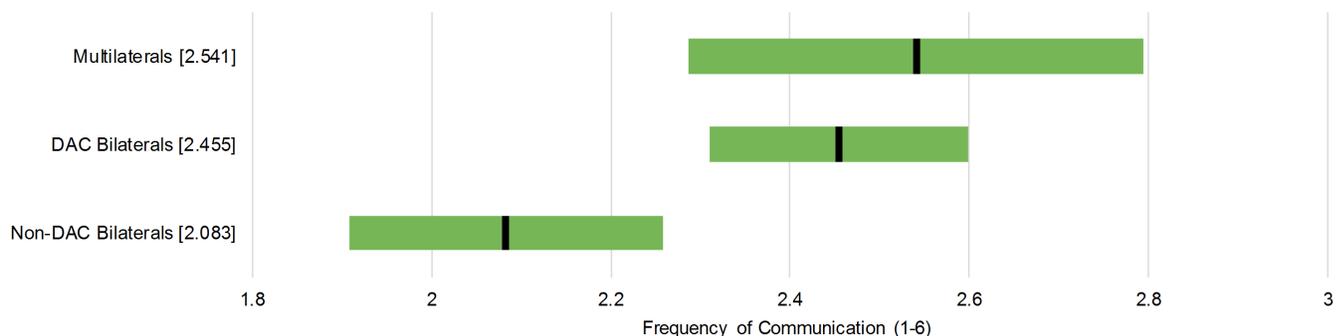
1. The most communicative development partners are large or focused on specific sectors

Large, multilateral development partners (e.g., UNDP, World Bank) and those with a specific sector focus (e.g., GAVI, Global Fund, IFAD) *generally* communicate most frequently with the domestic authorities. However, at the policy domain level, there is more evidence of specialization among development partners and it becomes easier to see where bilateral development partners are focusing their communication efforts.

Bilateral development partners that rank among the top five communicators in at least one policy domain include: the United Kingdom (anti-corruption and transparency, justice and security), Germany (environment), South Korea (infrastructure), Australia (justice and security), Spain (education), New Zealand (macroeconomic management), Norway (education, anti-corruption and transparency), and Sweden (civil service).

2. Non-DAC bilaterals are less communicative than other types of development partners

Non-DAC development partners communicate far less with their host government counterparts than either multilateral or DAC bilateral development partners. Whereas the average multilateral interacts with host government officials approximately six times a year, the average non-DAC bilateral communicates with host government officials 2-3 times a year. The fact that non-DAC development partners are less communicative may indicate staffing and financial constraints or commitment to the principle of *non-interference* in the internal affairs of partner countries.



3. Non-DAC bilaterals currently operate at the periphery of the policy advice market

More established Western multilateral and DAC bilateral development partners reside at the center of the policy advice market and account for most of the interaction with host government officials in low- and middle-income countries. By contrast, non-DAC bilaterals and multilaterals with predominately non-DAC membership operate on the periphery of this policy advice market and interact with a mostly different cohort of host government officials than their DAC counterparts. This pattern may reflect a strategy on the part of host governments to put conversations with DAC and non-DAC development partners on parallel tracks or an effort on the part of non-DAC development partners to engage different types of host government officials.

4. We have entered an “age of choice,” but some countries are more constrained than others in their ability to select their preferred development partners.

Countries appear to fall into four distinct cohorts based upon the scope and depth of their interactions with development partners: engaged, selective, strategic and disengaged.

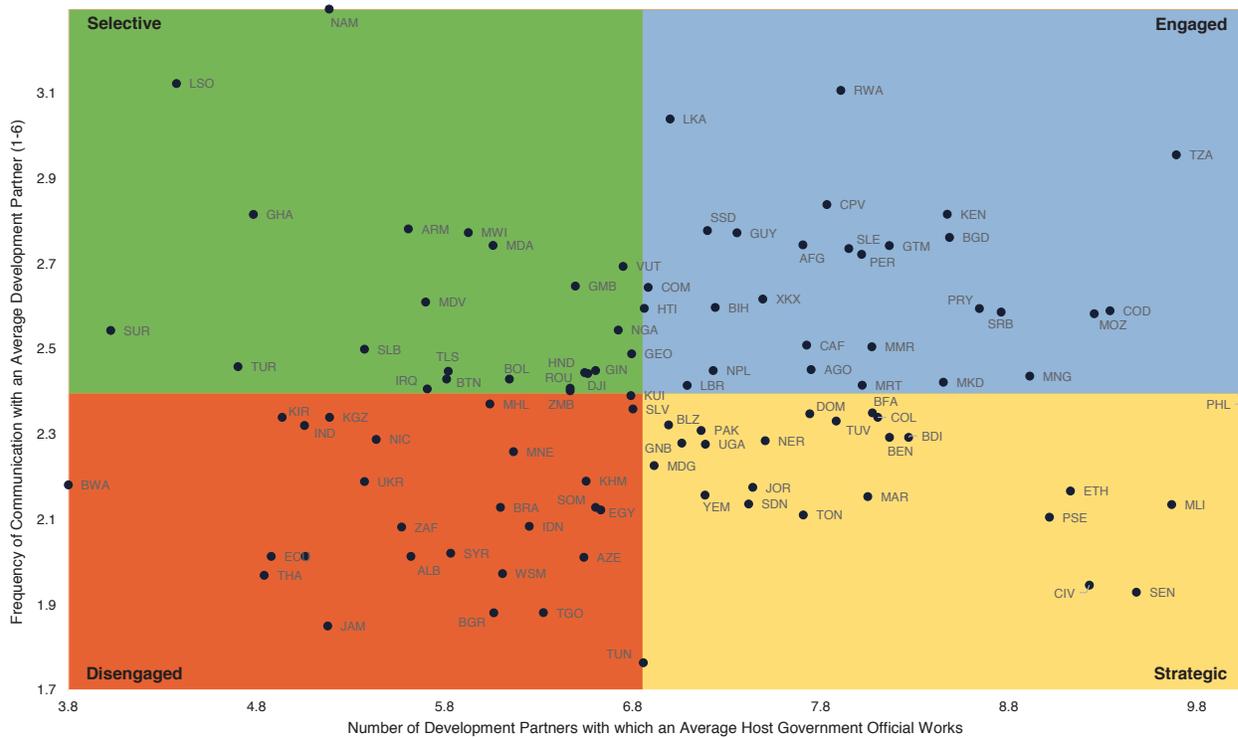
“Selective” countries frequently interact with only a few development partners. This cohort largely consists of small states, some of which receive the lion’s share of incoming aid from a “lead donor” (e.g., Timor-Leste receives approximately 34% of its net ODA from Australia). These countries still possess agency, but lower levels of competition in their domestic “aid markets” grant them relatively less choice.

The “strategic” cohort is made up of those countries that interact infrequently with many development partners. It includes geo-strategically important countries in West Africa (e.g., Mali, Niger, Senegal, and Côte d’Ivoire) and the Middle East and North Africa (e.g., Jordan, Palestine, Kurdistan, Yemen, and Sudan), which may reflect the fact that many suitors are competing for the attention, affections, and allegiances of host government officials from this cohort. Many of the countries in this “strategic” cohort also receive high levels of aid, but remain wary of external interference in their domestic affairs (e.g., Pakistan, Yemen, Ethiopia, Sudan, and Palestine).

The “engaged” cohort consists of governments that interact frequently with many development partners. Here we see a number of “donor darlings” (e.g., Rwanda, Tanzania, Georgia, and Mozambique) and countries with particularly high levels of aid dependence (e.g., Liberia and Afghanistan).

“Disengaged” countries are those that infrequently interact with a small number of development partners, and this group include countries plagued by high level of political instability (e.g., Ukraine and Syria), countries with that rely heavily on non-aid sources of revenue (e.g. Botswana, Azerbaijan, and Thailand), and countries that for various reasons are isolated from the international community (e.g. Ecuador, Nicaragua, and Zimbabwe).

Which Countries Are Most Engaged with Development Partners?



Note: Frequency in communication with a development partner was measured on a scale of 1-6, where 1 = "Once a year or less", 2 = "2 or 3 times a year", 3 = "About once a month", 4 = "2 or 3 times a month", 5 = "About once a week", and 6 = "Almost daily". The frequency of communication shown here depicts the frequency of communication between an average host government official in a given country and an average development partner working in that country, with multilaterals treated as agencies and bilaterals as countries. Quadrants are divided by median country-level values in (a) the number of development partners with which an average host government official works and (b) this "average" frequency of communication.

5. High-performing development partners usually have a strong “ground game”

A development partner’s “ground game”—that is, the strength of its local presence and direct interactions with host government officials—seems to inform how in-country decision-makers assess its performance. We find that the frequency of communication is strongly correlated with how host government officials assess a development partner’s performance.

8 Insights About Development Partner Performance

How do decision-makers in low and middle-income countries assess the relative performance of the bilateral and multilateral development partners who seek to inform, influence, and assist their reform efforts? We assessed how development partners stack up against three dimensions of performance, as reported by participants in the 2014 Reform Efforts Survey, including: (1) the usefulness of the policy advice they provide; (2) their influence at the agenda-setting stage of the policy process; and (3) their helpfulness during reform implementation. We identified **8 key insights** regarding how in-country stakeholders perceive the performance of their development partners.

1. When development partners provide advice that the authorities consider to be useful, they tend to reap a “policy influence dividend”

The provision of *useful* policy advice seems to serve as an entry point for development partner influence during the agenda-setting stage of the policymaking process. We find a strong, positive relationship between the usefulness of a development partner’s advice and its agenda-setting influence with host government officials. A development partner who is seen as providing useful advice is more likely to get a “seat at the table” during policy deliberations – specifically, when reform priorities are being established.

2. Host government officials find the policy advice of multilaterals and small DAC bilaterals to be most useful

The ten development partners that provide the most useful advice to host government officials include multilaterals and small DAC bilaterals. Despite the increasingly broad and diverse array of actors in the market for policy advice, host government officials rely heavily on advice from the World Bank, the IMF, UNDP, and UNICEF. They also assign particularly high value to the advice they receive from three multilateral institutions with narrower areas of sector or geographic focus: the Global Fund to Fight AIDS, Tuberculosis and Malaria, the GAVI Alliance, and the Caribbean Development Bank. Additionally, three DAC bilaterals receive particularly high marks from their partner countries: Finland, Luxembourg, and Austria.

3. Countries that are skeptical about the usefulness of development partner advice deny *multilaterals* access to the governing authorities.

The ten countries that are most skeptical of the value of development partner advice are also relatively more judicious about whether or not they engage any individual development partner in the first place. Interestingly, the “access penalty” that is effectively imposed by this cohort of host governments falls disproportionately on *multilateral institutions*. Since multilateral institutions are generally regarded as providing relatively high quality policy advice, this pattern of behavior suggests that countries in this cohort may be actively resisting credible sources of external policy advice.

4. Familiarity breeds favorability: host government officials who have previously worked for a development partner usually regard their policy advice as being useful

We asked host government participants whether they previously worked – as a full-time employee, part-time employee, a consultant, or in any other capacity – for specific development partners. Across the board, we find evidence for an “affinity effect”: the more extensive a host government official’s work history with a given development partner, the more favorably he or she will rate that development partner’s policy advice. This finding may help explain why host government officials perceive multilaterals and DAC bilaterals so much more favorably than non-DAC bilaterals. Western development partners have trained and socialized a disproportionately large number of in-country policymakers over many decades. However, far fewer host government officials have had the opportunity or time internalize the policy values and views of non-DAC development partners.

5. Development partners with greater upstream influence in setting the reform agenda are more likely to be involved in downstream reform implementation

A development partner’s influence on setting the reform agenda is significantly correlated with the extent of its downstream involvement in implementing reforms. This connection between agenda-setting influence and involvement in reform implementation may reflect a reluctance on the part of a development partner to support the implementation of reforms that it did not champion, as well as the reality that getting reforms onto the policy agenda is a necessary precondition for the eventual implementation of those reforms.

6. Helpfulness is a two-way street: countries are more successful in implementing reforms with development partner support *and* are more receptive to future advice from those they deem to have been helpful in reform implementation

We find that the helpfulness of the average development partner in reform implementation is strongly associated with downstream reform success at the country level. This pattern in the data may indicate that development partners play an important role in helping shepherd reforms to successful completion. We also find some evidence of a potential virtuous circle, whereby the helpfulness of a development partner affects whether its future advice and assistance is well received at earlier stages of the policymaking process.

7. Some countries are far more inclined to draw upon external sources of advice and assistance than others

Host government officials in Lesotho, Tanzania, Kurdistan, and Kazakhstan gave high marks to development partners on at least two of our three performance metrics (usefulness of policy advice, influence at the agenda-setting stage of the policymaking process, and helpfulness during the implementation of reforms). By contrast, host government officials from the Federated States of Micronesia, Congo-Brazzaville, Egypt, Turkey, and Bolivia gave development partners low marks on at least two of those same three performance metrics.

A Snapshot of Country Receptivity to Development Partner Advice and Assistance

	Engagement (0-10)	Usefulness of Advice (1-5)	Agenda-Setting Influence (0-5)	Helpfulness in Reform Implementation (0-5)
Top 10	1. Tanzania	1. Kazakhstan	1. Lesotho	1. Kiribati
	2. Rwanda	2. Belarus	2. Vietnam	2. Romania
	3. Kenya	3. Serbia	3. Kurdistan	3. Somaliland
	4. DRC	4. Botswana	4. Laos	4. Lesotho
	5. Bangladesh	5. Nigeria	5. Marshall Islands	5. Tanzania
	6. Guatemala	6. Tanzania	6. Ghana	6. Bhutan
	7. Peru	7. Mauritania	7. Nicaragua	7. Kazakhstan
	8. Cape Verde	8. Lesotho	8. Cameroon	8. Philippines
	9. Paraguay	9. Kurdistan	9. Tajikistan	9. Paraguay
	10. Serbia	10. Benin	10. Guinea	10. El Salvador
Median Country	51. Guinea	61. Kiribati	63. Djibouti	58. Kurdistan
	52. Senegal			
Bottom 10	93. Togo	112. Niger	116. Syria	106. Tuvalu
	94. Syria	113. Congo-Brazzaville	117. Morocco	107. Nepal
	95. South Africa	114. Senegal	118. Tunisia	108. South Sudan
	96. Albania	115. Equatorial Guinea	119. Congo-Brazzaville	109. Afghanistan
	97. Botswana	116. Ecuador	120. Turkmenistan	110. Pakistan
	98. Bulgaria	117. Egypt	121. Thailand	111. Egypt
	99. Ecuador	118. Somalia	122. Cuba	112. Federated States of Micronesia
	100. Zimbabwe	119. Federated States of Micronesia	123. Turkey	113. Bangladesh
	101. Jamaica	120. Turkey	124. North Korea	114. Bolivia
	102. Thailand	121. Bolivia	125. Federated States of Micronesia	115. Iraq

8. Multilaterals have a clear performance edge versus DAC and non-DAC bilaterals

Host government officials rate multilaterals more favorably than DAC and non-DAC development partners on all three dimensions of performance: usefulness of policy advice, agenda-setting influence, and helpfulness during reform implementation. The Global Fund to Fight AIDS, Tuberculosis and Malaria, the GAVI Alliance, and the World Bank rank among the top 10 development partners on all three of these metrics; notably, these development partners are also among the 10 most frequent communicators with their host government counterparts.

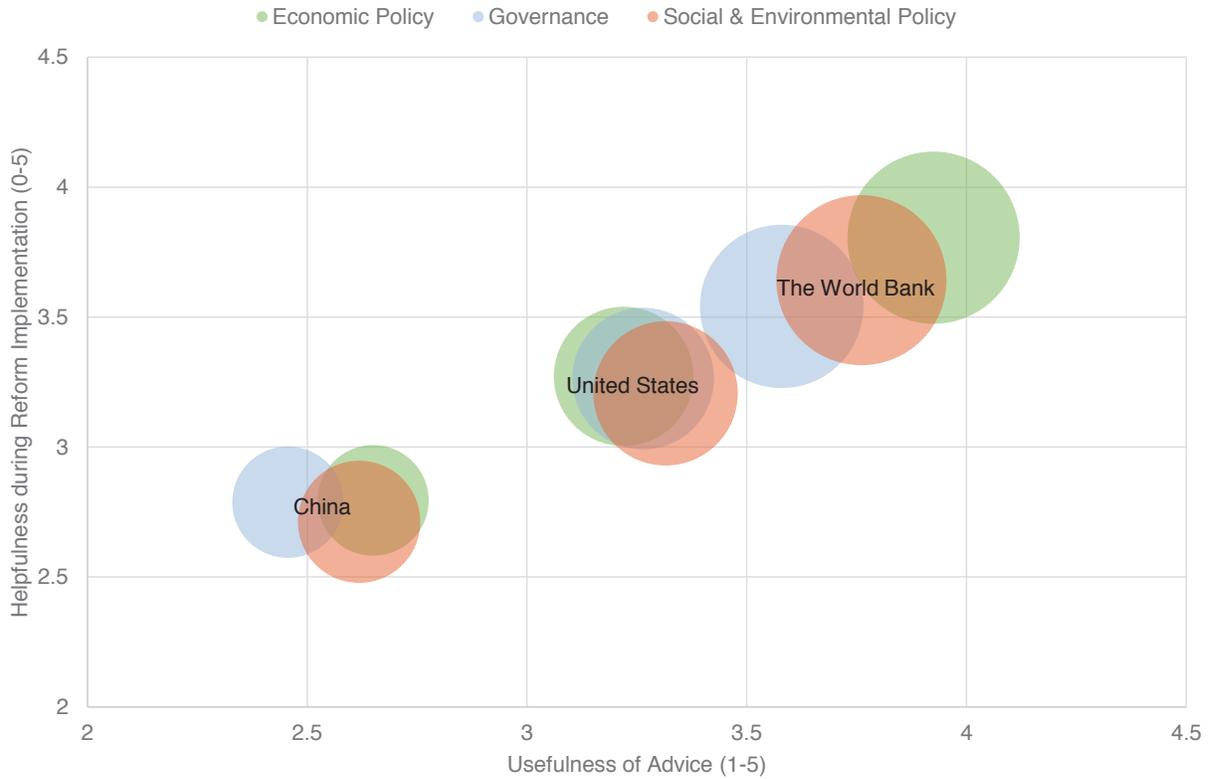
As a group, DAC bilaterals perform slightly worse than multilaterals, but they outperform non-DAC bilaterals and multilateral organizations with predominately non-DAC membership by a significant margin. A handful of DAC bilaterals – Finland, Luxembourg, Austria, Ireland, and New Zealand – receive high marks from host government survey participants on at least one or more performance dimensions. Two DAC bilaterals – Greece and France – fare less well, receiving low marks from survey participants on at least one performance metric.

These patterns also hold true in a comparison of the three largest DAC bilateral, non-DAC bilateral, and multilateral development partners: the World Bank, the United States, and China. The World Bank, a multilateral development bank, provides more useful advice, wields more influence at the agenda-setting stage of the policymaking process, and is helpful during reform implementation than either the United States or China. China, a non-DAC bilateral development partner, performs least well on these metrics. The United States, a DAC bilateral development partner, falls somewhere in between the two, but its performance is closer to the World Bank than it is to China. These findings suggest that the popular narrative about China's rapidly expanding soft power – in particular, the notion that the "Beijing Consensus" is rapidly eclipsing Western sources of influence in the developing world – rests on a weak evidentiary foundation.

A Snapshot of Development Partner Communication and Performance

	Frequency of Communication (1-6)	Usefulness of Advice (1-5)	Agenda-Setting Influence (0-5)	Helpfulness in Reform Implementation (0-5)
Top 10	1. Global Fund	1. GAVI	1. World Bank	1. Ireland
	2. Ireland	2. CDB	2. IADB	2. GAVI
	3. UNDP	3. Global Fund	3. IMF	3. IMF
	4. GAVI	4. Finland	4. EU	4. Global Fund
	5. UN	5. World Bank	5. GAVI	5. World Bank
	6. IFAD	6. Luxembourg	6. AsDB	6. AsDB
	7. UNICEF	7. IMF	7. Global Fund	7. IFAD
	8. IADB	8. Austria	8. GEF	8. GEF
	9. World Bank	9. UNDP	9. UNDP	9. IADB
	10. Denmark	10. UNICEF	10. UN	10. New Zealand
Average by Development Partner Type	Multilaterals [2.541]	Multilaterals [3.206]	Multilaterals [2.370]	Multilaterals [3.350]
	DAC Bilaterals [2.455]	DAC Bilaterals [3.126]	DAC Bilaterals [2.009]	DAC Bilaterals [3.125]
	Non-DAC Bilaterals [2.083]	Non-DAC Bilaterals [2.602]	Non-DAC Bilaterals [1.313]	Non-DAC Bilaterals [2.697]
Bottom 10	48. OFID	48. Venezuela	48. India	42. France
	49. Brazil	49. BADEA	49. BADEA	43. Turkey
	50. Canada	50. UAE	50. OFID	44. Venezuela
	51. Venezuela	51. Kuwait	51. Saudi Arabia	45. OFID
	52. Iran	52. CAF	52. Russia	46. South Korea
	53. Austria	53. CABEL	53. Kuwait	47. UAE
	54. CAF	54. OFID	54. Greece	48. India
	55. Kuwait	55. Iran	55. UAE	49. Saudi Arabia
	56. Libya	56. Libya	56. Iran	50. South Africa
	57. AMF	57. Greece	57. Libya	51. Kuwait

How Do the World Bank, the United States, and China Perform?



Note: Bubble size corresponds to the agenda-setting influence of each development partner, on a scale of 0 to 5, where 0 means "No influence at all" and 5 means "Maximum influence." Usefulness of advice is on a scale of 1 to 5, where 1 = "Almost never [useful]", 2 = "[Useful] less than half the time", 3 = "[Useful] about half the time", 4 = "[Useful] more than half the time", and 5 = "Almost always [useful]." Helpfulness during reform implementation is on a scale of 0 to 5, where 0 means "Not at all helpful" and 5 means "Extremely helpful."

Does Money Buy Greater Influence? 4 Findings

Does money buy greater influence and a seat at the table for development partners in policymaking discussions? We analyzed how the performance of development partners compares with their overall “weight” in the global development finance market. We then assessed the extent to which development partners are “punching above” or “punching below” their weight, based upon what one might expect to see if money bought influence. We identified **4 findings** about the relationship between money and influence.

1. A development partner's financial weight is seemingly unrelated to the perceived usefulness of its policy advice

Money does not seem to influence whether decision-makers view a development partner's advice as useful. Multilaterals, such as the IMF and World Bank, provide large amounts of international development finance and garner high marks on this performance measure. Yet DAC bilaterals with large overseas aid budgets – such as the United States, Japan, Germany and the United Kingdom – are middling performers in terms of how participants view the usefulness of their policy advice. Nor does the power of the purse seem to have helped France or the Development Bank of Latin America (CAF) in making their policy advice appear more useful; these two development partners lag far behind on this performance measure.

At the other end of the spectrum, Luxembourg and the Caribbean Development Bank (CDB) are standout performers whose advice is prized by decision-makers in low- and middle-income countries, despite the fact that these two development partners are much smaller providers of international development finance. Similarly, Taiwan and New Zealand have modest overseas development budgets, yet they appear to have earned a reputation for providing useful advice.

The Performance of the Top and Bottom 10 Development Partners by Financial Weight

Rank	Development Partner	Average Annual Commitments, Development Finance	Usefulness of Advice	Rank	Agenda-Setting Influence	Rank	Helpfulness in Implementation	Rank
1	World Bank	\$35,900,000,000	3.697	5	3.207	1	3.602	5
2	United States	\$29,200,000,000	3.221	24	2.472	13	3.212	23
3	IMF	\$21,400,000,000	3.638	7	3.063	3	3.771	3
4	Japan	\$17,000,000,000	3.036	31	1.832	32	3.054	29
5	EU	\$16,800,000,000	3.332	19	2.955	4	3.438	12
6	Germany	\$11,100,000,000	3.139	28	2.082	26	3.203	24
7	AsDB	\$10,500,000,000	3.394	17	2.689	6	3.520	6
8	France	\$10,200,000,000	2.625	42	1.704	35	2.714	42
9	CAF	\$9,860,000,000	2.299	52	2.052	29	3.375	16
10	IADB	\$9,320,000,000	3.332	20	3.143	2	3.482	9
Mean: Top 10		\$17,128,000,000	3.171		2.520		3.337	

Top Ten Development Partners by Average Annual Commitments (2004-2010)

Rank	Development Partner	Average Annual Commitments, Development Finance	Usefulness of Advice	Rank	Agenda-Setting Influence	Rank	Helpfulness in Implementation	Rank
37	Portugal	\$451,000,000	2.853	34	2.265	22	2.838	39
38	Saudi Arabia	\$373,000,000	2.568	44	1.079	51	2.521	49
39	New Zealand	\$269,000,000	3.320	21	2.317	18	3.477	10
40	Luxembourg	\$265,000,000	3.683	6	2.551	11	3.150	25
41	Greece	\$251,000,000	1.690	57	1.032	54		
42	CDB	\$194,000,000	3.958	2	2.534	12	3.458	11
43	BADEA	\$189,000,000	2.437	49	1.324	49	2.882	37
44	South Africa	\$44,000,000	2.967	32	1.646	38	2.500	50
45	Taiwan	\$37,300,000	3.185	26	2.282	21	3.438	13
46	Brazil	\$23,400,000	2.601	43	1.483	45	2.827	40
Mean: Bottom 10		\$209,670,000	2.926		1.851		3.010	

Bottom Ten Development Partners by Average Annual Commitments (2004-2010)

2. Money may buy development partners a modicum of agenda-setting influence

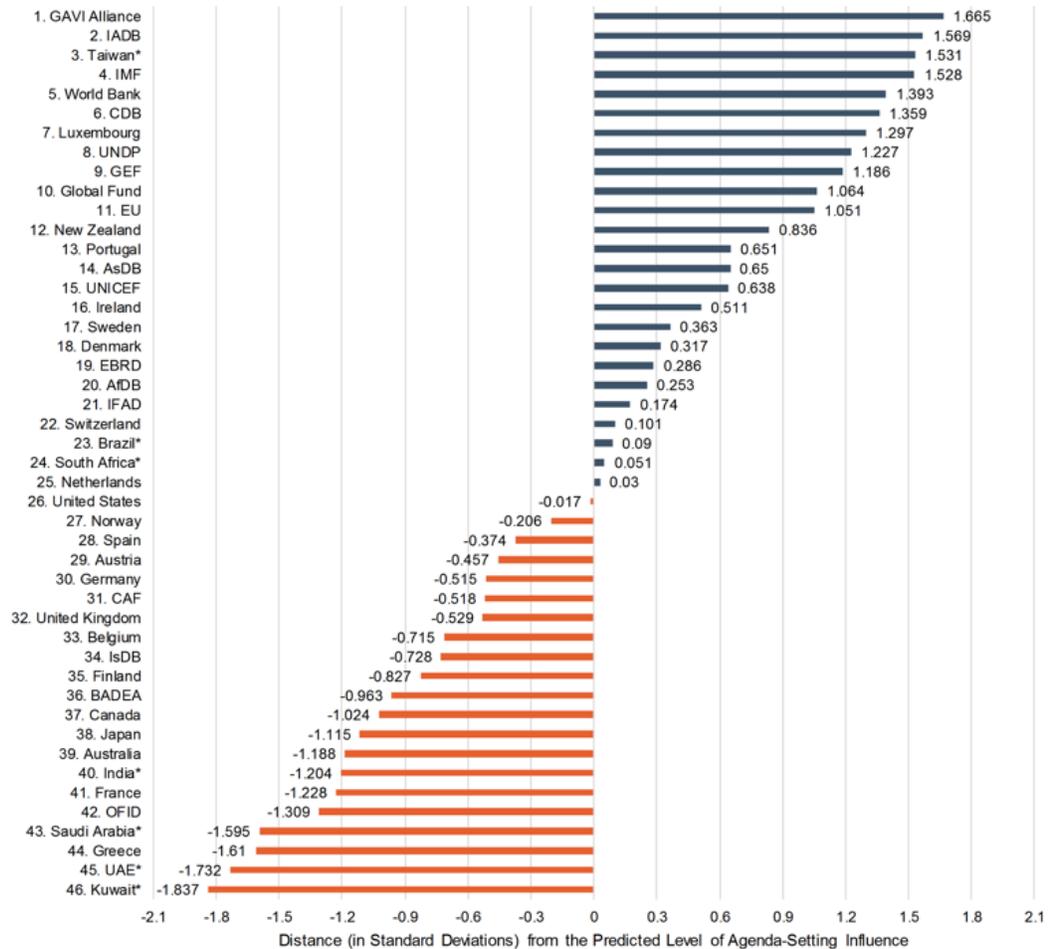
While money does not make development partner advice seem more useful, it does appear to buy a measure of *agenda-setting influence*. Larger suppliers of international development finance are perceived to be significantly more influential at the agenda-setting stage of the policymaking process than smaller international development finance suppliers. Development partners with deep pockets such as the United States, EU, CAF and France perform better on the agenda-setting influence measure than they do on the other performance measures. Yet, it is also true that several actors with relatively little weight in the international development finance market (including Luxembourg, New Zealand, Taiwan and the CDB) have proven to be quite adept at influencing the reform priorities of their counterpart governments.

3. Multilaterals and small DAC bilaterals exert larger-than-expected agenda-setting influence on the basis of their financial contributions

By comparing actual agenda-setting influence versus predicted agenda-setting influence on the basis of overall spending on international development, we can more systematically assess which development partners are punching above or below their financial weight. The top half of our *Value for Money* index includes those development partners that appear to be punching above their weight, or achieving higher levels of agenda-setting influence than one would predict based upon their financial contributions alone.

Some of these development partners, such as the World Bank, are efficiently converting large international development budgets into even greater-than-expected influence on the reform priorities of partner countries. Several bilaterals with relatively modest budgets – Luxembourg, Taiwan, New Zealand, and Ireland – have also demonstrated an ability to exert outsized agenda-setting influence.

Value for Money: Who Punches Above and Below Their Weight?



Notes: This figure presents an estimate of each development partner's deviation from Expected Agenda-Setting Influence given the total financial commitments it provided in an average year between 2004 and 2010, where Expected Agenda-Setting Influence = $0.129 * \ln(\text{Average Annual Commitments}) - 0.631$. Not all development partners make comprehensive project-level data on their development finance activities readily available, so the annual average commitments data that we use in our calculations do not necessarily represent each development partners' full portfolio. Consequently, the rankings listed above may be affected by this data limitation. In particular, the rankings of non-DAC bilaterals indicated with a * should be interpreted with caution given the limited availability of data on their financial flows. Source: Tierney et al. (2011)

4. Larger DAC bilaterals and non-DAC bilaterals punch at or below their weight in agenda-setting influence per committed dollar

The lower half of the *Value for Money* index shows those development partners that appear to be punching below their weight by achieving a smaller-than-expected agenda-setting influence dividend on the basis of their financial weight in the international development finance market. Interestingly, some of the largest DAC bilaterals – including the United Kingdom, Japan, France, and Germany – seem to be getting lower agenda-setting returns on their financial investments, as compared to some of their smaller DAC bilateral counterparts. The United States does only marginally better, punching roughly at its weight. Among all of the development partners in our sample, non-DAC bilaterals such as Saudi Arabia, UAE, Kuwait and India appear to get the least agenda-setting influence for their money.

5 Demand-Side Drivers of External Performance and Influence: Country Characteristics

Why are some development partners seen as more effective at shaping and implementing reform efforts in some countries than in others? We constructed an econometric model to examine the extent to which development partner performance is affected by several country-specific characteristics, including but not limited to: aid dependence, government effectiveness, regime type, and region. **Five demand-side drivers** emerged as country characteristics that appear to be predictive of how an average development partner's performance will be perceived by in-country stakeholders.

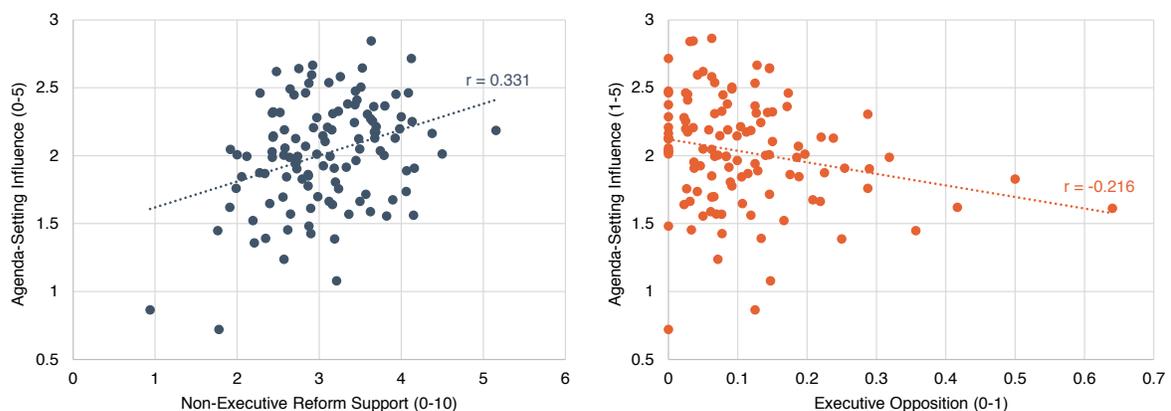
1. Breadth of support matters: development partners have more agenda-setting influence when there is broad domestic political support for reform

The good news for development partners is that the provision of useful policy advice seems to serve as an entry point for influence during the agenda-setting stage of the policymaking process. We find a strong, positive relationship between the usefulness of a development partner's advice and its agenda-setting influence. A development partner seen as providing useful advice is more likely to get a "seat at the table" during policy deliberations (Jones 2011; Jones et al. 2009).

2. But high-level champions are still important: development partners are less influential when the chief executive opposes reform

Whereas the breadth of domestic political support for reform enhances agenda-setting influence of development partners, the opposition of just one top-level decision-maker cuts in the opposite direction. Development partners are less influential in shaping the reform priorities in settings where the Office of the President or the Office of the Prime Minister is actively seeking to obstruct reform. This finding raises the question of whether and how bilateral and multilateral development institutions should redirect their advisory and assistance efforts away from such settings and towards partner countries where they will likely to enjoy policy influence multiplier effect.

Countervailing Effects of Broad Domestic Support for Reform and Executive Opposition to Reform



Note: Agenda-Setting Influence is on a scale of 0-5, where 0 means "No influence at all" and 5 means "Maximum influence". Non-Executive Reform Support is a survey-based count of the number of non-executive groups (out of 10) that "expended substantial time, effort, or resources to promote reform" in a given country. Executive Opposition is on a scale 0 to 1 and estimates the share of reform that the head(s) of state and/or government in a sample country "expended substantial time, effort, or resources to obstruct." The r -value of 0.331 indicates a positive bivariate relationship between the breadth of a country's non-executive support for reform and the agenda-setting influence of an average development partner in that country. The r -value of -0.216, by contrast, indicates a negative bivariate relationship between executive opposition to reform and the influence of an average development partner in a sample country.

3. Host government officials from wealthier countries consider development partners to be less helpful

An increase in a country's GDP per capita negatively affects the perceived helpfulness of an average development partner during reform implementation. We find a similar, negative relationship between the agenda-setting influence (and advice usefulness) of development partners and a country's GDP per capita. These findings provide preliminary evidence that bargaining power matters; countries with higher levels of per capita income generally have more access to revenue sources other than aid, which likely increases their leverage vis-à-vis development partners. It is also possible that development partner missions expend greater effort to advise and assist host government counterparts in poorer countries.

4. Countries with open economies view DAC bilateral development partners as more helpful during reform implementation

Trade openness is positively correlated with the perceived helpfulness of the average *DAC bilateral* development partner during reform implementation. One potential explanation for this pattern is that these development partners are often important trading partners of low- and middle-income countries, which may result in strong ties between host government officials and DAC country counterparts. An equally plausible, and closely related, explanation is economically open countries may have similar policy preferences to DAC development partners for reasons related to economic interdependence.

5. Host government officials with previous experience working full time for at least one development partner express less positive views of non-DAC bilateral performance.

We find that prior, full-time work experience with at least one bilateral or multilateral development partner negatively influences host government officials' subsequent perceptions of the utility of non-DAC bilateral development partner advice. As host government officials have gained exposure to (primarily) multilateral and DAC bilateral development partners through direct employment, it may be the case that they have internalized their policy views and become less sympathetic to non-DAC perspectives and practices.

Supply-Side Drivers of External Performance and Influence: Development Partner Attributes

Why do some development partners perform better than others in shaping the trajectory of reforms undertaken by low- and middle-income countries? We constructed an econometric model to examine the extent to which development partner performance is affected by several development partner-specific characteristics, including but not limited to: their alignment with partner country priorities, their use of so-called “ineffective aid channels”, and the degree to which they embrace the Paris Declaration principle of “specialization”. **Two supply-side drivers** emerged as good predictors of how development partner performance is perceived by in-country stakeholders.

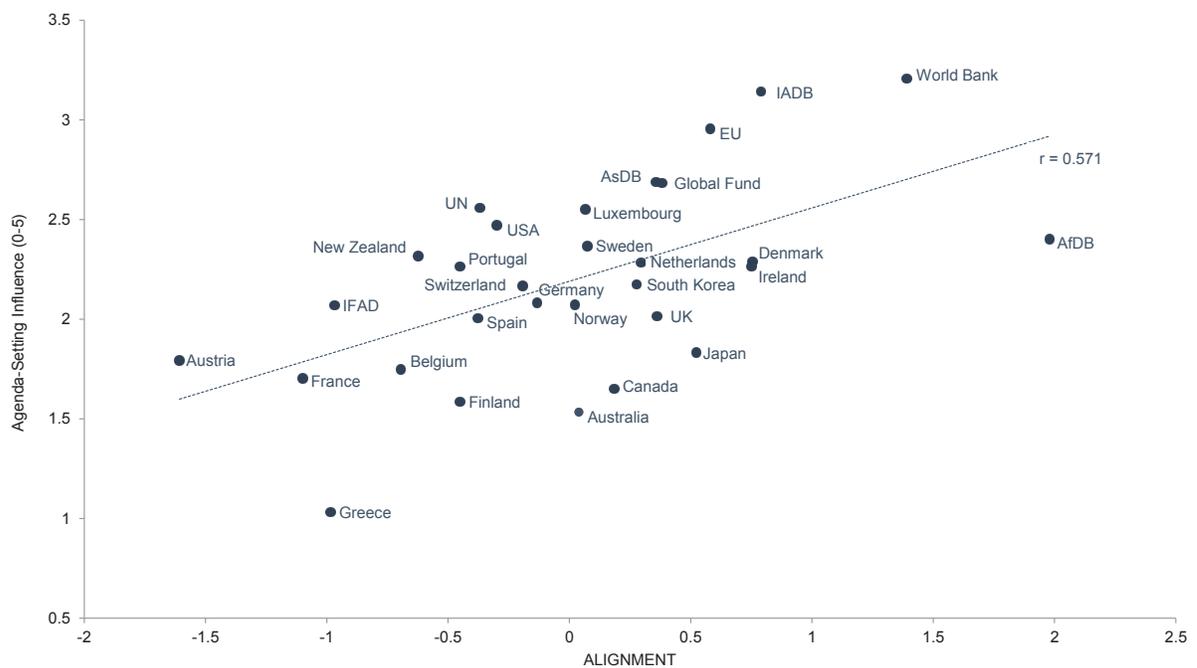
1. Aligning with host country priorities increases development partner influence

Alignment with partner country priorities is positively correlated with the extent to which development partners influence government reforms. This finding suggests that when development partners put the country ownership principle into practice, they usually reap an influence dividend.

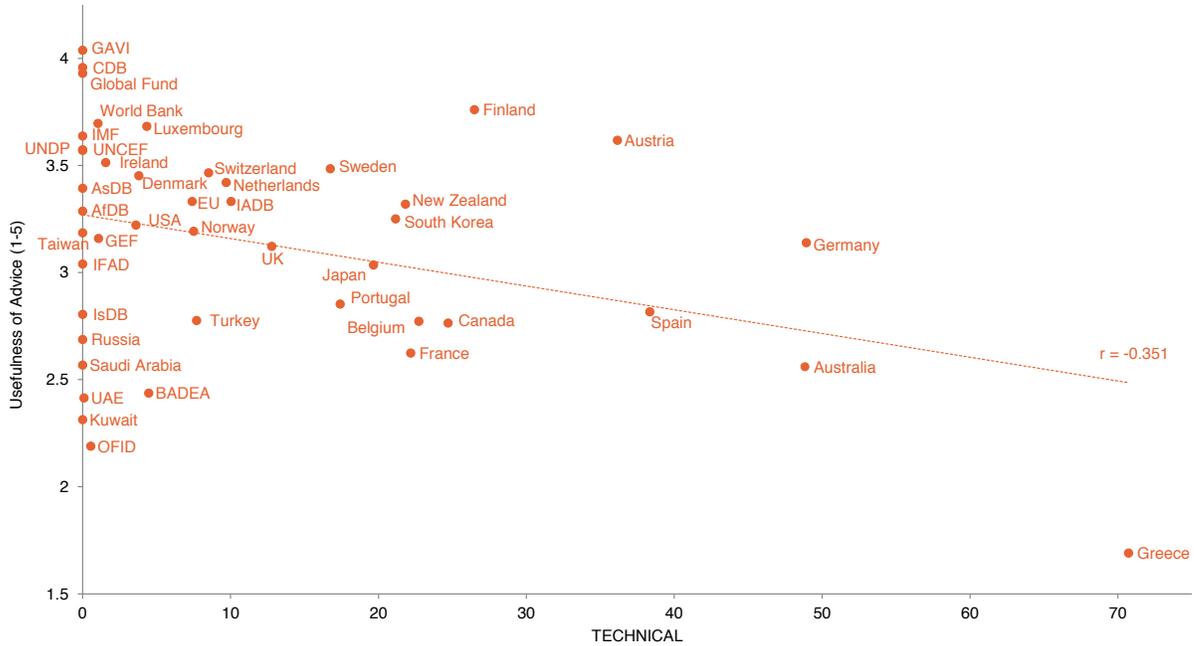
2. Reliance upon technical assistance undermines a development partner's ability to shape and implement host government reform efforts

The share of official development assistance (ODA) allocated to technical assistance is negatively correlated with *all three* indicators of development partner performance. These findings lend strong support to an emerging consensus in the donor community that technical assistance is a generally ineffective form of aid delivery that weakens country ownership and saps the incentive for host governments to pursue broader reform efforts.

Countervailing Effects of Development Partner Alignment with Country Priorities and Provision of Technical Assistance



Note: (Top) Agenda-setting influence is on a scale of 0 to 5, where 0 means “No influence at all” and 5 means “Maximum Influence”. ALIGNMENT is equal to a z-score based on the share of ODA allocated to recipient countries’ top development priorities (Birdsall and Kharas, 2014). A Pearson’s r-value of 0.571 implies a positive, significant relationship between ALIGNMENT and a given development partner’s agenda-setting influence.



Note: Survey participants provided development partner-specific responses on how often the advice they received from each development partner contained useful information, on an ordinal scale of 1 to 5, where a score of 1 means “Almost never”, 2 means “Less than half the time”, 3 means “About half the time”, 4 means “More than half the time”, and 5 means “Almost always”. TECHNICAL is equal to the % of ODA that a given development partner allocates to technical assistance. A Pearson’s r-value of 0.351 implies a significant, negative relationship between the share of ODA that a development partner allocates to technical assistance and host government perceptions of the usefulness of that development partner’s advice.

Shifting Sand

Advice and Assistance in the Post-2015 Era

Development partners increasingly work with domestic change agents in low- and middle-income countries to reform existing laws, policies, institutions, regulations, and customary practices. Yet, there is a large and growing mismatch between the stated objectives of development partners and the metrics of success that are used to judge their performance.

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Neither the bilateral nor the multilateral development partners who jockey for position in the reform assistance and advice market have a credible way of measuring their influence or performance. Nor do they have a way of systematically capturing feedback from the individuals and institutions they are seeking to assist or influence. Our ambition is to help close this evidence gap.

The question of whether, when, how and why development partners are able to shape upstream reform priorities and downstream outcomes is a critical one. In this post-2015 era, as countries seek to create strong domestic institutions that are capable of functioning without continued external support, knowing what works and why will become even more important.

The survey evidence presented in this report confronts this problem by analyzing the firsthand experiences and observations of nearly 6,750 decision-makers in 126 low- and middle-income countries. As such, it gives voice to those who are actually making and shaping policy providing in-country decision-makers with an opportunity to tell external development partners which sources of advice and assistance are most and least useful to them.

Building upon the success of the *2014 Reform Efforts Survey*, AidData is now preparing to field follow-on survey waves in 2016 and 2018. We ultimately hope to create a sustainable feedback loop that enables learning from the firsthand observations, experiences, and perspectives of governmental and non-governmental leaders on the ground. Future survey waves will take up questions related to the use and influence of domestic and external sources of data, evidence and advice. We also hope to learn more from in-country decision-makers about their development priorities, challenges, and successes. We look forward to sharing new insights that we glean by listening to these leaders.