



GERMAN AID FROM A PARTNER PERSPECTIVE

*Experience-based Perceptions from AidData's
2014 Reform Efforts Survey*

2016



Abstract

Despite a large body of literature on foreign aid effectiveness and significant international policy debate on the same topic, there is little consensus about how best to measure and compare the policy influence of international development organizations. In 2014, a group of researchers from AidData at the College of William & Mary conducted a first of its kind survey, involving more than 6,500 development policymakers and practitioners across 126 low-income and middle-income countries. The 2014 Reform Efforts Survey asked in-country policymakers and practitioners to draw upon their firsthand experiences and observations to evaluate the influence of international development organizations across 23 different policy domains. This survey provides rich, micro-level data for researchers who wish to study nearly 100 international development organizations from a partner-country perspective.

In this joint study, AidData and DEval make use of this rich source of data to test a number of hypotheses about the comparative strengths and weaknesses of Germany's development cooperation, and to identify the factors that enable and constrain German development agencies in their efforts to influence the reform processes of partner countries.

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EXECUTIVE SUMMARY

Addressing a Major Knowledge Gap

If international development cooperation is not only about delivering near-term results, but also about enabling long-term structural transformations, it must engage and support reform processes in partner countries.

A particularly important lesson after more than six decades of international development cooperation with respect to external support for reforms, however, is that ownership matters – that is to say, partner countries should lead the design and implementation of reform efforts and external development partners should align their advice and assistance accordingly. When partner countries do not “own” reforms, they often renege or backtrack soon after aid is disbursed (World Bank 1998; Collier 1999). Furthermore, when external development partners engage in heavy-handed conditionality practices, they often pick the wrong conditions, demand too many conditions, or set arbitrary deadlines that short-circuit the domestic political processes needed to secure the buy-in of various parties with disparate interests (Boughton & Mourmouras 2004; IEO 2007; Koeberle *et al.* 2005; Smets & Knack 2015). The ownership principle is also based on the assumption that partner countries – including the executive branch, the parliament, the judiciary, and the civil society actors who are responsible for formulating and implementing development policies and programs – ultimately understand the needs and challenges of their societies better than external actors and can more legitimately and effectively initiate, implement, and institutionalize reforms.

Another key lesson is that external support for domestic reforms in low-income and middle-income countries is rarely effective in the absence of strong coordination and an efficient division of labor between external development partners that supports partner country priorities (Pop-Eleches 2009; Hernandez 2016; Bourguignon & Platteau 2015). Such coordination requires adequate institutional capacities on the partner country side. However, it also requires a substantially improved understanding of the comparative strengths and weaknesses of specific development partners.

These lessons were to some extent understood and appreciated during the previous era of the Millennium Development

Goals (MDGs). However, as many developing countries are now doubling down on efforts to strengthen their domestic resource mobilization capabilities and create public sector institutions that can deliver high-quality public services without ongoing external support, these lessons have assumed special significance in the post-2015 era of the Sustainable Development Goals (SDGs) (Custer *et al.* 2015).

It is therefore surprising how little systematic evidence exists on the experiences and perspectives of partner countries regarding the involvement of bilateral and multilateral development cooperation actors in agenda setting, policy advice provision, and reform implementation processes. How do politicians, public administrators, and civil society actors with the partner countries perceive the reform support provided by development partners? Specifically, how do they evaluate individual development partners with respect to the usefulness of their policy advice, their influence at the agenda-setting stage of the policymaking process, and their helpfulness during reform implementation? What do they regard as the comparative strengths and weaknesses of different development partners?

From a German perspective, these questions are particularly interesting. Germany has reaffirmed its role as a key player in international development cooperation; yet, it also faces continued criticism for operating an overly complex aid system that risks undermining the partner orientation of its support.

Public debate about the specific strengths and weaknesses of the organizational set-up of the German aid system continues in part because there is little consensus about *how best to measure the effectiveness of German development cooperation*. Nor is there a credible body of evidence that speaks to the issue of whether, when, how, and why German development cooperation has influenced reform efforts in the developing world. Specifically, existing studies do not reveal much about the performance of German development partners *from the perspective of the decision-makers in low-income and middle-income countries whom they seek to influence and assist*.

The purpose of this joint study between the German Institute for Development Evaluation and AidData is to address this

knowledge gap by empirically evaluating the roles that German official development actors¹ have played at different stages of the policymaking process in the developing world. Drawing upon first-of-its-kind evidence from the *2014 Reform Efforts Survey*, we analyse the policy influence and performance of GIZ, KfW, and German embassies, as observed, experienced, and reported by over one thousand governmental and non-governmental counterparts across more than 110 low- and middle-income countries and territories.

Specifically, in this study we seek to answer the following empirical questions *from a partner country perspective*:

- How useful is policy advice provided by German development actors, and which factors determine the usefulness of their advice from the perspective of in-country stakeholders (e.g., host government officials)?
- How much influence do official German development actors have on the decisions that partner governments make to pursue reform, and which factors determine the extent to which official German development actors exert influence at the agenda-setting stage of the reform process?
- How helpful are official German development actors in the implementation of reforms, and which factors shape the perceived helpfulness of German development actors during reform implementation?
- In which policy areas and geographical regions do German development actors have particular strengths (or weaknesses) in terms of usefulness of their policy advice, agenda-setting influence, and helpfulness in reform implementation?
- What are the comparative strengths (and weaknesses) of official German development actors relative to other bilateral and multilateral development partners in terms of usefulness of their policy advice, agenda-setting influence, and helpfulness in reform implementation?

Main Findings

By analyzing the experience-based perceptions of German official development actors and comparing their performance to that of other development partners, we can identify two general patterns: **First, survey participants do not perceive a clear division of roles and responsibilities between the three official German development actors with respect to**

how they engage at different stages of the reform process in partner countries. Instead, survey participants on average perceived the advice and assistance provided by GIZ to be particularly valuable at various stages (e.g., when reform priorities are being established, when policy advice is provided, and when reforms are being implemented), in comparison to the other two German development actors.

Second, German development actors in general (with some positive exceptions for GIZ, and negative ones for embassies) do not perform significantly better or worse than the average DAC bilateral development partner. Comparison with other bilateral and multilateral development partners reveals that the same finding holds true for other large bilateral development partners, such as DFID or USAID, which do not perform significantly better or worse than the DAC average (except for France's AFD, which seems to perform less well in comparison to other major DAC bilateral donors). By contrast, survey participants rated large, multilateral organizations and small and yet highly specialized development partners (such as vertical funds) relatively high across the three different indicators of donor performance: policy advice usefulness, agenda-setting influence, and helpfulness during reform implementation. Among the top-rated bilateral development partners are those that are relatively small in size and yet have a clear geographical or developmental focus, including some of the major Nordic donor agencies like the Danish International Development Agency (DANIDA).

In addition, we find: **Germany – like other large, DAC bilateral donors – punches below its financial weight in the sense that it has less influence on the reform priorities of its partner countries than one would expect, given the size of its annual aid budget.** Specifically, we find that a development partner's financial weight is a key factor that determines the degree to which it can exert influence at the agenda-setting stage of a partner country's reform process; however, there is significant variation in the degree to which development partners efficiently convert their money into policy influence. Using the same methodology used in AidData's *Listening to Leaders* report (Custer *et al.* 2015) but a different sample that is specific to this study, we calculate a *Value for Money* index that measures which development partners punch above or below

¹ While acknowledging their very different institutional status and mandates respectively, in the interest of readability we refer to German embassies, GIZ and KfW Entwicklungsbank collectively as (official) German development actors throughout this report.

their financial weight. We find that large multilateral donors, such as the World Bank and EU, exert greater-than-expected agenda-setting influence, while the five largest bilateral donors (the US, UK, Germany, Japan, and France) all punch below their financial weight.

Germany has a comparative strength in the environmental sector. Survey participants, on average, report that reform advice and assistance from official German development actors is particularly useful in the environmental sector. Across various measures, Germany outperforms the average DAC bilateral donor in this policy area. However, the opposite is true in the area of governance; despite a strong rhetorical emphasis on good governance promotion, we find that Germany has comparatively less influence on the governance reform priorities of its counterpart countries.

Germany is regarded as a particularly influential and high-performing development partner in Europe and Central Asia and Middle East and North Africa. Survey participants from these two regions viewed official German development actors as more effective in providing useful reform advice and assistance, whereas participants from Latin America and the Caribbean viewed the performance of official German development actors less favourably than other DAC bilateral donors.

In countries where Germany is a relatively large donor, German development actors tend to enjoy more influence with host government authorities. The relative weight of German aid – as a percentage of a given partner country’s overall aid budget from DAC donors – positively correlates with the reported influence of official German development actors at the agenda-setting stage of the policymaking process in partner countries. This finding suggests that there is wisdom in recent calls for increased country specialization and selectivity in Germany’s aid program.

A distinct, but related, pattern is that Germany exerts greater development policy influence in less competitive environments. Specifically, Germany has greater agenda-setting influence in partner countries where aid is less fragmented – that is, in countries where fewer development actors are

vying for influence with the host government. Germany, in effect, reaps a policy influence dividend when it chooses to focus its efforts in partner countries where the “aid market” is not highly competitive.

German aid buys more policy influence in autocratic countries and less influence in democratic countries. Specifically, we find that as the German share of a partner country’s total aid portfolio increases, so too does Germany’s agenda-setting influence. This effect is higher in more autocratic countries and lower in more democratic countries. The fact that Germany wields greater influence in a cohort of countries (less democratic countries) that it generally disfavours at the partner selection stage of its aid allocation process demands greater discussion, debate, and organizational introspection.

Broad-based domestic support for reform in partner countries amplifies Germany’s development policy influence. Survey participants reported that Germany exerts greater influence on host government reform priorities when there is strong support from diverse group of domestic stakeholders (e.g., the head of state, the legislature, the judiciary, and civil society groups). Conversely, when the domestic coalition of actors in support of reform is less robust, Germany tends to enjoy lower levels of development policy influence. These findings raise the question of whether and how German development institutions and agencies can do a better job of identifying and focusing advisory and assistance efforts in the settings where they are likely to enjoy a policy influence dividend rather than face a policy influence penalty.

Interpretation of Results and Opportunities for Further Research

How should these findings be interpreted in light of the nature of the *2014 Reform Efforts Survey* and ongoing debates about the characteristics of Germany’s development cooperation system? There are several limitations imposed by this particular type of data and analysis. For one, it is important to keep in mind that the survey is focused on the performance of external development partners as it relates to the usefulness of policy advice that they provide, the influence that they exert on partner country priorities, and their helpfulness during the implementation of reforms. This study does not consider the

full range of international development cooperation activities supported by German and non-German aid agencies. One must also bear in mind that the time period covered by the survey (2004 – 2013) for the most part precedes the institutional reorganization and reform of German development cooperation initiated in 2011. Therefore, no strong conclusions about the effects of these recent changes to the Germany's development cooperation system should be drawn from the present analysis. A follow-up study would be necessary to better understand how recent changes have influenced, and potentially improved, interactions between German development actors and their counterparts in partner countries.

Also, even though the *2014 Reform Efforts Survey* is based on experience-based perceptions from actors in partner countries, this evidence should not be equated with actual effectiveness of German development cooperation. It represents one – important – perspective on this issue.

All these limitations notwithstanding, the evidence produced by *2014 Reform Efforts Survey* sheds new light on the questions put forward in this report by examining Germany's comparative advantages and disadvantages, as experienced and perceived by its partner country counterparts. This unique, "bottom-up" perspective represents an important source of evidence that, at the very least, merits careful attention from policymakers, implementing agencies, and development experts and practitioners.

The survey did not attempt to account for all of the particular attributes of Germany's development cooperation. Nor did it attempt to capture all of the different objectives and potential impacts of German development cooperation activities. However, it did pose a consistent set of questions about the quality of Germany's engagement in and support for the reform efforts of partner countries. These survey questions were posed to participants in virtually every low-income and lower-middle income country in the world. These survey questions also produced consistent and comparable data for nearly 100 other bilateral and multilateral partners. As such, the scope of this survey provides an empirical foundation for drawing conclusions about Germany's perceived comparative strengths and weaknesses.

In this regard, the high level of "visibility" that German development cooperation enjoys vis-à-vis its peers is remarkable: nearly 27% of the participants in our sample (1,200 of the 4,455 survey participants whom we investigated in this study) report to have personally interacted with at least one of the three German development actors (GIZ, KfW, German embassies). GIZ's above-average performance in providing policy advice for reforms is a positive and encouraging result given the importance this implementing agency ascribes to supporting partner country reform processes with policy advice. The same can be said of GIZ's above-average performance in the *environment* policy arena, as this reflects the growing importance of this core competency in German development cooperation cultivated over the course of the last two decades.

At the same time, the overall results about the perceived value of German development cooperation are sobering. From the perspective of Germany's partner country counterparts, the respective roles and responsibilities German embassies, GIZ, KfW are rather unclear, particularly with regard to the differentiation between more political agenda-setting activities and more technical implementation activities. The perceived absence of a division of labour between German development actors deserves careful attention. Given that the current structure of the German development cooperation system is justified on the basis of the need for a clear division of labour, this finding calls for more in-depth research on the advantages and disadvantages of the existing division of roles and responsibilities within the German aid system. Also, in light of the growing emphasis placed on the "partner orientation" of German development cooperation, there is a strong case for future empirical inquiry to evaluate whether and to what degree internal changes within the German development cooperation system have increased Germany's performance and policy influence from the perspective of partner country counterparts.

The results of this study are also sobering in that Germany is generally regarded as a middling performer in comparison to its peers. Specifically, in comparison to other DAC bilateral donors, German implementing agencies are perceived to be average performers in terms of the quality of the support that they provide for reform implementation activities

across all sectors, including governance and (except for GIZ) environment. This finding is particularly striking in light of the exceptionally strong field presence of German development cooperation in partner countries. Future analysis might therefore investigate whether the unique features of German development cooperation – such as its multi-level approach or specific financial cooperation modalities – actually represent comparative advantages in the competitive international development marketplace where donors increasingly offer a wide variety of ideas, instruments, and approaches.

In this respect, it would be worthwhile to examine whether, when, and how the diversification of German development cooperation activities across countries and sectors might affect its performance and competitiveness vis-à-vis development partner peers. AidData's *Listening to Leaders* report suggests that when aid agencies spread themselves too thinly across many countries and sectors they run the risk of becoming a jack-of-all trades and a master of none. If one accepts this proposition that specialization matters, it raises

the question of whether German development partners might be able to increase their (perceived) level of effectiveness by increasing the geographical and sectoral concentration of their advisory and implementation activities. Future rounds of AidData's survey of in-country development policymakers and practitioners will – to some extent – enable such analysis. At the same time, leveraging this survey vehicle to generate more qualitative information could help to provide more evidence on underlying causal mechanisms.

Finally, the finding that multilateral organizations seem to have a clear comparative advantage vis-à-vis bilateral development partners when it comes to influencing policy decisions in partner countries touches upon the important question of whether Germany's values and policy goals are more effectively promoted by channelling assistance through bilateral or multilateral agencies. This suggests it might be worthwhile to also examine the effectiveness of Germany's engagement in multilateral organizations such as the World Bank and the EU.

ZUSAMMENFASSUNG

Kontext

Will Entwicklungszusammenarbeit nicht nur kurzfristige, sondern auch strukturelle Wirkungen entfalten, so muss sie deutliche Bezüge zu den Politik- und Reformprozessen in den Empfängerländern herstellen; sei es indem sie bei deren Gestaltung mitwirkt, diese politikberatend begleitet oder aber bei deren Implementierung einen Beitrag leistet.

Eine wichtige Erkenntnis mit Blick auf die externe Unterstützung von Reformprozessen in Partnerländern besteht nach über sechs Jahrzehnten internationaler Entwicklungszusammenarbeit darin, dass dabei dem „Ownership-Prinzip“ eine zentrale Bedeutung zukommt. Der Kern des Ownership-Prinzips besteht darin, dass eine effektive Entwicklungszusammenarbeit sich stark an den Interessen der für Entwicklungszuträgliche Reformen relevanten Akteure in Partnerländern aus Regierung, Verwaltung, Parlament und Zivilgesellschaft auszurichten habe. Das Ownership-Prinzip geht dabei davon aus, dass diese Akteure letztlich die Bedürfnisse und Herausforderungen der Gesellschaften besser einschätzen können als externe Akteure und auch über die Legitimation für Reformprozesse verfügt.

Fehlt es an Ownership der Partner, so äußert sich dies häufig in mangelndem Reformwillen und Reformabbrüchen oder -umkehr. Respektieren Geber hingegen das Ownership-Prinzip nicht und binden ihre Unterstützung beispielsweise an allzu strenge oder zahlreiche Konditionen, laufen sie Gefahr, politische Prozesse in den Partnerländern zu unterlaufen, die jedoch erforderlich sind, um eine breite Unterstützung verschiedener Interessengruppen für die angestrebten Reformen herzustellen.

Eine weitere wichtige Erkenntnis besteht darin, dass erfolgreiche externe Unterstützung für Reformen in Niedrig- und Mitteleinkommensländern einer starken Koordination und effizienter Arbeitsteilung in Übereinstimmung mit den Prioritäten der Partner bedarf. Diese Koordination erfordert zum einen hinreichende institutionelle Kapazitäten der Partner, zum anderen aber ein fundiertes Verständnis der komparativen Stärken und Schwächen der jeweiligen Entwicklungspartner.

Diese zentralen Erkenntnisse mit Blick auf Reformbetonung, das Ownership-Prinzip und Geberkoordination in der

Entwicklungszusammenarbeit haben nicht nur die gerade zu Ende gehen MDG-Phase geprägt, sondern diese werden vermutlich eine noch eine größere Rolle in dem anlaufenden SDG-Prozess spielen.

Wissenslücke

Vor diesem Hintergrund ist es erstaunlich, dass kaum systematische Evidenz darüber vorliegt, welche Erfahrungen die Handelnden aus Staat und Gesellschaft in Entwicklungsländern eigentlich mit der Beteiligung von bi- und multilateralen Akteuren der Entwicklungszusammenarbeit bei der Reformgestaltung, Politikberatung und Reformimplementierung machen.

Wie nehmen Politik, Verwaltung und Zivilgesellschaft in Entwicklungsländern die Reformbeiträge einzelner Geber wahr? Welche Erfahrungen haben sie mit unterschiedlichen Gebern bei Agenda-Setting, Politikberatung und Reformimplementierung und welche Stärken und Schwächen schreiben sie diesen aufgrund Ihrer Erfahrungen mit Blick auf unterschiedliche Politikfelder zu, die Gegenstand von Reformen waren? Fasst man die möglichen Impulse von externen Akteuren zudem auch als einen kreativen Wettbewerb um Ideen und Konzepte bzw. deren Implementierung auf, dann ist der skizzierte Mangel an systematischer, politikfeld- und länderübergreifender Evidenz umso verwunderlicher.

Aus Perspektive der deutschen Entwicklungszusammenarbeit (EZ) sind diese offenen Fragen besonders interessant. Einerseits hat Deutschland seine Rolle als wichtiger Akteur in der internationalen EZ zuletzt mehrfach bekräftigt und durch teils erheblichen Ressourcenaufwuchs untermauert. Gleichzeitig sieht sich das deutsche EZ-System fortgesetzter Kritik an seiner hohen Komplexität ausgesetzt, aufgrund derer die Partnerorientierung der deutschen EZ gegebenenfalls leiden könnte. Die öffentliche Debatte um die spezifischen Stärken und Schwächen des institutionellen Aufbaus des deutschen EZ-Systems hält auch deshalb an, weil keine allgemein anerkannten Methoden existieren, mit denen die Wirksamkeit deutscher EZ abschließend zu beurteilen wäre. Gleichermaßen existiert auf globaler Ebene keine überzeugende empirische Evidenz dazu, ob, wann, wie oder warum die deutsche EZ in der Lage war, Reformatanstrengungen in Partnerländern zu

beeinflussen. Insbesondere liegen kaum gesicherte Erkenntnisse darüber vor, wie Entscheidungsträger in Niedrig- und Mitteleinkommensländern, die Reformen initiieren und umsetzen sollen, die Leistungsfähigkeit deutscher EZ-Akteure bei der Gestaltung und Unterstützung ihrer Reformanstrengungen beurteilen.

Datenbasis & Fragestellungen des Berichts

In dem vorliegenden Bericht, einem Kooperationsprojekt zwischen AidData und DEval, wird versucht auf diese Fragen erste Antworten zu geben und dabei speziell die Rolle zentraler Akteure aus der staatlichen Entwicklungszusammenarbeit Deutschlands zu untersuchen. Dabei greift der Bericht auf die Daten einer weltweit angelegten Umfrage von AidData zurück - dem 2014 Reform Efforts Survey. Befragt wurden Akteure aus Staat und Gesellschaft in über 120 Entwicklungsländern hinsichtlich ihrer Erfahrungen mit Organisationen aus der bi- und multilateralen Entwicklungszusammenarbeit im Zeitraum zwischen 2004 und 2013. Für den vorliegenden Bericht wurden knapp 4500 Fragebögen von Personen des öffentlichen wie auch zivilgesellschaftlichen und privatwirtschaftlichen Sektors ausgewertet, wobei hiervon mehr als 1200 Befragte Einschätzungen zu der Zusammenarbeit mit den Deutschen Botschaften, der GIZ (GTZ) und KfW gegeben haben, die auf eigenen und konkreten Erfahrungen basierten. Entsprechend ermöglichte diese Datenbasis, folgende Fragestellungen aus Sicht der Partnererfahrungen zu analysieren:

- Als wie nützlich wurde die Politikberatung empfunden, die die genannten deutschen Akteure angeboten haben und hatten individuelle und länderspezifischen Faktoren einen Einfluss hierauf?
- Wie groß war der Einfluss, den die genannten deutschen Akteure gemäß den Erfahrungen der Akteure in Entwicklungsländern auf die Entscheidung in ihren Ländern ausübten, Reformen zu verfolgen (Agenda-Setting) und hatten individuelle und länderspezifischen Faktoren einen Einfluss das Antwortverhalten?
- Als wie hilfreich wurden die genannten deutschen Akteure aus Partnersicht bei der Umsetzung von Reformen in Partnerländern wahrgenommen und hatten individuelle und länderspezifische Faktoren einen Einfluss hierauf?

- Verfügten die genannten deutschen Akteure im Vergleich zu anderen Gebern über komparative Stärken (oder Schwächen) mit Blick auf ihre Beiträge beim Agenda-Setting, bei der Politikberatung und bei der Implementierungsunterstützung im Allgemeinen und mit Blick auf spezifische Sektoren (z.B. Umwelt, Governance, soziale Sektoren)?
- In welchen Ländern bzw. Weltregionen verfügten deutsche EZ-Akteure über spezifische Stärken (oder Schwächen) in Bezug auf die wahrgenommene Nützlichkeit ihrer Politikberatung, ihren Einfluss auf die Reformagenda, sowie auf die Unterstützung bei der Umsetzung von Reformen?

Ergebnisse

Die zentralen Ergebnisse der Untersuchung sind im Folgenden aufgeführt. Dabei lassen sich zwei Hauptmuster in den Ergebnissen identifizieren:

- Aggregiert man die Ergebnisse der Analyse, so zeigt sich zunächst einmal, dass sich aus der Wahrnehmung der Akteure in Entwicklungsländern keine eindeutige Rollenverteilung oder Arbeitsteilung zwischen den deutschen Botschaften und den beiden staatlichen Durchführungsorganisation GIZ (früher GTZ) und KfW in Bezug auf Politikberatung, Agenda-Setting und Umsetzungsunterstützung erkennen lässt. Vielmehr schätzen die Teilnehmerinnen und Teilnehmer der Befragung die Beratung und Unterstützung der GIZ in allen drei Bereichen (bei der Prioritätensetzung, bei der Bereitstellung von Politikberatung, bei der Reformumsetzung) als wertvoller im Vergleich zu den beiden anderen Akteuren ein.
- Zweitens werden deutsche EZ-Akteure (mit einigen positiven Ausnahmen für die GIZ und negativen für die deutschen Botschaften) von Befragten in den Partnerländern nicht signifikant besser oder schlechter eingeschätzt als der Durchschnitt der bilateralen OECD/DAC-Geber. Gleichermaßen gilt für andere große bilaterale Akteure wie DFID, USAid oder JICA; lediglich die französische AFD schnitt in allen drei Bereichen signifikant unterdurchschnittlich ab. Auffällig ist weiterhin, dass große multilaterale Organisationen und kleine hoch spezialisierte Geberorganisationen – wie etwa vertikale Fonds – von den Befragten in allen drei Kategorien (Nützlichkeit der Politikberatung, Einfluss auf

die Reformagenda, hilfreiche Unterstützung bei der Reformumsetzung) als vergleichsweise stark wahrgenommen werden. Unter den am höchsten bewerteten bilateralen Akteuren finden sich solche, deren EZ bei relativ kleinen Mittelvolumen geographisch oder sektorale vergleichsweise stark konzentriert ist, darunter einige der größeren skandinavischen Geber wie die dänische DANIDA.

Darüber hinaus zeigt sich:

- Deutschland – wie auch andere bilaterale DAC-Geber – übt in der Wahrnehmung von Entscheidungsträgern in seinen Partnerländern einen geringeren Einfluss auf Reformprioritäten in diesen Ländern aus, als das Mittelvolumen seiner EZ erwarten ließe. Die Analysen zeigen, dass der Einfluss auf das Agenda-Setting bei Reformen stark durch das Volumen der EZ beeinflusst wird, während sich ein solcher Zusammenhang mit Blick auf die Nützlichkeit von Politikberatung und Implementierungsunterstützung nicht zeigt. Gleichzeitig variiert der Zusammenhang zwischen Mittelvolumen und wahrgenommenem Politikeinfluss erheblich zwischen Gebern. Basierend auf der gleichen Methode, die auch in der AidData-Studie Listening to Leaders (Custer et al. 2015) Anwendung findet, wurde ein Value for Money Index berechnet, anhand dessen sich beurteilen lässt, inwiefern ein Geber Einfluss über oder unter seiner „finanziellen Gewichtsklasse“ ausübt. Gemessen an dem eingesetzten Mittelvolumen wird der deutsche Einfluss auf das Agenda-Setting bei Reformen (wie auch der Einfluss der übrigen vier größten bilateralen Geber USA, Vereinigtes Königreich, Japan und Frankreich) allerdings unterdurchschnittlich wahrgenommen, während der Einfluss der multilateralen Banken und der EU auch dann noch als überdurchschnittlich wahrgenommen wurde, wenn man deren finanzielles Gewicht berücksichtigt.
- Was sektorspezifische komparative Vorteile der deutschen Akteure in der erfahrungsbasierten Wahrnehmung der Akteure aus Partnerländern anbelangt, so wird erstens ein komparativer Vorteil der GIZ (GTZ) im Umweltsektor deutlich. Sowohl bei der Politikberatung wie auch beim Agenda-Setting und der Reformimplementierung liegt die deutsche Durchführungsorganisation über dem

Durchschnitt der bilateralen DAC-Geber. Für die KfW gilt Gleichtes für den Umweltsektor im Bereich des Agenda-Setting. Ebenfalls überdurchschnittlich schneidet die GIZ (GTZ) im Sektor Landwirtschaft im Bereich des Agenda-Setting ab. In anderen Sektoren wie etwa bei Governance bzw. Regierungsführung oder den sozialen Sektoren ist in der erfahrungsbasierten Wahrnehmung der Partner keine sektorspezifisch überdurchschnittliche Performanz der drei deutschen Akteure bei Politikberatung, Agenda-Setting oder Implementierungsunterstützung erkennbar.

- Deutschland wird besonders in Ländern der Regionen Europa und Zentralasien sowie Naher Osten und Nordafrika als einflussreicher und leistungsstarker Entwicklungspartner wahrgenommen. Befragte aus diesen Regionen bewerteten deutsche EZ-Akteure positiver in Hinblick auf ihre geleistete Politikberatung und Reformunterstützung. Befragte in Lateinamerika und der Karibik hingegen schätzten die Leistungsfähigkeit deutscher EZ-Akteure im Schnitt geringer ein als die anderer bilateraler DAC-Geber.
- Befragte aus Ländern, in denen das Volumen deutscher EZ einen relativ hohen Stellenwert im Vergleich zu anderen Gebern hatte, konstatierten einen stärkeren Einfluss auf die Reformagenda. Dieser Effekt ist ausgeprägter in autoritär regierten Ländern. Eine naheliegende Interpretation dieses Ergebnisses ist, dass in autoritären Regimen externe Akteure mit hohem finanziellen Gewicht – aufgrund geringer gesellschaftlicher Partizipation – einen höheren Einfluss auf die Reformagenda nehmen können. Die Nützlichkeit der Politikberatung und der Implementierungsunterstützung bleibt hiervon jedoch unberührt.
- Ebenso zeigt die Analyse, dass Deutschland größeren entwicklungspolitischen Einfluss ausübt in Ländern mit geringerem Geberwettbewerb. In Ländern mit geringerer Geberfragmentierung, in denen weniger Geber um Einfluss auf die Partnerregierung konkurrieren, wird Deutschland ein größerer Einfluss auf das Agenda-Setting attestiert.
- Unabhängig von der objektiven Charakterisierung eines Landes als mehr oder weniger demokatisch, vermerken Befragte, die eine breiten gesellschaftlichen Konsens für den von ihnen bearbeiteten Reformbereich in ihrem Land konstatieren, einen stärkeren Einfluss bzw. eine höhere Nützlichkeit deutscher Akteure. Dort, wo also eine breitere Ownership für eine bestimmte Reform vorhanden ist,

werden deutsche Aktivitäten bei der Politikberatung, beim Agenda-Setting und bei der Reformimplementierung als nützlicher bzw. relevanter wahrgenommen.

Interpretation der Ergebnisse

Wie sind die skizzierten Ergebnisse in ihrer Gesamtschau vor dem Hintergrund der Anlage des 2014 Reform-Efforts-Surveys und vor dem Hintergrund der Diskussion um die deutsche Entwicklungszusammenarbeit bzw. deren Strukturen und Ausrichtung zu interpretieren?

Die spezifische Datengrundlage der Studie bringt eine Reihe von Einschränkungen mit sich, die bei der Interpretation der Ergebnisse berücksichtigt werden müssen. Was die Anlage der Umfrage anbelangt ist anzumerken, dass deren Ausrichtung auf die Rolle externer Geber bei Gestaltung, Beratung und Implementierung von Reformen in Entwicklungsländern ausgerichtet ist und daher nicht alle Aktivitäten der Entwicklungszusammenarbeit umfasst. Zudem ist die Umfrage nicht auf alle organisatorischen Spezifika der deutschen Entwicklungszusammenarbeit ausgerichtet; die Umfrage umfasst bspw. nicht die Aktivitäten nicht-staatlicher Akteure wie der politischen Stiftungen oder kirchlicher Hilfsorganisationen. Zu beachten ist fernerhin, dass der Zeitraum der Untersuchung (2005-2013) im Wesentlichen vor der Reform des deutschen EZ Vorfeldes aus dem Jahre 2011 liegt, sodass aus den Ergebnissen dieser Analyse noch keine Schlüsse auf die Effekte dieser Reform gezogen werden können. Schließlich handelt es sich bei der Befragung um – wenn auch erfahrungsbasierte – Beurteilungen durch Akteure aus Partnerländern, die nur eine Perspektive auf die Wirksamkeit deutscher EZ darstellen, und die um themen- oder instrumentenspezifische Evaluierungen ergänzt werden sollten, um ein ganzheitliches Bild zu erhalten.

Gleichwohl birgt die Auswertung des Reform-Efforts-Survey große Vorteile. So wird die Bedeutung von Reformen und deren Begleitung durch Beratung und Implementierungsunterstützung von allen Akteuren der deutschen staatlichen EZ hervorgehoben, so dass eine Befragung über die Rolle deutscher Akteure beim Agenda-Setting von Reformen, bei der Politikberatung und der Implementierungsunterstützung wichtiges Orientierungswissen für politische Entscheidungsträger,

Durchführungsorganisationen und die breitere Fachöffentlichkeit liefert. Auch die global gehaltene Befragung, die nur begrenzt auf die organisatorischen Spezifika der deutschen EZ Bezug nimmt, kann als Vorteil gewertet werden. Denn nur durch die auf die Gesamtheit der Geber orientierte Befragung von wichtigen Partnern in Entwicklungs- und Schwellenländern wird es möglich, die Akteure der deutschen EZ in einen Gesamtkontext der internationalen EZ zu stellen und Aussagen über die erfahrungsbasierte Wahrnehmung von Stärken und Schwächen der deutschen EZ zu treffen.

Vor diesem Hintergrund spiegeln die Ergebnisse eine vergleichsweise hohe „Sichtbarkeit“ der deutschen EZ wider. Immerhin rund 1200 Befragte aus der Grundgesamtheit von 4455 haben bereits einmal mit einem der drei genannten deutschen Akteure zusammengearbeitet. Wenig überraschend ist hierbei, dass die Zusammenarbeit mit deutschen Akteuren überproportional in jenen Entwicklungs- und Schwellenländern stattgefunden hat, die den Status eines Partnerlandes der deutschen EZ hatten. Zu begrüßen ist das im Vergleich zu anderen bilateralen Gebern überdurchschnittliche Abschneiden der GIZ (GTZ) im Bereich der Politikberatung bei Reformen. Es entspricht der Bedeutung, die diese Durchführungsorganisation der reformbegleitenden Beratung beimisst. Gleicher gilt für das überdurchschnittliche Abschneiden der GIZ (GTZ) im Umweltsektor was das Agenda-Setting, die Politikberatung und die Implementierungsunterstützung anbelangt – ein Befund, der den Bedeutungszuwachs dieses Politikfeldes in der deutschen EZ während der vergangenen beiden Jahrzehnte reflektiert.

Gleichwohl sprechen die Befunde insgesamt eher für eine mittelmäßige Leistungsfähigkeit der deutschen EZ aus Sicht der Partner. So war aus deren Perspektive die Rollen- bzw. Arbeitsteilung zwischen den deutschen Akteuren (Botschaften, GIZ, KfW) insgesamt eher unklar, insbesondere was die Arbeitsteilung zwischen politischem Agenda-Setting und Implementierung anbelangt. Da dieser Aspekt der Arbeitsteilung ein wichtiger Rechtfertigungsgrund für die spezifische Aufstellung des deutschen EZ-Systems ist, geben die hier skizzierten Befunde Anlass für weitergehende Untersuchungen zur Arbeitsteilung zwischen politischer Steuerung und Implementierung im deutschen EZ-System. Gerade angesichts

der kontinuierlich steigenden Bedeutung von „Partnerschaftlichkeit“ in der deutschen und internationalen EZ bedarf es auch weiterer Untersuchungen, welche die Auswirkungen der jüngeren institutionellen und organisatorischen Reformen in der deutschen EZ auf deren Leistungsfähigkeit aus Partnersicht in den Blick nehmen.

Darüber hinaus zeigen die Ergebnisse, dass die deutschen Durchführungsorganisationen im Bereich der Implementierungsunterstützung von Reformen im bilateralen Vergleich lediglich als durchschnittlich wahrgenommen werden. Dieser Befund ist in allen betrachteten Sektoren anzutreffen, auch im Governance-Bereich und – mit Ausnahme der GIZ – im Umweltsektor. Die vor dem Hintergrund der ausgeprägten Präsenz deutscher Durchführungsorganisationen vor Ort insgesamt eher mittelmäßigen Ergebnisse hinsichtlich der wahrgenommenen komparativen Stärken im bilateralen Vergleich sollte daher Gegenstand weiterführender, stärker vergleichender Analysen sein. So könnte etwa untersucht werden, inwiefern bei potentiellen Alleinstellungsmerkmalen der deutschen EZ - wie dem Mehrebenen-Ansatz oder

speziellen FZ Modalitäten - im internationalen Wettbewerb um effektive Ideen, Instrumente und Ansätze tatsächlich noch ein Wettbewerbsvorteil besteht. Darüber hinaus könnte untersucht werden, inwiefern die ausgeprägte Diversifizierung der deutschen EZ mit Blick auf Länder und Sektoren eine Herausforderung für deren Wettbewerbsfähigkeit ist. So wird etwa bei der Analyse der AidData Umfrage deutlich, dass neben den großen multilateralen Organisationen wie Weltbank oder EU vor allem jene Geber als vergleichsweise stark wahrgenommen werden, die sektoral und/oder regional konzentriert sind. Entsprechend sollte untersucht werden, ob und wie deutsche EZ-Organisationen ihre Wirksamkeit durch stärker sektorale und/oder geographische Konzentration ihrer Beratungs- und Unterstützungsleistungen erhöhen können. Die Analyse künftiger Runden des Reform Efforts Surveys könnte in systematisch ausgewählten Ländern bzw. Sektoren ausgeweitet werden und zudem auch durch eine stärker qualitativer Befragung mit einem mehr an Tiefenschärfe versehen werden, die mehr Auskunft über die Ursachen der Befragungsergebnisse geben kann.

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ABBREVIATIONS AND ACRONYMS

AFD
Agence Française de
Développement

BMZ
German Federal Ministry for
Economic Cooperation and
Development

CPA
Country Programmable Aid

CSO
Civil Society Organization

DAC
Development Assistance
Committee

DANIDA
Danish International Development
Agency

DED
Deutscher Entwicklungsdienst

DP
Development Partner

DFID
Department for International
Development

EU
European Union

FH
Freedom House

GAVI
Global Alliance for Vaccines and
Immunization

GIZ
Deutsche Gesellschaft für
Internationale Zusammenarbeit

GTZ
Deutsche Gesellschaft für
Technische Zusammenarbeit

IMF
International Monetary Fund

InWEnt
Internationale Weiterbildung und
Entwicklung GmbH

KfW
Kreditanstalt für Wiederaufbau

MDGs
Millennium Development Goals

NGO
Non-governmental Organization

NORAD
Norwegian Agency for Develop-
ment Cooperation

ODA
Official Development Assistance

OECD
Organisation for Economic
Co-operation and Development

SDGs
Sustainable Development Goals

SIDA
Swedish International Develop-
ment Cooperation Agency

UN
United Nations

USAID
United States Agency for
International Development

1.

INTRODUCTION

1.1

The International Aid and Development Effectiveness Debate in 2015

The year 2015 marks a major milestone in international development cooperation. With the transition from the Millennium Development Goals (MDGs) to the post-2015 Sustainable Development Goals (SDGs) under the so-called “Agenda 2030”, the scope of the global development agenda is broadening far beyond the traditional focus on aid and poverty reduction; it now takes into account a wide range of socio-economic, political, and ecological targets in poor and rich countries that fall within a sustainable global development framework.

Yet the lessons learned over the last six decades of development aid will likely be critical during the post-2015 SDG era (Custer *et al.* 2015). One key lesson is that if international development cooperation is not only about delivering near-term results, but also about enabling long-term structural transformations, it must engage and support country-owned reform processes. That is to say, partner countries should lead the design and implementation of reform efforts and external development partners should align their advice and assistance accordingly. When partner countries do not “own” reforms, they often renege or backtrack soon after aid is disbursed (World Bank 1998; Collier 1999). Furthermore, when external development partners engage in heavy-handed conditionality practices, they often pick the wrong conditions, demand too many conditions, or set arbitrary deadlines that short-circuit the domestic political processes needed to secure the buy-in of various parties with disparate interests (Boughton & Mourmouras 2004; IEO 2007; Koeberle *et al.* 2005; Smets & Knack 2015).

This principle of ownership is based on the assumption that partner countries – including the executive branch, the parliament, the judiciary and the civil society actors who are responsible for formulating and implementing development policies and programs – ultimately understand the needs and challenges of their societies better than external actors and can more

legitimately and effectively initiate, implement, and institutionalize reforms. The ownership principle also implies an obligation for partner countries to strictly orient the formulation and implementation of reforms towards the common welfare of their societies (Faust 2010).

A second key lesson is that external support for domestic reforms in low-income and middle-income countries is rarely effective in the absence of strong coordination and an efficient division of labor between external development partners that supports partner country priorities (Pop-Eleches 2009; Hernandez 2016; Bourguignon & Platteau 2015). Such coordination not only requires adequate institutional capacities on the recipient side, but also a substantially improved understanding of the comparative strengths and weaknesses of specific development partners. Therefore, many traditional donors will need to adapt – from mere providers of financial resources to actors that understand and hone their areas of expertise and help effectuate policy and institutional change in their respective areas of comparative advantage (Custer *et al.* 2015). Development partners who wish to maintain a competitive edge in the post-2015 era need the “capacity to broker partnerships, understand how to support and promote enabling environments for private sector-led growth, tackle market failures, and bring knowledge of emerging approaches around the world to policy areas ranging from social protection to green growth and climate resilience.” (House of Commons 2015, p. 42).

At the same time, as developing countries become less dependent on aid while aid fragmentation remains high, development partners will increasingly need to vie “for influence over the policies of the recipient government” (Acharya *et al.* 2006, p. 7; Anderson 2012; Kimura *et al.* 2012; Frot & Santos 2010; Knack & Rahman 2007; Janus *et al.* 2014). As such, the international donors who wish to remain relevant, influential, and competitive in the post-2015 era will most likely be those who are perceived as capable of providing useful policy advice, shaping reform priorities, and facilitating the implementation and institutionalization of reforms.

1.2

Are German Development Actors Ready to Compete in the Post-2015 Era?

At this critical point in the transformation of the global development agenda, Germany has reaffirmed its role as a key player. Germany's official development assistance (ODA) is at an all-time high – at USD 16.25 billion (2014), equivalent to 0.41% of its gross national income (GNI). This represents a 14.2% increase over 2013. Germany is the 3rd largest bilateral DAC donor in terms of volume and the 10th in terms of its ODA as a percentage of GNI². The government's budget proposal for 2016 envisages an increase in the budget of the German Federal Ministry for Economic Cooperation and Development (BMZ), which accounts for some 50-60% of German ODA, by some € 860 million, making it the highest development aid budget in the history of the Federal Republic at €7.4 billion (BMZ 2015a). Moreover, Germany is continuously seeking innovation in both policy and implementation as a way of responding appropriately to changes in the global development landscape (OECD-DAC 2015, p. 57).

At the same time, Germany faces continued criticism for operating an overly complex aid system that risks undermining the partner orientation of its development cooperation. The 2005 DAC peer review, for instance, identified several critical weaknesses with regard to the organizational set-up of the German development co-operation system, stating that "Germany's fragmented institutional system means that (i) it is confusing to its partners; (ii) it is time consuming for BMZ to co-ordinate Germany's various agencies (perhaps more so than coordinating other donors and partner governments); (iii) it runs the risk of being supply-driven and of limited contestability; and (iv) it is weighted far too heavily towards the implementing agencies at the expense of BMZ capacity, undermining the latter's ability to oversee the system" (OECD-DAC 2010, p. 61-2). In addition, Germany's aid has drawn criticism for being too widely spread across countries and sectors.

Despite important reforms in recent years (see Box 1 below), the latest DAC Peer Review of 2015 (OECD-DAC 2015) repeats this criticism. German policymakers commonly justify this complex configuration of the German aid system on the basis that its strong implementation capacity allows it to use

bilateral development cooperation as an instrument to promote values such as good governance, social cohesion, and ecological sustainability abroad. Indeed, a 2007 study undertaken by the German Development Institute noted that Germany's then-largest aid agency (GTZ) "claim[ed] to have a competitive advantage vis-à-vis other donors" in knowing how best to influence reform processes and outcomes in developing countries (Altenburg 2007, p. 3).

However, existing debate about where German development actors possess such particular expertise—and exert significant influence on the reform activities of partner countries—rests upon a remarkably fragile empirical foundation. The case study literature has produced some valuable insights, but it has not yielded a generalizable body of knowledge about the conditions under which German development co-operation has upstream influence on agenda-setting and reform design processes and downstream impact on reform implementation outcomes. There are also several large-sample empirical studies of German aid effectiveness, but they rely mostly on aggregate measures of development outcomes at the country level (e.g., economic growth or governance) and they shed very little light on the question of whether, when, how, and why German development actors affect the reform priorities, reform design features, and reform implementation efforts of counterpart countries (Minoiu & Reddy 2010; Stone 2010; Kersting & Kilby 2014).³ Existing research also offers little to no insight about the comparative strengths of German development partners.

In short, neither the small-sample qualitative literature nor the large-sample quantitative literature has produced a credible body of evidence that speaks to the issue of whether, when, how, and why German development cooperation has influenced reform efforts in the developing world. Nor do existing studies reveal much about the policy influence and performance of German development partners from the perspective of the decision-makers in low-income and middle-income countries who they seek to influence and assist. The purpose of this study is to address this knowledge gap. Answering this question is particularly relevant to official German development actors, as they see their technical and financial support as an important instrument to help improve the regulatory environments and institutions of their partner countries (BMZ 2013, p. 16; BMZ 2011).

Box 1: Reforming Germany's Aid System

In recent years Germany has made significant efforts to improve the efficiency and effectiveness of its development operations abroad and has also made further efforts at concentrating its bilateral development cooperation. Following the 2005 OECD-DAC Peer Review, Germany narrowed down the sectoral focus of its bilateral development cooperation to 11 priority areas (OECD-DAC 2010, p. 13) and in 2011-12 reduced to 50 (down from 92 in 2005) the number of partner countries that benefit from a full program of bilateral cooperation with up to three priority sectors per country (OECD-DAC 2015, p. 46). In addition, Germany also engages in a further 29 countries under thematic or regional programs and only one priority area per country (*Ibid.*, p. 50, BMZ 2015b, p. 60).

On the implementation side, reform efforts culminated with the 2011 establishment of Gesellschaft für Internationale Zusammenarbeit (GIZ), formed by the merger of three major German technical co-operation agencies—Gesellschaft für Technische Zusammenarbeit (GTZ), Deutscher Entwicklungsdienst (DED), and Internationale Weiterbildung und Entwicklung GmbH (InWEnt).

Despite these recent reforms, however, key features of the German aid system remain unchanged (OECD-DAC 2015, p. 53). Germany continues to be one of the few countries with a dedicated development ministry (BMZ) represented at the cabinet level, which delegates implementation of its aid budget (financial and technical cooperation have separate budgets) predominantly to two powerful, government-owned – yet institutionally independent – agencies: GIZ (for technical cooperation) and KfW Entwicklungsbank⁴ (for financial cooperation).

In terms of staff size, GIZ is the largest German official development institution; it employs approximately 17,000 staff employees (as of 2012), and the vast majority of these staff are based in the field as national personnel providing

technical assistance to Germany's partner countries (GIZ 2012). Its operational reach is global and cuts across virtually all sectors, including economic development, infrastructure, health, agriculture, education, environment, governance, and peace building. Though the same is true of KfW's operational reach and sectoral focus, it is much smaller in terms of staff size. In 2009, KfW (including its private sector arm DEG) employed only 818 staff at headquarters and 78 field staff, who were supported by 250 local staff (OECD-DAC 2010, p. 66).⁵

While the implementing agencies—GIZ and KfW (albeit to a much lesser extent)—thus have a strong presence in the countries where they operate, the BMZ is not represented directly with its own offices in partner countries, as is the case with other donors with corresponding ministries or departments (e.g., the U.K.'s Department for International Development). Instead, the BMZ is represented through Germany's network of overseas embassies, where staff seconded from BMZ assume development cooperation-related responsibilities, which according to the formal setup include:

- Analysing the conditions and options for effective development cooperation in the host country, including continual review of existing projects and programs;
- Reporting to the German Government on the political, economic and social situation in the developing countries;
- Coordinating German development cooperation and German implementing organizations (e.g., GIZ, KfW) in the host country;
- Explaining the German Government's policy and dialogue on sustainable development to the various social strata and groups in the host country (e.g. ministers, NGOs); and
- Helping to coordinate German aid activities with other bilateral and multilateral donors.⁶

As part of the recent reform process, the embassies

⁴ See the following link: http://www.bmz.de/de/ministerium/zahlen_fakten/geber/index.html

⁵ See De & Becker 2015, BenYishay et al. 2015, Metzger & Günther 2013, and Hemmer & Lorenz 2003. All of these studies seek to measure the impact of a discrete German aid program or a portfolio of German aid investments.

⁶ Hereafter, KfW refers to KfW Entwicklungsbank.

⁷ Budget allocations to financial and technical cooperation from the BMZ's budget are, in turn, of roughly similar volume.

⁸ See the following link: http://www.auswaertiges-amt.de/EN/Aussenpolitik/GlobaleFragen/Entwicklung/BilatEZ-Start_node.html

were in addition formally tasked with leading the sector policy dialogue with partners, thereby clarifying their role and mandate in relation to the two main implementing agencies.

Over the past five years BMZ has also substantially strengthened its field presence in partner countries by seconding some 46 additional staff members to embassies in partner countries, an increase by almost 80% (OECD-DAC 2015, p. 54). However, all BMZ staff working at the embassies formally become part of the foreign service, and report officially to the Foreign Office, rather than

BMZ. While this system presumably fosters consistency in Germany's overall approach to partner countries, the 2015 OECD-DAC Peer Review finds that the existent structure tends to complicate the information and feedback loop between BMZ and the implementing agencies at headquarters and in the field (*Ibid.*, p. 56).

It is important to bear in mind that the time period covered by this study (2004 – 2013) for the most part precedes these important institutional reorganizations and reforms of German development cooperation.

1.3 Empirical Questions

In this report, we empirically evaluate the roles that official German development actors⁷ play at different stages of the policymaking process in the developing world. Drawing upon the *2014 Reform Efforts Survey*, we analyse the perceived influence and performance of GIZ, KfW, and German embassies as observed, experienced, and reported by over a thousand governmental and non-governmental counterparts across over 110 low- and middle-income countries and territories.

Specifically, in this study we seek to answer the following empirical questions *from a partner country's perspective*:

- How useful is policy advice provided by German development actors?
- How much influence do official German development actors have on the decisions that partner governments take to pursue reform?
- How helpful are official German development actors in the implementation of reforms?
- In which policy areas and geographical regions do German development actors have particular strengths (or weaknesses) in terms of usefulness of policy advice, agenda-setting influence, and helpfulness in reform implementation?
- What are the comparative strengths (and weaknesses) of official German development actors relative to other

bilateral and multilateral development partners in terms of usefulness of policy advice, agenda-setting influence, and helpfulness in reform implementation?

In addition, we ask which factors determine:

- the frequency at which policy advice provided by official German development actors is regarded as useful by in-country stakeholders;
- the extent to which official German development actors are perceived to influence the host government's decision to pursue reform agendas; and
- the extent to which the involvement of official German development actors in partner governments' reform implementation is regarded as helpful.

It is important to note that the *2014 Reform Efforts Survey* covers a period (2004-2013), which mostly pre-dates the major organizational changes that have recently taken place within Germany's development cooperation system and that are described in Box 1. Although these changes did not fundamentally alter the overall organizational set-up of the German development cooperation system, it is possible that these reforms have influenced partner perceptions of the performance German development actors. Future waves of the survey will provide greater insight into how recent changes within the German aid system may have influenced the way that domestic stakeholders in partner countries (e.g., government officials, non-governmental organization or civil

⁷ Note that, while acknowledging the very different institutional status and mandates of German embassies, GIZ and KfW, for the sake of readability, we refer to all three organizations as "German development actors" throughout this report.

society leaders) interact with and evaluate the performance of individual German development actors.

1.4

Report Structure

This report is organized in the following manner. First, in Section 2 we provide a detailed description of the *2014 Reform Efforts Survey* and the geographical and sectoral composition of the survey participants in our sample. Second, in Section 3 we provide a descriptive analysis of survey participants'

perspectives on the relative performance of official German development actors in shaping reform processes across different sectors and regions. We evaluate three different dimensions of Germany's performance: the usefulness of its policy advice, its influence at the agenda-setting stage, and its helpfulness during reform implementation. Third, in Section 4 we employ an econometric approach to identify the factors that influence how development policymakers and practitioners evaluate Germany's performance. Section 5 concludes by identifying the policy implications that follow from the major findings of the report.

2.

METHODOLOGY

The 2014 *Reform Efforts Survey* is the primary source of data for this study. The survey was conducted by a team of researchers from the College of William & Mary in the summer of 2014 and involved the careful construction of a sampling frame of “individuals... knowledgeable about the formulation and implementation of government policies and programs in low- and lower-middle income countries at any point between 2004 and 2013” (Parks *et al.* 2015, p. 5). The research team constructed a sampling frame of approximately 55,000 senior policymakers and practitioners across five stakeholder groups: host government officials, development partner staff, civil society and non-governmental organization (CSO and NGO) leaders, private sector representatives, and independent experts. The sampling frame includes individuals from 126 low- and middle-income countries and semi-autonomous territories who qualified for inclusion in the survey.⁸

2.1

Population of Interest and Sampling Frame

The research team that designed the survey adopted an explicit set of inclusion criteria for the sampling frame based on a well-defined population of interest, while at the same time accounting for the fact that every governmental and non-governmental organization consists of a unique set of institutions and leadership positions. By identifying “functional equivalents” at the institution-level and the leadership position-level, the research team was able to define a population of interest and create a sampling frame that allows for comparison across countries and policy areas. The specific inclusion criteria and procedures employed to develop this sampling frame are described in detail in Parks *et al.* (2015).

Of the 54,990 individuals originally included in the sampling frame, the research team successfully sent a survey invitation

to the email inbox of more than 44,000 survey recipients. 6,731 of the individuals who received an invitation to participate in the survey actually participated. The individual-level survey response rate was 15.3%. It is important to note that the survey was not designed to maximize the individual-level survey response rate. Rather, it was designed to maximize the coverage of responses across “country-policy domain pairs.”⁹ The coverage rate across all possible country-policy domain pairs was high: out of a possible 3,024 country-policy domain pairs, the coverage rate is 59.9%.¹⁰

Parks *et al.* (2015) provide evidence that the 2014 *Reform Efforts Survey* participant sample is broadly representative of the population of interest on four key dimensions: sex, country, stakeholder group, and institution type. Unlike most surveys of decision-making elites in developing countries, which usually fail to clearly define populations of interest and collect demographic information about participants and non-participants in their sampling frames, the 2014 *Reform Efforts Survey* rests upon a well-defined sampling frame that enables researchers to analyse sample and subsample representativeness.¹¹

2.2

Assessing Germany’s Performance as a Development Partner

This section describes how the 2014 *Reform Efforts Survey* data was used to analyse the policy influence and performance as of German development partners. Given that we are particularly interested in evaluating the perceptions of *domestic* decision-makers and stakeholders who worked directly with official German development actors in low- and middle-income countries, we exclude development partner officials and independent country experts from our analysis. After excluding these groups, we are left with a sample of 4,455 participants.

⁸ Countries are grouped according to World Bank income group designations over the period 2004-2013. For each country, we rely on the modal income group designation over the ten-year period. While we restrict the sample to countries that were in the low- and lower-middle-income brackets around the beginning of the ten-year period, many of these countries transitioned from one income bracket to another during this period of time.

⁹ In the survey, participants were asked to select their primary area of specialization from the following 24 different policy domains: 1) macroeconomic management; 2) finance, credit, and banking; 3) trade; 4) business regulatory environment; 5) investment; 6) health; 7) education; 8) family and gender; 9) social protection and welfare; 10) labor; 11) environmental protection; 12) agriculture and rural development; 13) energy and mining; 14) land; 15) infrastructure; 16) decentralization; 17) anti-corruption and transparency; 18) democracy; 19) public administration; 20) justice and security; 21) tax; 22) customs; 23) public expenditure management; and 24) foreign policy. If participants did not have any particular focus, they could proceed without picking any particular area of specialization.

¹⁰ See Parks *et al.* (2015) for more discussion on the unit-response rate across different country-policy pairs and potential non-response bias.

¹¹ Most researchers who conduct elite survey research in the developing world resort to some form of convenience sampling—that is, they selectively choose a participant sample based upon their ease of access. This practice has made the scientific community appropriately sceptical of most elite survey research since it is usually not possible to examine the representativeness of the samples that are drawn. In this regard, the methods employed in Parks *et al.* (2015) represent a significant methodological improvement.

2.2.1

Survey-Based Indicators of Germany's Performance

We use three different survey-based indicators to measure the perceived performance of official German development actors in affecting the reform process in low- and middle-income countries. These indicators include:

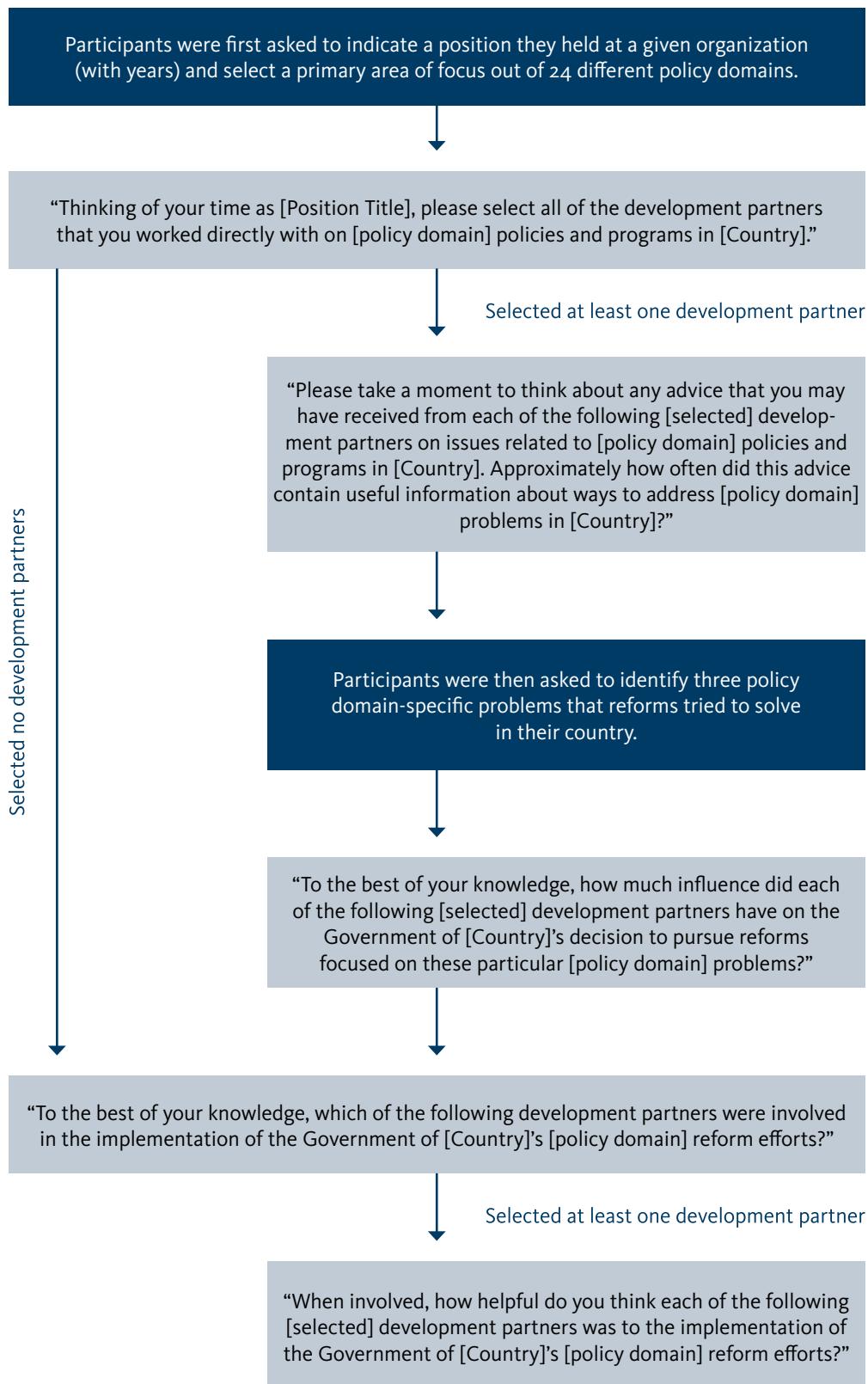
- The usefulness of German policy advice provided to in-country policymakers and practitioners;
- The influence of German development cooperation on a partner government's decision to pursue reforms; and
- The helpfulness of German development cooperation during a partner government's reform implementation efforts.

The 2014 *Reform Efforts Survey* was structured in a way that sheds light on the role of development partners at different phases of reform process, from agenda setting to reform implementation.¹² Figure 1 graphically depicts the structure of the survey. Each survey participant was first asked to identify their areas of policy specialization and then select all development partners with whom they had worked directly at any point between 2004 and 2013. Survey participants were then asked to evaluate the degree to which those development partners provided useful policy advice and influenced the government's decision to pursue specific reforms within their primary areas of policy specialization. Furthermore, each participant was asked to (a) identify the development partners involved in the implementation of specific partner government reform efforts, and (b) evaluate the extent to which each development partner was helpful in supporting those reform implementation efforts.¹³

¹² The population of interest in the survey consisted of in-country stakeholders who "are knowledgeable about the formulation and implementation of government policies and programs in low- and middle-income countries at any point between 2004 and 2013" (Parks et al. 2015, p. 5). The sampling frame that supported the implementation of the 2014 Reform Efforts Survey is based upon a transparent and explicit set of inclusion criteria, which makes it possible to evaluate the representativeness of samples and subsamples vis-à-vis the sampling frame. However, given that it is practically impossible to identify the entire population of development policymakers and practitioners, there is some uncertainty about the representativeness of the sampling frame itself. See Parks et al. (2015) for further discussion of the issues associated with having an unobservable target population.

¹³ While not provided with a specific definition of „reforms“, each survey participant was asked to evaluate the performance of individual development partners in assisting government efforts to solve specific, self-identified problems related to his or her particular area of policy expertise. For the purposes of our data analysis, we define reforms as these government efforts to solve specific policy problems.

Figure 1: The Structure of the 2014 Reform Efforts Survey



2.2.2

Sampling Frame and the Sample of Survey Participants

Our evaluation of the performance of official German development actors is thus based on the subsamples of survey participants who interacted with these organizations directly or indicated their involvement in reform implementation. In the *2014 Reform Efforts Survey*, 1,227 survey participants (28% of the 4,455 survey participants included in the sample for this study) indicated that they had firsthand experience working with at least one of the three official German development actors included in the survey questionnaire—German embassies, GIZ/GTZ (hereafter, we simply use GIZ to refer to both GIZ, which was established in 2011, and its precursor, GTZ), or KfW.¹⁴ Of these 1,227 survey participants, the largest number (911) interacted with GIZ, followed by German embassies (539) and KfW (405).¹⁵ There were also 585 survey participants (13% of all the survey participants) who identified at least one German development actor as having been involved in reform implementation, including 454 for GIZ, 172 for German embassies, and 159 for KfW.

The proportion of survey participants who interacted with GIZ, or indicated its involvement in reform implementation, is much higher than that for either German embassies or KfW. This is not particularly surprising, given the marked differences in size, outreach, and mandate of the three institutions.

2.2.2.1

Variation by Stakeholder Group

The subsamples used in this study are broadly representative of the sampling frame. Table 2-1 shows the distribution and number of sampling frame members, survey recipients, and survey participants by each of the three stakeholder groups analysed in this report—host government officials, CSO/NGO leaders, and private sector representatives. At the stakeholder group level, our sample of survey participants appears to be largely representative of the sampling frame and the cohort of individuals who received an email invitation to participate in the survey. The stakeholder group compositions of our subsamples—which include the 1,227 individuals who had direct experience working with official German development actors and 585 individuals who indicated German involvement in reform implementation—also seem to be broadly similar to the stakeholder group composition of the sampling frame.¹⁶

Table 2-1: The Distribution of Survey Participants, by Stakeholder Group

Sampling Frame	Sampling Frame	Survey Sample of Survey Participants	Subsample of Survey Participants Who Interacted with German DPs	Subsample of Survey Participants Who Indicated German DPs' Involvement in Reform Implementation
Host government	33,723 (81.6%)	3,400 (76.3%)	961 (78.3%)	446 (76.2%)
CSO/NGO	4,416 (10.7%)	737 (16.5%)	195 (15.9%)	108 (18.5%)
Private Sector	3,204 (7.8%)	318 (7.1%)	71 (5.8%)	31 (5.3%)
Total	41,343	4,455	1,227	585

Source: *2014 Reform Efforts Survey*

¹⁴ As the *2014 Reform Efforts Survey* distinguished between German embassies, GIZ, and KfW as three primary entities of official German development co-operation, we also adopted this distinction throughout this report.

¹⁵ Note that survey participants were able to select multiple development partners, and some selected more than one German agency.

¹⁶ There are some small differences between the subsamples in this study and the broad survey sample and sampling frame. Whereas 81.3% of the sampling frame consists of host government officials, 78.3% and 76.2% of the subsamples belong to the host government stakeholder group. Also, CSO/NGO survey participants are slightly over-represented both in the survey sample and the subsamples, while private sector survey participants are slightly under-represented.

2.2.2.2

Variation by Region

The geographical scope of our sample and subsamples is global, drawing survey participants from all regions of the developing world. Table 2-2 compares the regional proportion of survey participants in the subsamples compared to the regional proportion of survey participants in the sampling frame and the broad survey sample.¹⁷

As shown in Table 2-2, individuals from sub-Saharan Africa constitute the largest number and proportion of survey participants in both the broad survey sample (35% of all 4,455 survey participants) and subsamples. In the subsamples, 35.9% of 1,227 survey participants indicated that they had interacted with official German development actors and 38.1% of survey participants indicated the involvement of official German development actors in reform implementation.

Survey participants from Europe and Central Asia and the Middle East and North Africa also account for relatively higher proportions of survey participants in the subsamples compared to the broader sample of survey participants. As reported by the BMZ (2013, p. 22), “South-Eastern Europe, North Africa and the Middle East continue to be particularly

significant due to their status as neighbouring regions,” and the relatively high concentrations of subsample survey participants from these regions seem to reflect this dynamic. By contrast, survey participants from Latin America and the Caribbean are underrepresented in the subsamples. The region makes up 13% of the subsample that interacted with official German development actors and only 7% of the subsample that indicated the involvement of these actors in reform implementation (compared to 14% of the sampling frame and 15% of all survey participants). Similarly, slightly smaller proportions of subsample survey participants are from East Asia and the Pacific.

2.2.2.3

Variation by Policy Cluster

The 2014 Reform Efforts Survey asked participants to identify their primary area of focus and expertise from a list of 24 specific policy domains.¹⁸ For the purposes of this report, these policy domains are aggregated to six broad policy clusters: macroeconomic, social, agriculture, environment, governance, and others.¹⁹ Figures 2 and 3 show the numbers and proportions of survey participants in the subsamples, sorted by policy cluster.

Table 2-2: The Distribution and Number of Sampling Frame Members, Survey Participants, and Subsamples by Region

Stakeholder Group	Sampling Frame	Sample of Survey participants	Subsample of Survey participants Who Interacted with German DPs	Subsample of Survey participants Who Indicated German DPs' Involvement in Reform Implementation
East Asia and Pacific	5,681 (13.7%)	605 (13.6%)	117 (9.5%)	57 (9.7%)
Europe and Central Asia	6,600 (16.0%)	742 (16.7%)	245 (20.0%)	139 (23.8%)
Latin America and the Caribbean	5,813 (14.1%)	661 (14.8%)	155 (12.6%)	43 (7.4%)
Middle East and North Africa	4,132 (10.0%)	509 (11.4%)	165 (13.5%)	81 (13.9%)
South Asia	2,848 (6.9%)	392 (8.8%)	104 (8.5%)	42 (7.2%)
Sub-Saharan Africa	16,269 (39.4%)	1,546 (34.7%)	441 (35.9%)	223 (38.1%)
Total	41,343	4,455	1,227	585

Source: 2014 Reform Efforts Survey

¹⁷ We adopt the World Bank regional classification (<http://data.worldbank.org/about/country-and-lending-groups>).

¹⁸ See footnote 10 for details on what constitute these 24 different policy domains.

¹⁹ See Appendix A for more details on how the 24 different policy domains are reclassified into the six broader categories.

Survey participants with specialization in the issues of governance make up the largest group in both of the different subsamples, comprising 23% of survey participants (269) who interacted with official German development actors and 25% of survey participants (114) who indicated German involvement in reform implementation. The second largest group in the subsample consists of individuals who focused on macroeconomic issues. These survey participants constitute 17% and 19% of the subsamples, respectively. Individuals with a specialization in agriculture constitute the smallest group in both subsamples.²⁰ The sectoral composition of survey participants in the subsamples largely mirrors that of the overall participant sample.²¹

Figures 2 and 3 further disaggregate survey participants by the specific German development actors with which they interacted or which they reported to be involved in reform implementation. Within each of the policy clusters, we find a relatively high proportion of survey participants who interacted with GIZ or indicated the institution's involvement in helping the implementation of policy reforms. This situation seems to reflect the broad and extensive scope of GIZ's development activities in the field. By contrast, KfW is mainly responsible for financial cooperation by making loans and grants available and providing personnel support for development projects,

and it does not have as large of a field presence as GIZ (OECD-DAC 2001b).

German embassies, in turn, serve not only as diplomatic liaisons, but also engage in direct policy dialogue with host government officials and development cooperation planning activities. Yet, their areas of engagement were traditionally focused more on political issues and high-level policy dialogue (OECD 2001b). This may explain why the proportion of participants who interacted with German embassies is somewhat higher among those survey participants who served in high-ranking government positions and/or devoted a greater share of their time to political matters.²²

As the above analysis shows, there is significant variation in the sample size across geographical regions and/or across policy clusters. This variation derives in part from different response rates and the availability of contact information across countries and policy areas (Parks *et al.* 2015, p. 5). Unless otherwise stated, we therefore employ the same weighting scheme as developed and described in Parks *et al.* (2015), which gives equal weight to every policy cluster in every country to compute aggregate statistics as a means to alleviate potential bias arising from "variation in contact availability, country sample size, and participation rates" (*Ibid.*, p. 5).²³

²⁰ As shown in Appendix A, individuals who chose foreign policy or did not have any particular area of focus are categorized in "Others."

²¹ In the overall sample of survey participants, 28% of participants are from the policy cluster of "governance", 20% from "macroeconomic", 18% from "social", 9% from "agriculture", 7% from "environment," and 17% from "others."

²² It was only recently that the embassies were formally tasked with leading the sector-policy dialogue in partner countries, which until then had been led by the implementing agencies (see Box 1). In Table A 2 in the Appendix, we offer an analysis of the composition of participants who interacted with German embassies to shed light on what types of participants are likely to work with them as a development partner. Our analysis reveals that those survey participants who spent a greater share of their time working on political issues or served in high-ranking government positions were more likely to interact with German embassies.

²³ See Appendix C in Parks *et al.* (2015) for more details on how these weights are computed.

Figure 2: The Distribution of Survey Participants Who Interacted Directly with Official German Development Actors, by Policy Cluster

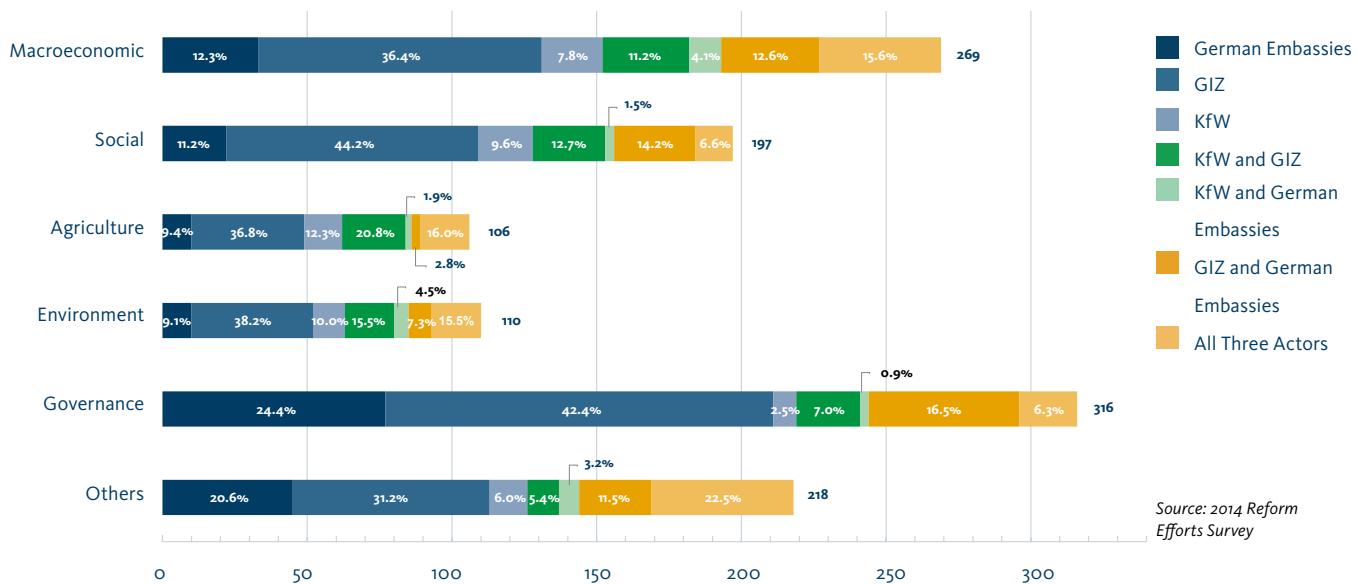


Figure 3: The Distribution of Survey Participants Who Indicated German Development Actor Involvement in Reform Implementation, by Policy Cluster



2.3

Limitations

There are several limitations imposed by this particular type of data and analysis. First, it is important to bear in mind that the survey is focused on the performance of external development partners as it relates to the usefulness of policy advice that they provide, the influence that they exert on partner country priorities, and their helpfulness during the implementation of reforms. This study does not consider the full range of international development cooperation activities supported by German and non-German aid agencies.

Second, our measure of development partner performance is based on the experience-based perceptions of survey participants, which may or may not directly correlate with the actual contributions of development partners to reform progress or success, and thus should be interpreted as such.²⁴ Also, the evidence presented in this study should not be equated with the actual effectiveness of German development cooperation. It represents one – admittedly important – perspective on this issue.

Third, it should be noted that some of the terms used in the *2014 Reform Efforts Survey* are (deliberately) open to interpretation. This applies in particular to the use of the term “reform”. Instead of providing participants with a specific definition of the term, the survey asked each participant to evaluate the performance of individual development actors in assisting government efforts to solve specific, self-identified problems related to his or her particular area of policy expertise. While this approach should not present any particular analytical challenge in the context of this study (as we are interested precisely in understanding the perceived usefulness, agenda-setting influence, and helpfulness of

development partners pertaining to specific issues identified by participants), it does imply that different stakeholders may have interpreted the term “reform” in different ways, which could range from institutional and legal reforms to specific policies and regulations.

Fourth, and importantly for Germany, given the nature of the survey (which was focused on generating comparative data for nearly 100 development partners), the questionnaire did not attempt to account for all of the particular attributes, objectives, and potential impacts of Germany’s development cooperation. Consequently, not all questions that would arise with regard to the specific strengths and weaknesses of German aid can be fully investigated with the available data. The survey, for instance, did not ask participants about their experiences, observations, or perceptions related to German political foundations, non-governmental organizations, or think tanks, which may play a critical role in the reform processes of partner countries. We therefore cannot conduct a comparative analysis of all German institutions that could plausibly affect reform processes in partner countries.

Fifth and finally, the period covered by the survey (2004-2013) mostly predates important institutional reforms within the German aid system, such as the merger of former DED, InWEnt, and GTZ into GIZ, or the increased staffing of embassies. This means that the findings do not necessarily reflect the state of affairs at the time of publication of this report. However, the results still provide a valuable picture of perceptions of German aid from a partner country perspective during a crucial period of the global development agenda. They also constitute a valuable baseline to evaluate the effects of these institutional changes in future analysis (once AidData has conducted additional waves of the survey).

²⁴ Encouragingly, we do find a positive and statistically significant relationship between AidData’s survey measure of reform progress from 2004-2013 (see Figure 39 in Parks et al. 2015) and an independently generated measure of reform progress (the average rate of change in the World Bank’s CPIA scores during the same period).

3.

HOW DO GERMAN DEVELOPMENT ACTORS MEASURE UP?

The reform process consists of different stages. It begins with setting reform priorities. The authorities must then design and initiate reforms, and eventually governments must shepherd reforms to completion and ensure their long-run sustainability. As policymakers in low- and lower-middle income nations negotiate this complex and non-linear process, they often turn to external development partners for advice and assistance. This market for external sources of reform advice and assistance is increasingly competitive (Parks et al. 2015; Custer et al. 2015). Indeed, a growing number of development partners vie “for influence over the policies of ... recipient government[s]” (Archarya et al. 2006, p. 7; Anderson 2012; Kimura et al. 2012; Frot & Santiso 2010; Knack & Rahman 2007).

In this section, we explore how official German development actors are positioned in this increasingly competitive marketplace. Specifically, we evaluate the performance of official German development actors by analysing how participants of the *2014 Reform Efforts Survey* perceive: (1) the usefulness of their policy advice; (2) their level of influence that they exert on government officials’ decision to pursue policy reforms; and (3) their helpfulness during reform implementation. Collectively, these three indicators allow us to measure the performance of Germany’s development actors as perceived by various in-country stakeholders at different stages of reform process. Moreover, as these three indicators are comparable across different development partners, policy clusters, and countries, this analysis allows us to assess how German actors perform in comparison to other development partners and to identify the comparative strengths of official German development actors in influencing or helping reform efforts in low- and middle-income countries.

3.1

How Do German Development Actors Stack Up Vis-à-Vis Their Peers?

We identify two general patterns by analysing the experience-based perceptions of German development actors and comparing their performance to that of other development partners:

First, contrary to what one might expect, survey participants do not perceive a clear division of roles and responsibilities between the three official German development actors with respect to the support that they provide at different stages of the reform process in partner countries. Given the specific setup of the German aid system in which embassies take the lead on political issues in partner countries while implementation support is delegated mainly to GIZ and KfW, one might expect a pattern by which German embassies are perceived more useful at the policy advice provision and agenda-setting stages and implementing agencies are perceived to be more helpful at the implementation stage. In fact, survey participants reported GIZ to be, on average, a higher-performing development partner in comparison to KfW and German embassies at all stages of the reform process, i.e., providing more useful policy advice, exerting more influence on reform priorities, and providing more helpful assistance during reform implementation.

Second, German development actors generally (with some exceptions for GIZ and German embassies) do not perform significantly better or worse than the average DAC bilateral development partner. The same finding applies to other large bilateral development partners, such as the UK’s DFID and USAID, which do not perform significantly better or worse than the DAC average with one important exception being France’s Agence Française de Développement (AFD). By contrast, survey participants gave relatively high marks to large multilateral organizations and small and yet highly specialized development partners (such as vertical funds) on three different indicators of donor performance: policy advice usefulness, agenda-setting influence, and helpfulness in reform implementation. Among the top-rated bilateral development partners are those that are relatively small in size and yet have a clear geographical or developmental focus, including some of the major Nordic donor agencies such as the Danish International Development Agency (DANIDA).

3.1.1

How Useful is Germany’s Policy Advice?

Does the policy advice provided by official German development actors contain useful information for policymakers and

practitioners in low- and middle-income countries? Critics argue that there are often discrepancies between the policy preferences of development partners and partner countries (e.g., Altaf 2011; Moyo 2010; Van de Walle 2001). Also, in spite of the principles espoused in the 2005 Paris Declaration on Aid Effectiveness, there are still lingering issues related to donors aligning their objectives with those of partner countries (Dijkstra 2013). The prescriptions of development partners sometimes fail to take into account local context, thereby undermining country ownership and host government commitment to reform (World Bank 2001, p. 191; Andrews 2013). Thus, the perspectives of in-country stakeholders are particularly important in determining whether development partners provide advice that is regarded as useful, which in turn has direct bearing on the reform process and downstream reform outcomes.

To this end, the *2014 Reform Efforts Survey* asked survey participants to indicate—on a scale of 1 to 5—how often the advice provided by a development partner contained useful information.²⁵ A score of 1 indicated that advice contained useful information *almost never*, a score of 2 indicated that advice was useful *less than half the time*, a score of 3 indicated that advice was useful about half the time, a score of 4 indicated that advice was useful *more than half the time*, and a 5 indicated that advice was useful *almost always*.²⁶ Figure 4 rank-orders the top 10 development partners (out of 86) as well as German embassies, GIZ, and KfW based on their average scores in terms of the usefulness of their policy advice.²⁷ The figure also shows whether the average scores of usefulness for German development actors as well as the top ten most useful development partners are significantly different from the overall

average score of DAC bilaterals (using asterisks to indicate statistical significance).²⁸

GIZ received a score of 3.43 out of 5 on the usefulness of its advice, ranking 17th out of 86 development partners on this measure. GIZ's performance therefore sits within the highest quartile of all the development partners included in the analysis. Survey participants, on average, found policy advice provided by GIZ to be useful more than half the time. They also, on average, found GIZ's policy advice to contain useful information more often than policy advice provided by an average DAC bilateral development partner.²⁹

By comparison, KfW and German embassies received scores that placed them within the second highest quartile of development partners included in this analysis (with scores of 3.07 and 2.93, respectively). These scores indicate that survey participants perceive German embassy and KfW policy advice to be useful, on average, *about half of the time*.

One potential reason why GIZ may be perceived to be a more valuable source of advisory services among the three German development actors is that GIZ enjoys an extensive field presence, which is unmatched by KfW and German embassies. GIZ also provides purportedly demand-driven technical assistance to its partner countries at various stages of the policymaking process (OECD-DAC 2001a, p. 52).³⁰ Indeed, as we will show in our descriptive analysis, GIZ also consistently outperformed German embassies, KfW, and an average DAC bilateral donor on the other two development partner performance indicators.

²⁵ This question was asked only to host government officials and thus not applicable to CSO/NGO leaders or private sector representatives.

²⁶ It is important to note that the usefulness of policy advice measures the frequency with which given policy advice was found useful, not the degree to which given advice was found useful.

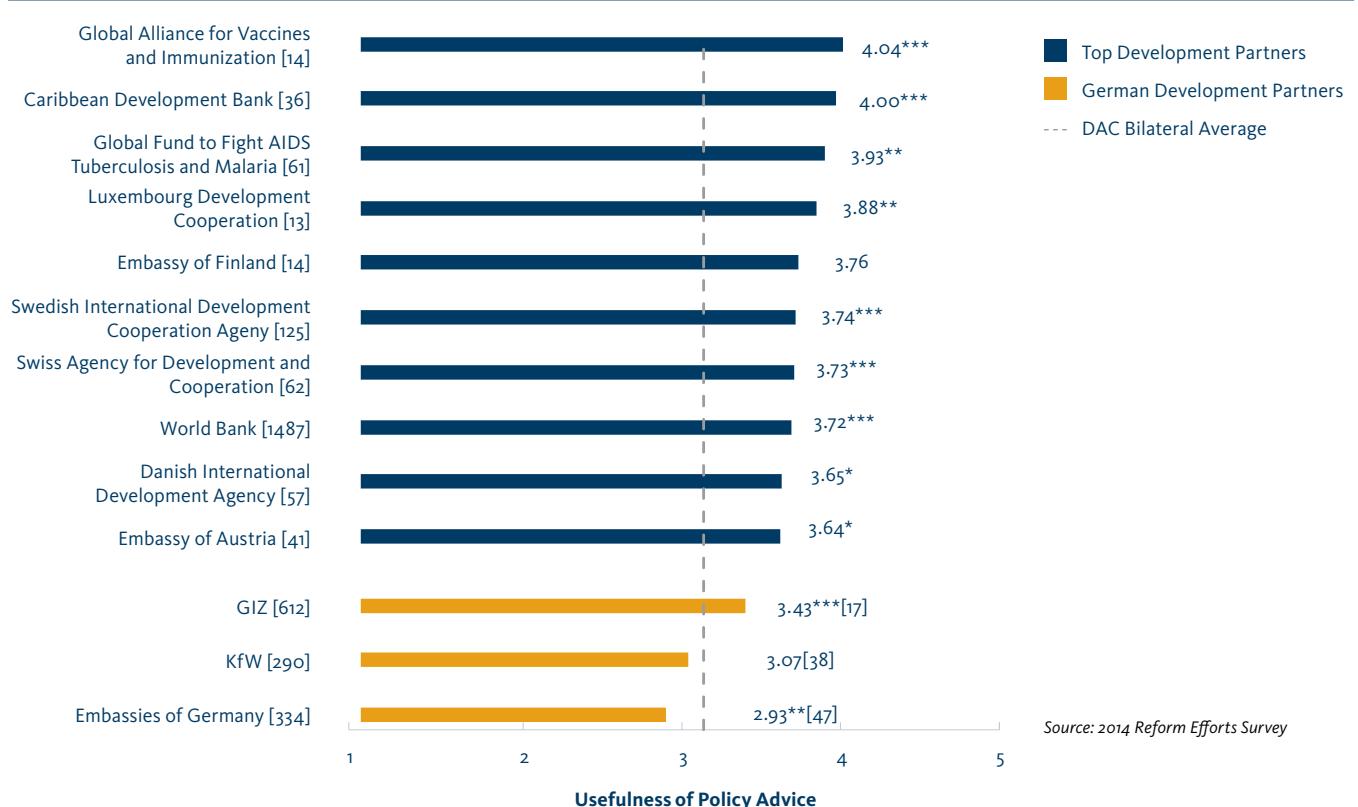
²⁷ See Figures B.1 in Appendix B for a full report on the average scores of usefulness for all 86 development partners included in the analysis. To ensure that our estimated averages are not derived from only a few observations, we drop all those development partners for which the number of observations did not exceed 10, which reduces the number of development partners included in the analysis from 96 to 86.

²⁸ We compute the overall DAC bilateral average by averaging the score of all DAC donors excluding German development actors. We use the same calculation in computing the DAC bilateral average of policy advice usefulness, agenda-setting influence, and helpfulness during reform implementation throughout the report.

²⁹ GIZ's average score on this indicator is significantly higher than the overall DAC bilateral average score of 3.17 ($p < 0.01$).

³⁰ At the same time, it should be noted that a separate analysis of the 2014 Reform Efforts Survey has demonstrated that when donor governments channel a disproportionate amount of aid to their partner countries via technical assistance, they usually have less sway with the authorities (Custer et al. 2015). This finding is somewhat surprising given that most technical assistance programs are advisory in nature. It may reflect the fact that many technical assistance programs are not tailored to the needs and interests of partner countries.

Figure 4: Policy Advice Usefulness of the Ten Most Useful Development Partners, German Development Partners, and the Average DAC Bilateral



Notes: Scores are computed based on responses from those survey participants who indicated their first-hand experience working with a given development partner and evaluated its policy advice usefulness (See Figure 1 for details on the structure of the survey). The number of participants who evaluated a given development partner in the survey is reported in brackets next to the name of the donor while the rankings of German development partners are reported in brackets next to their scores. We excluded those development partners for which the number of participants did not exceed the threshold of 10, which reduced the number of development partners included in the ranking from 96 to 86. Difference-in-means tests are conducted to evaluate whether German development actors and the top 10 performers have scores that are statistically different from the average scores of DAC bilateral development partners. Asterisks indicate statistical significance: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$.

At the same time, it is worth noting that some of the development partners that provided the most useful policy advice are small in organizational size and have a narrowly-defined sectoral focus. For instance, the Global Alliance for Vaccines and Immunization (GAVI) and the Global Fund to Fight AIDS, Tuberculosis, and Malaria received the first and third highest scores of policy advice usefulness (4.04 and 3.93, respectively). There are at least three possible reasons why these development partners performed particularly well

on this indicator of policy advice usefulness. First, both development partners put an emphasis on country ownership, working closely with host governments to integrate new programs into the existing health systems.³¹ This model likely enables GAVI and the Global Fund to provide tailored and demand-driven advice to their partner countries (GAVI 2011; Sherry et al. 2009). Second and relatedly, both organizations administer performance-based financing programs that are designed to give domestic reformers in the countries where

³¹ As Parks et al. (2015, p. 109) note, the GAVI and the Global Fund employ pay-for-performance programs, which promote the idea of country ownership by “endow[ing] governments with the policy autonomy and manoeuvrability that they need to experiment, iteratively adapt, and ‘crawl the design space’ in pursuit of deep and durable reform.”

they work the autonomy and manoeuvrability needed to determine how best to initiate successfully implement reforms (Parks *et al.* 2015). Inasmuch as these programs generate local demand for analytical and advisory inputs that can inform domestic reform processes, they may enable GAVI and the Global Fund to provide relatively more demand-driven policy advice in comparison to aid agencies that rely less heavily on performance-based funding mechanisms. Third, GAVI and the Global Fund possess expertise in the health sector and work almost exclusively in this sector, which is relevant because sector specialization matters and the health sector in particular has a rich tradition of evidence-based policymaking that may render host government recipients more amenable to external sources of advice.³²

Other development partners that performed relatively well on this measure of policy advice usefulness include large, bilateral and multilateral agencies with a global reach (e.g., the World Bank and the IMF). Somewhat smaller European bilateral development partners, many of whom provide general budget support as a means to achieve some degree of policy influence, also fared well on this measure (Del Biondo & Orbis 2014; Del Biondo 2015).

3.1.2

How Influential is Germany in Setting the Reform Agenda?

Another stage of the policymaking process where development partners can exert influence is in the agenda-setting stage where policymakers are choosing which reforms to pursue. The 2014 Reform Efforts Survey asked participants to

identify the level of influence that individual development partners had on a given government's decision to pursue specific, participant-identified, reforms (without specifying the mechanisms by which this influence was exerted). Survey participants assigned scores on a scale from 0 (no influence at all) to 5 (maximum influence). Figure 5 compares the official German development actors against the top 10 development partners (out of 87) and other DAC bilaterals by level of agenda-setting influence.³³

Once again, **GIZ received the highest agenda-setting influence score (2.42) among all three German development actors, positioning it in the second highest quartile of the 87 development partners included in this analysis.** GIZ's score is slightly higher than the average agenda-setting influence score for DAC bilaterals (2.31), indicating that survey participants perceived GIZ to be more influential in shaping reform priorities than the average development partner. **German embassies and KfW also registered scores in the second highest quartile of development partners** (with scores of 2.17 and 2.12), though these scores are slightly lower than the average DAC bilateral score (2.31). Additionally, we find that large multilateral development partners, such as the World Bank (3.30), Inter-American Development Bank (3.21), IMF (3.20), and EU (3.04), were perceived to be particularly influential in initiating the reform process.³⁴ These results are consistent with a central claim from the supranational delegation literature: that states yield authority to inter-governmental organizations because they enjoy higher levels of perceived credibility and neutrality and serve as more authoritative and influential sources of analysis and advice (Hawkins *et. al.* 2006).³⁵

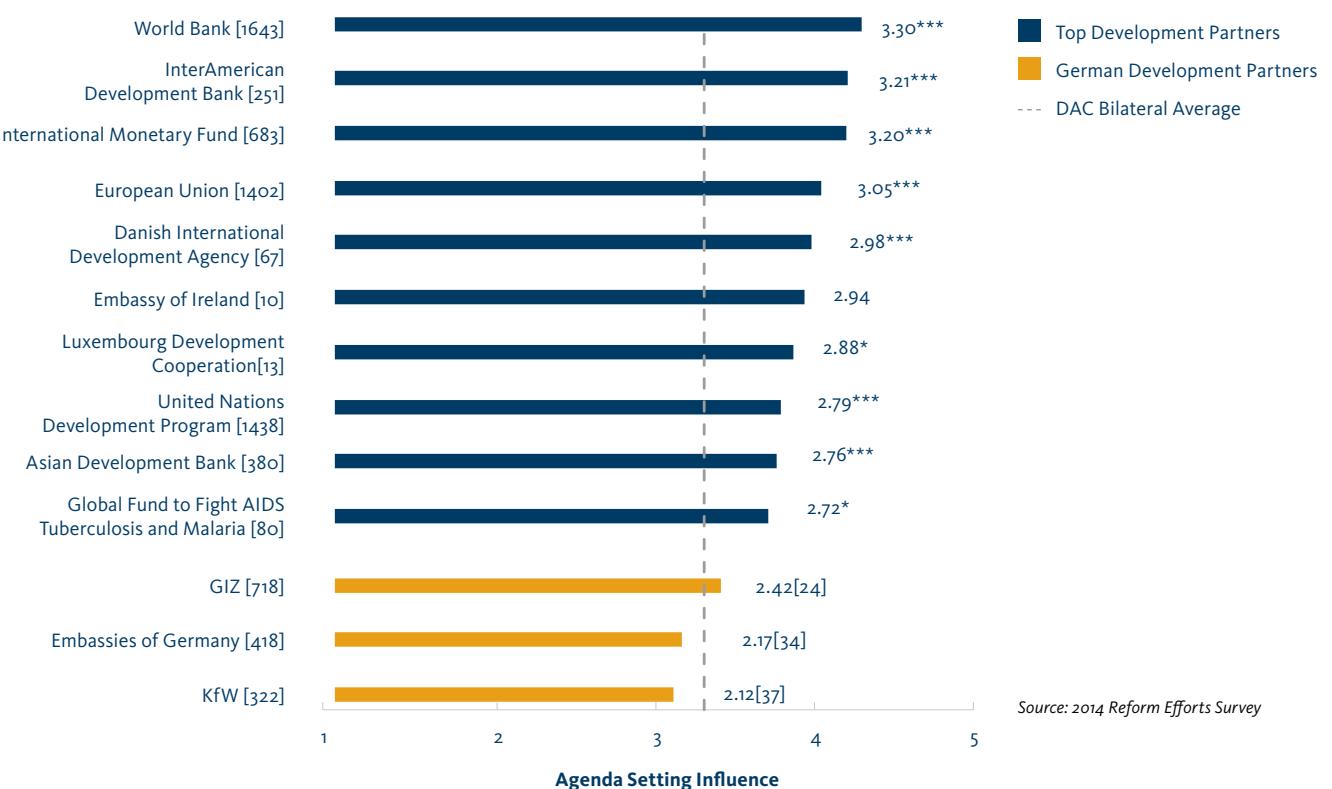
³² A number of scholars (e.g., Ungar 2010; Kharas 2009; Easterly & Pfutze 2008; Acharya *et al.* 2006) argue that sectoral and country specialization is essential for development partners to work more effectively with their partner countries.

³³ See Figure B.2 in Appendix B for a full report on the average scores of agenda-setting influence for all 87 development partners.

³⁴ In the 2014 Reform Efforts Survey, no distinction was made between the European Union as a supranational organization and the European Commission as a distinctive executive entity. It is likely that when participants evaluated the European Union as a whole, they were primarily evaluating the role of the European Commission and its engagement with host countries.

³⁵ One reason bilateral policy advice may lack influence is a lack of perceived credibility on the part of the adviser. Research and experience suggest that when a government's role as a "ruthless truth-teller" comes into conflict with countervailing (geopolitical, diplomatic, or commercial) interests and pressures, its credibility may be undermined and its policy influence weakened (Stone 2004; Parks 2014). For example, after providing significant financial support in exchange for use of airspace over Turkey, the U.S. Government effectively delegated responsibility for surveillance of Turkey's policy performance to the IMF. The IMF assumed this monitoring role because they were regarded as neutral, credible, and technically proficient third-party that could more effectively pressure the Turkish authorities to remain fiscally disciplined (Momani 2007).

Figure 5: Agenda-Setting Influence of the Ten Most Influential Development Partners, German Development Partners, and the Average DAC Bilateral



Notes: Scores are computed based on responses from those survey participants who indicated their first-hand experience working with a given development partner and evaluated its agenda-setting influence (See Figure 1 for details on the structure of the survey). The number of participants who evaluated a given development partner in the survey is reported in brackets next to the name of the donor while the rankings of German development partners are reported in brackets next to their scores in the figure. We excluded those development partners for which the number of participants did not exceed the threshold of 10, which reduced the number of development partners included in the ranking from 97 to 87. Difference-in-means tests are conducted to evaluate whether German development actors and the top 10 performers have scores that are statistically different from the average scores of DAC bilateral development partners. Asterisks indicate statistical significance: *** $p<0.01$; ** $p<0.05$; * $p<0.10$.

3.1.3

How Helpful is German Development Cooperation During Reform Implementation?

There is an active debate about whether or not development partner involvement during the implementation of reforms will lead to higher or lower levels of reform success. One camp argues that development partners can effectively alter the cost-benefit calculus of reform for developing country leaders – for example, by lowering the costs that are incurred in the design and implementation of reform (Jacoby 2006; Helmke & McLean 2014; Krasner 2011). Another camp proposes that governments must protect their domestic policy autonomy and manoeuvrability if they wish to achieve deep and durable reform, as external pressures from development partners may promote “best practice” and “blueprint” reforms that are not fit for local purpose (Evans 2004; Booth 2011a; Pritchett *et al.* 2013; Andrews 2011, 2013).

The 2014 Reform Efforts Survey asked participants to estimate the degree to which development partners helped partner country counterparts successfully implement reforms on a scale from 0 (not at all helpful) to 5 (extremely helpful). Using this indicator, Figure 6 lists the top 10 development partners (out of 72) and presents the rankings of German development actors and an average DAC bilateral development partner.³⁶

GIZ received the highest score (3.22) among the German development actors, followed by KfW (3.18) and German embassies (2.88). GIZ and KfW both registered scores that fall within the second highest quartile of the 72 development partners included in our analysis of this question. By contrast, German embassies registered a level of performance that placed them in the second lowest quartile. They

also performed significantly less well (at $p<0.05$) than the average DAC bilateral development partner (3.16).³⁷

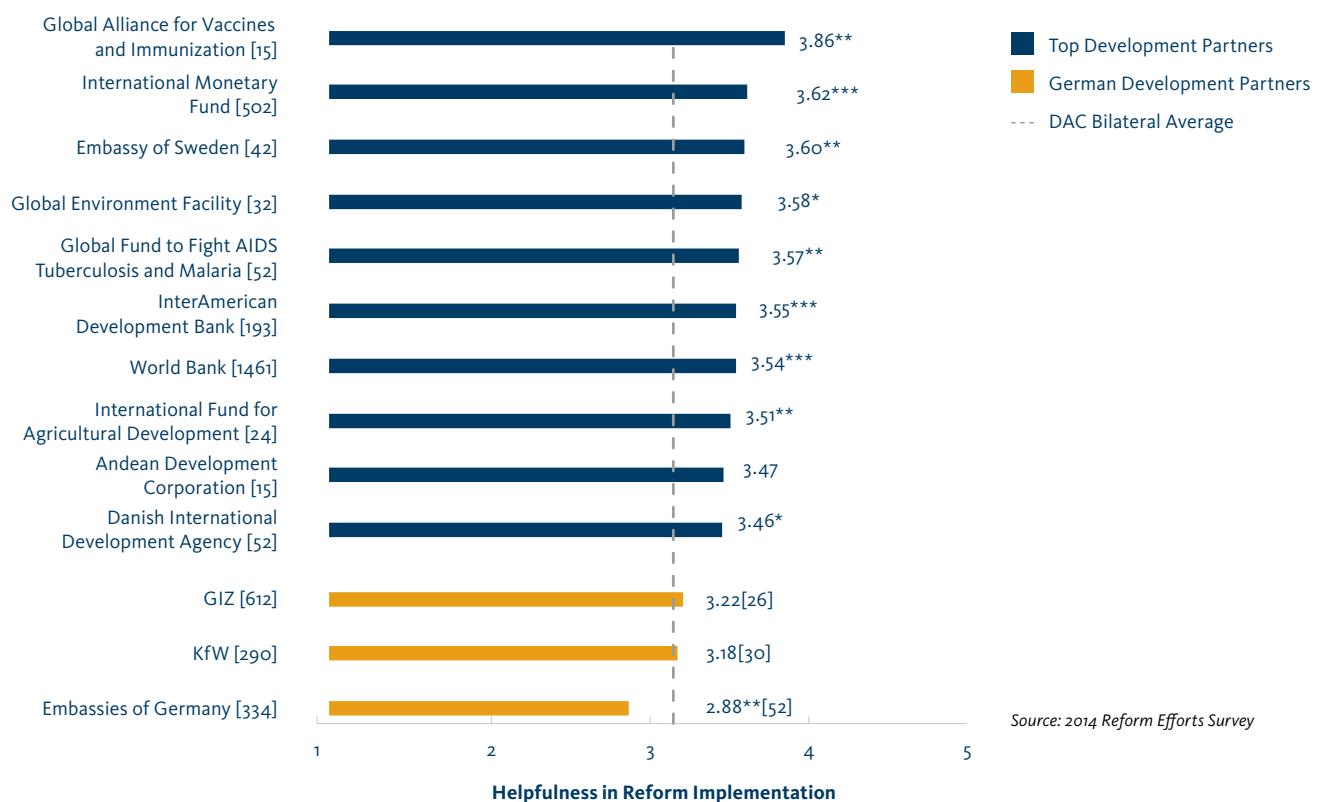
Similar to our other findings on advice usefulness and agenda-setting influence, several organizations with high levels of sectoral specialization—such as GAVI (3.86), the Global Environment Facility (3.58), the Global Fund to Fight AIDS, Tuberculosis, and Malaria (3.57), and the International Fund for Agricultural Development (3.51)—were among the highest scoring development partners. Sectoral specialization has been cited as a key factor that improves the quality and effectiveness of development cooperation (Ungar 2010; Kharas 2009; Easterly & Pfutze 2008; Archarya *et al.* 2006); thus, the clear, narrow sectoral focus of these development partners may enhance their ability to effectively assist partner countries during the implementation of their reform efforts.

It is also worth mentioning that survey participants regarded Swedish embassies to be among the most helpful development partners during reform implementation. Although the underlying factors that account for this pattern are not entirely clear, one potential explanation may be that Sweden has concentrated their development resources and efforts in a few select sectors and countries. This narrow focus may enable them to develop close working relationships with policymakers within those sectors and countries. Indeed, Sweden has traditionally devoted a disproportionate amount of development finance to a small number of partner countries “which it had knowledge of or ideological association with, or both” (Danielson & Wohlgemuth 2005, p. 542). Swedish development partners have also been known for working “in a limited number of sectors in which [they have] experience and expertise” (*Ibid.*).

³⁶ See Figure B.3 in Appendix B for a full report on the average scores of reform implementation helpfulness for all 72 development partners.

³⁷ While this finding is in line with the presumably limited nature of German embassies’ involvement in reform implementation, it is noteworthy that some 334 participants to the survey that pre-dates this reform indicated that the German embassy in their country had been involved in reform implementation.

Figure 6: Reform Implementation Helpfulness of the Ten Most Helpful Development Partners, German Development Partners, and the Average DAC Bilateral



Notes: Scores are computed based on responses from those survey participants who indicated a given development partner's involvement in reform implementation and evaluated its helpfulness at the implementation stage (See Figure 1 for details on the structure of the survey). The number of participants who evaluated a given development partner in the survey is reported in brackets next to the name of the development partner while the rankings of German development partners are reported in brackets next to their scores in the figure. We excluded those development partners for which the number of participants did not exceed the threshold of 10, which reduced the number of development partners included in the ranking from 89 to 72. Difference-in-means tests are conducted to evaluate whether German development actors and the top 10 performers have scores that are statistically different from the average scores of DAC bilateral development partners. Asterisks indicate statistical significance: *** $p<0.01$; ** $p<0.05$; * $p<0.10$.

3.2

Comparative Strengths of Germany's Development Actors

Figure 7 shows the perceived level of policy advice usefulness, agenda-setting influence, and helpfulness in reform implementation of various German development actors, as compared to other major DAC bilateral donor agencies—namely, the United States Agency for International Development (USAID), Japan International Cooperation Agency (JICA), the UK's Department for International Development (DFID), the Agence Française de Développement (AFD), the Embassies of the Netherlands, Swedish International Development Cooperation Agency (SIDA), the Norwegian Agency for Development Cooperation (NORAD), and the Danish International Development Agency (DANIDA)—as well as the World Bank, the EU, and the overall average of DAC bilateral donors (excluding German development partners).

Although GIZ consistently ranked as the top performer among German development actors and it performed well in relation to some other DAC bilateral agencies (e.g., USAID, JICA), the major multilateral donors included in this analysis—the EU and the World Bank—outperformed GIZ on all three dimensions of development partner performance. The World Bank, in particular, scored consistently and substantially higher than the overall DAC average and other major DAC bilateral donor agencies in terms of usefulness of its policy advice (with a score of 3.72), its agenda-setting

influence (3.30), and its helpfulness in reform implementation (3.54). These findings cannot be easily explained by “ground game” (i.e., field presence) differences between GIZ, on one hand, and the EU and the World Bank (Parks *et al.* 2015). GIZ has approximately 17,000 employees, and approximately 80 percent of its employees work abroad. The World Bank, by contrast, has some 12,000 employees.

It is also notable that, in spite of the limited size and scope of their activities, some of the Nordic development organizations—in particular, DANIDA—performed relatively well compared to much larger DAC bilateral development actors. These findings are consistent with the prevailing belief that “the Nordic countries are ‘punching far beyond their weight in international arenas’” (Selbervik and Nygaard 2006, p. 15).³⁸ Nordic donors are distinguished from other donors by the strong priority they assign to “developmental and humanitarian needs of developing countries” over their own self-interests (Harrigan & Wang 2011, p. 1285). Minoiu & Reddy (2010) show that the development aid from Scandinavian countries is particularly effective in promoting economic growth in comparison to development aid from other DAC development partners.

Our findings corroborate these claims. Nordic donor agencies perform comparably to, or even better than, some of the other major donor agencies on our three dimensions of performance: policy advice usefulness, agenda-setting influence, and helpfulness in reform implementation.

³⁸Custer *et al.* (2015) provide evidence that small, DAC bilateral donors tend to punch above their weight.

Figure 7: Policy Advice Usefulness, Agenda-Setting Influence, and Helpfulness in Reform Implementation: A Comparison between German Development Actors, the Average DAC Bilateral, and Select Bilateral and Multilateral Agencies



Source: 2014 Reform Efforts Survey

Notes: Each dot in the figure corresponds to the estimated average scores of advice usefulness, agenda-setting influence, and helpfulness for German embassies, GIZ, KfW, USAID, JICA, DFID, AFD, the Netherlands, SIDA, NORAD, DANIDA, the EU, and the World Bank, while horizontal bars around each point estimate correspond to 95% confidence intervals. The dashed grey lines represent the overall average scores of the DAC bilaterals (excluding German development partners).

3.3

Does Germany Punch Above or Below Its Financial Weight?

Custer *et al.* (2015) report that a development partner's financial weight (as measured by the volume of its international development finance commitments) is one key factor that determines the degree to which it can exert influence at the agenda-setting stage of a partner country's reform process. Following the same methodology used in Custer *et al.* (2015), we have calculated a *Value for Money* index (using the sample described in section 2.2.2 of this study) for a selection of major

bilateral and multilateral development partners to assess which development partners punch above or below their financial weight.³⁹ Figure 8 suggests that large multilateral and supranational donors, such as the World Bank and the EU, exerted greater-than-expected agenda-setting influence, while the five largest DAC bilateral donors (US, UK, Germany, Japan, and France) all punch below their financial weight.⁴⁰

There are a number of potential reasons why multilateral development partners may enjoy a policy influence advantage vis-à-vis their bilateral counterparts. One reason is that these institutions usually possess significant technical expertise and

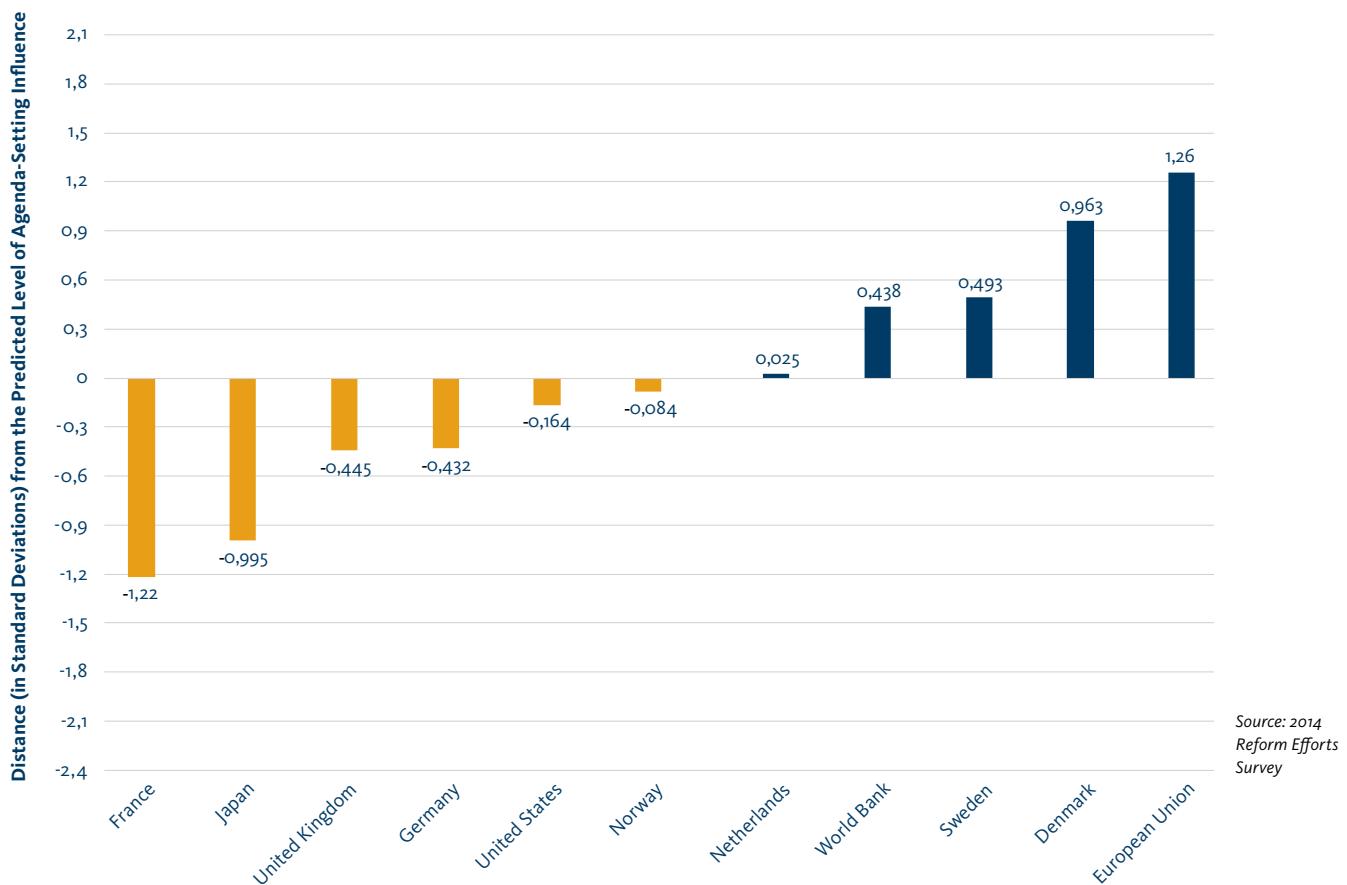
³⁹ Custer *et al.* (2015) construct a *Value for Money* index by first regressing the natural log of average annual development finance commitments contributed by each of the 46 different development partners on their scores of agenda-setting influence, and then computing standardized residuals from this regression as an indicator of the extent to which each donor punches above or below their financial weight. The same data are used here to generate our *Value for Money* index presented in Figure 8. However, it is important to note that the ranking of development partners presented in this study differs slightly from Custer *et al.*'s because, in computing the agenda-setting influence scores we have limited the scope of our analysis to in-country stakeholder groups (e.g., host government officials, CSO/NGO leaders, and private sector representatives). Custer *et al.* (2015) draw on a broader sample that includes development partner staff, which account for roughly 20% of the participants in the original sample.

⁴⁰ It is also notable that Nordic donors, on average, seem to exert a level of influence that is greater-than-expected based on their relatively small aid budgets.

many of them have prioritized the provision of high-quality analytical and advisory services (Ravallion & Wagstaff 2012; IMF 2013). Another reason is that multilateral institutions are less subject to geopolitical, commercial, and diplomatic interests than their bilateral counterparts, which may render

their reform advice and assistance more credible and neutral in the eyes of partner government officials (Hawkins et al. 2006; Parks *et al.* 2015).⁴¹

Figure 8: The Value for Money Index for Major Multilateral and Bilateral Donors



While there is significant variation across donors in terms of the extent to which they convert financial contributions into actual policy influence, these topline measures of donor performance beg a deeper question: do individual development partners have comparative strengths or weaknesses in particular sectors? In response to international calls for increased aid efficiency and effectiveness (United Nations

2008; Booth 2011b), Germany has narrowed its areas of focus to fewer sectors in an effort to enable more intensive, sectoral cooperation with its partner countries; specifically, it has decided to focus on 11 particular sectors (OECD-DAC 2010, p. 33; BMZ 2008a).⁴² This effort to “double down” in a limited number of sectors is consistent with broader efforts by international development actors to pursue greater sectoral

⁴¹ This latter argument does not hold in the case of the European Union, which – as a supranational body – has important commercial and geopolitical interests of its own.

⁴² These 11 policy areas include the following: 1) “democracy,” 2) “peace-building and crisis prevention,” 3) “education,” 4) “health,” 5) “water,” 6) “food security and agriculture,” 7) “environment policy, protection and sustainable use of natural resources,” 8) “sustainable economic development,” 9) “energy,” 10) “transport and communication,” and 11) “regional concentration in the framework of integrated rural or urban development” (OECD-DAC 2010, p. 33). The Coalition Agreement of October 2009 further narrows the list of key development priorities of German development co-operation to the following seven policy areas: “good governance; education; health; protection of climate, environment and natural resources; rural development; private sector development; and sustainable economic development” (*Ibid.*, p. 13-14).

(and regional) specialization and a better-defined division of labour (Nunnenkamp *et al.* 2015).

The 2014 Reform Efforts Survey allows us to analyse the policy areas in which survey participants considered German development partners to be particularly effective in providing useful advice, influential in setting a reform agenda, and/or helpful in assisting efforts to successfully implement reforms. We find that **Germany was perceived to have performed particularly well among those survey participants whose policy area of expertise was the environment.** In no other policy area does Germany consistently outperform an average DAC development partner. Importantly, despite the primacy of governance as one of the key priorities of German development strategy, we do not find evidence that survey participants with policy expertise in the issues of governance perceived Germany particularly favourably compared to participants in the other policy clusters.

3.3.1

Accessibility and Engagement: Frequency of Interaction and Involvement in Implementation, by Policy Cluster

We use data from the 2014 Reform Efforts Survey to explore the comparative strengths of German development partners in different policy clusters: namely, macroeconomic, social, agriculture, environment, and governance.⁴³ Figure 9 presents the percentage of survey participants who interacted with German development actors by policy cluster. The figure also shows the proportion of survey participants who interacted with the EU and an average DAC bilateral development partner as a comparison group.

The EU interacted with the highest proportion of survey participants – roughly half of all survey participants in each policy cluster. Given the relatively large size and scope of the EU's organizational capacities compared to other major bilateral development partners, these findings do not come as a great surprise (EU 2014).

Among the three German development actors, GIZ interacted with the highest proportion of survey participants in each policy cluster (24% averaged across the policy clusters). The corresponding numbers for German embassies and KfW are significantly lower. This is likely due to their different roles as well as their comparatively small field presence. In each policy cluster, the percentage of survey participants who interacted with GIZ is higher than the percentage of survey participants who worked with an average DAC bilateral development partner; in contrast, lower percentages of survey participants interacted with KfW and German embassies than with an average non-German DAC bilateral in most of the policy clusters.

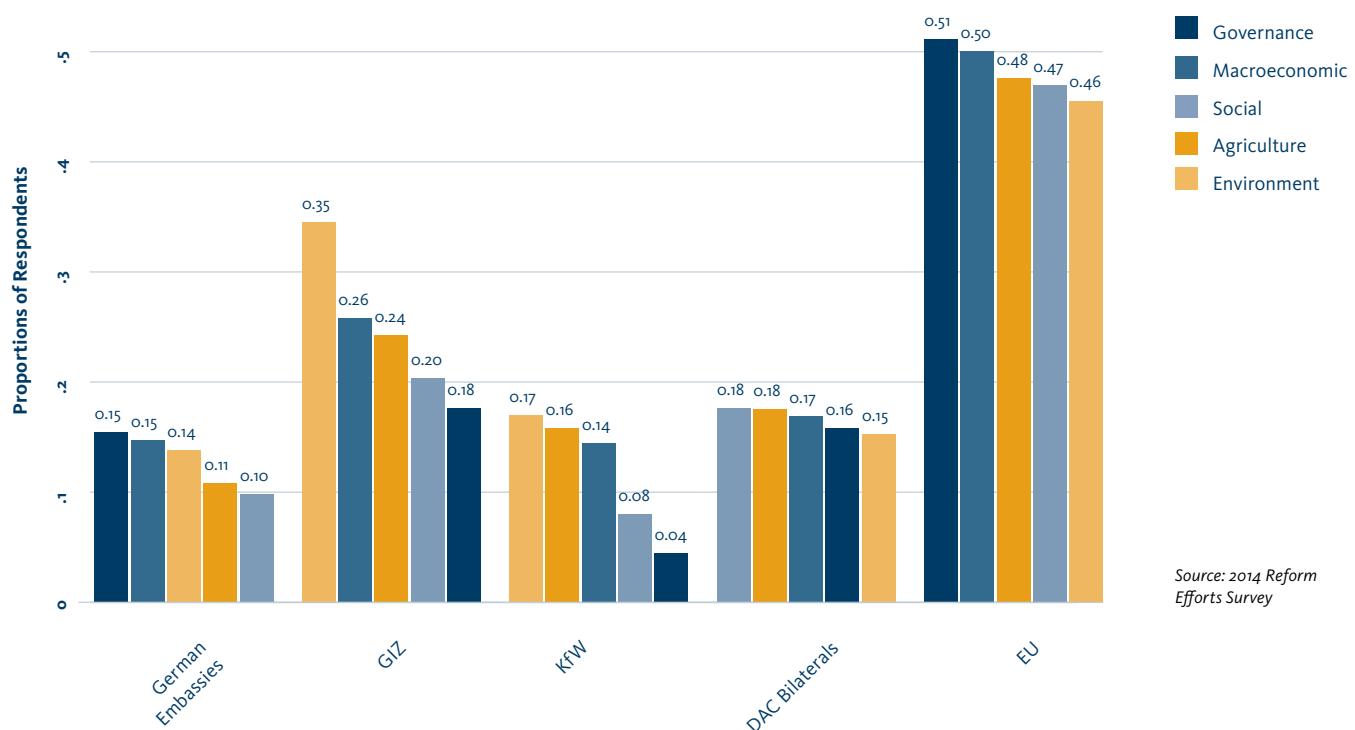
Figure 9 also reveals substantial variation in the degree of interaction with development partners by policy cluster (i.e., area of expertise). **The proportions of survey participants who interacted with GIZ (35%) or KfW (17%) were the highest among those whose area of expertise focused on environmental issues** (e.g., environmental protection and energy and mining). These percentages are much higher than the corresponding numbers for survey participants in the other policy clusters.

These findings seem to closely align with the strategic priorities of German development cooperation during the period covered by the survey, which put a particular emphasis on environmental protection (e.g., climate change, local environmental issues, and renewable energy) (Hicks *et al.* 2008; BMZ 2011; KfW 2011). In particular, Germany has played a leading role in “mainstreaming climate change issues into development cooperation” (Nabiyeva 2011, p. 1), and in recent years climate protection has gained greater weight in Germany’s development cooperation, “with BMZ’s climate related expenditure increasing by 40% between 2008 and 2009” (OECD-DAC 2010, p. 90).⁴⁴ Furthermore, German aid commitments earmarked for the issues of “biodiversity and forest protection [have] risen continuously since the last [2005] Peer Review from EUR 124 million in 2005 to EUR 210 million in 2009” (*Ibid.*).

⁴³ See Appendix A for the definitions of these policy clusters.

⁴⁴ Projects related to climate change accounted for “around one third of GIZ’s entire portfolio [emphasis added]” in 2014 (GIZ 2014).

Figure 9: The Proportion of Survey Participants Who Interacted with German Development Partners, by Policy Cluster



Notably, Figure 9 reveals that relatively few of the survey participants who interacted directly with KfW and GIZ identified governance as their primary area of specialization. By contrast, among those individuals who interacted directly with German embassies, a relatively large proportion identified governance as their area of specialization (15%).⁴⁵ These findings raise the question of whether, to what extent, and how German embassies and GIZ offices are working together in coordinated and complementary ways to promote governance reform.⁴⁶

Figure 10 shows, by policy cluster, the percentage of survey participants who indicated the involvement of German development actors, an average DAC development partner, and the EU in reform implementation efforts. The figure exhibits a pattern akin to what we observed in Figure 9. **In each policy cluster, the proportion of survey participants indicating EU involvement in reform implementation efforts was significantly higher than for other development partners (40% across all the policy clusters).**

⁴⁵ By way of comparison, the corresponding numbers for survey participants in the other policy clusters were: 15% in the macroeconomic policy cluster, 14% in the environmental policy cluster, 11% in the agricultural policy cluster, and 10% in the social policy cluster.

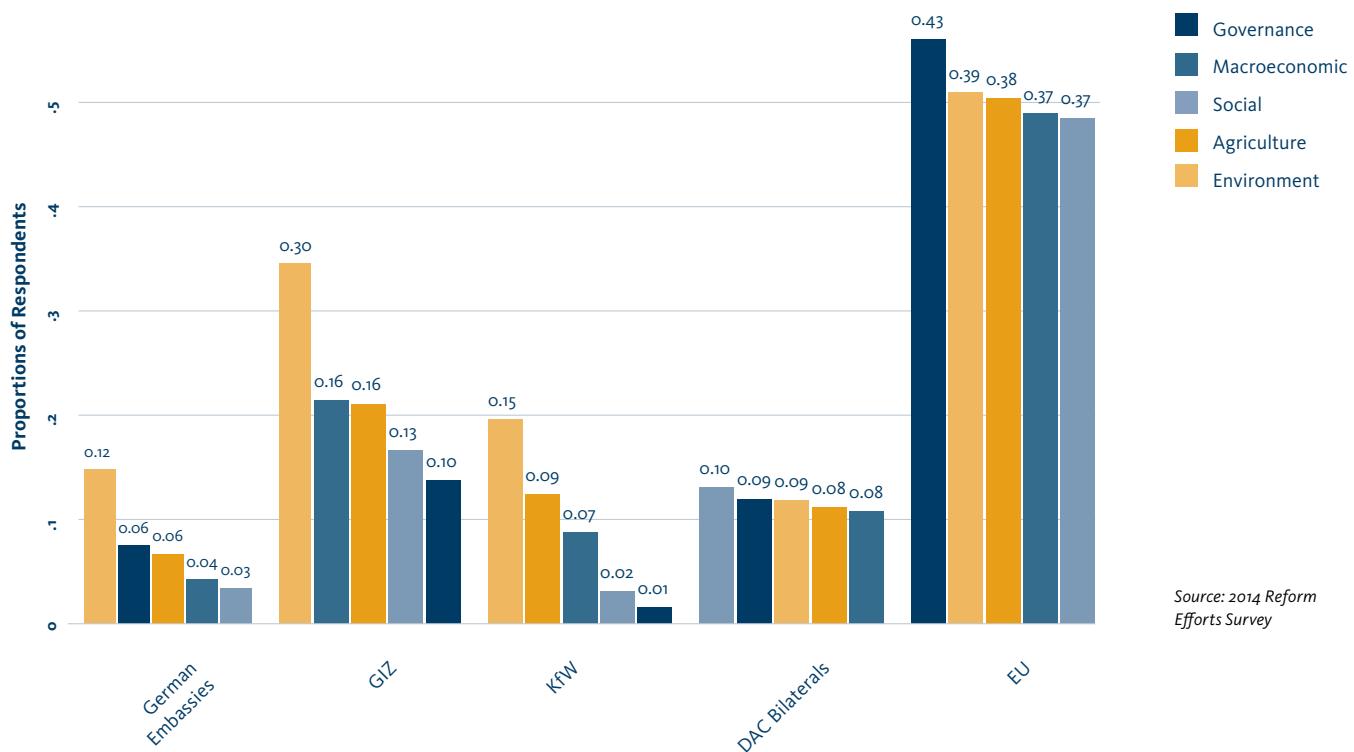
⁴⁶ Custer et al. (2015), for example, report that “The U.S. ... seems to have established a de facto division of labour in the area of democratic reform: U.S. embassies and USAID missions both provide democracy reform advice that is regarded as very useful by host government counterparts; however, U.S. embassies are perceived to be most influential at the agenda-setting stage and USAID missions are perceived [by host government counterparts] to be most helpful during the reform implementation stage.”

We also observe significant variation across the different German development actors in terms of their reported level of involvement in reform implementation efforts. **Approximately 17% of survey participants, averaged across different policy clusters, indicated that GIZ was involved in reform implementation efforts. Far fewer indicated that German embassies and KfW were involved in reform implementation efforts (7%).**

The percentages of survey participants who indicated German development partner involvement in reform implementation efforts are particularly high among those with

environmental policy expertise (30% for GIZ; 15% for KfW, and 12% for German embassies, respectively). **By contrast, the percentage of participants who attested to German development actor involvement in reform implementation efforts was comparatively lower among individuals with governance expertise. This pattern is particularly visible for GIZ and KfW (10% for GIZ; 1% for KfW), and it is similar to what we observed in Figure 9 where the proportions of participants who interacted with German development actors were more (or less) pronounced in the environmental policy cluster (or governance).**

Figure 10: The Percentage of Survey Participants Indicating German Development Actor Involvement in Reform Implementation, by Policy Cluster



3.3.2

Usefulness of Policy Advice, Agenda-Setting influence, and Helpfulness During Reform Implementation, by Policy Cluster

Table 3-1 illustrates how Germany fares against an average DAC bilateral development partner on three different measures of performance: usefulness of policy advice, agenda-setting influence, and helpfulness during reform implementation. The table presents the overall average scores of Germany on these three indicators as well as those of an average DAC bilateral development partner. We conduct a t-test on differences in the estimated averages between these two different development partners and examine whether Germany scored significantly below or above the overall DAC bilateral average.

The results in Table 3-1 suggest that Germany was particularly well regarded among those whose self-identified area of expertise is environmental policy. Within this policy cluster, Germany's average scores of policy advice usefulness (3.62), agenda-setting influence (2.97), and helpfulness during reform implementation (3.37) were consistently higher than the corresponding scores for an average DAC development partner (3.25, 2.34, and 3.14, respectively). In particular, Germany registered scores that are higher than the DAC averages in terms of policy advice usefulness and reform implementation helpfulness. These results reinforce our earlier finding that Germany engaged more intensively with survey participants with environmental policy expertise than survey participants with any other types of policy expertise. Germany has historically played a leading role in addressing environmental issues as one of the key focal areas of its own development cooperation, which may explain why Germany outperformed other DAC development partners in this policy arena (BMZ 2011; KfW 2011; GIZ 2014).

Germany did not consistently score above an average DAC development partner in any other policy area. In fact, survey participants from the governance policy cluster did not perceive Germany to be a particularly strong performer compared to the average DAC bilateral development partner. This finding should give German policymakers pause and provoke organizational introspection. Governance was one of the six key policy areas of German development cooperation stated in the Coalition Agreement of October 2009 (BMZ 2009, p. 5), and fighting corruption has been an integral part of Germany's development strategy to promote good governance (OECD-DAC 2010).⁴⁷ Germany has also invested in efforts to promote tax transparency, strengthen domestic revenue generation, and government accountability, which all constitute core elements of German development assistance (BMZ 2013).⁴⁸ Yet, contrary to what one might expect given Germany's rhetorical and programmatic emphasis on good governance, Table 3-1 shows that **survey participants who specialized in governance issues, on average, perceived policy advice provided by Germany to contain useful information less often, on average, than policy advice provided by an average DAC bilateral development partner.**

Germany's average scores on the survey-based measures of agenda-setting influence and helpfulness of reform implementation were also lower than the overall DAC bilateral averages within this policy cluster. These findings suggest that **Germany has relatively little influence on governance reform priorities in its partner countries.** Additionally, they suggest that **Germany's involvement in governance reform implementation is less helpful in comparison to the involvement of other DAC bilateral development partners.**

⁴⁷ The 2005 DAC OECD Peer Review commends Germany for “being active in a number areas which tend to attract less funding from other donors, notably in the field of governance and environment” (p. 11).

⁴⁸ The promotion of human rights is another area of focus that Germany has emphasized.

Table 3-1: A Sectoral Analysis of German Development Actors' Performance in Reform Efforts

	Usefulness of Advice			Agenda-Setting influence			Helpfulness during Reform Implementation		
	Germany	DAC		Germany	DAC		Germany	DAC	
Policy Cluster	A	B	A-B	C	D	C-D	E	F	E-F
Macroeconomic	3.20	3.03	0.16	2.08	2.18	-0.10	3.16	3.17	-0.02
Social	3.06	3.32	-0.26	2.37	2.40	-0.03	2.81	3.31	-0.51**
Agriculture	3.17	3.18	-0.01	2.45	2.35	0.09	3.16	3.38	-0.23
Environment	3.62	3.25	0.37 **	2.97	2.34	0.63***	3.37	3.14	0.23
Governance	2.98	3.16	-0.13	2.24	2.45	-0.21*	3.06	3.19	-0.13

Source: 2014 Reform Efforts Survey

Notes: The average scores of policy advice usefulness, agenda-setting influence, and helpfulness for Germany are reported in Columns A, C, and E while the DAC bilateral average scores are presented in Columns B, D, and F. Difference-in-means tests are conducted to evaluate whether German development actors have scores that are statistically different from the average scores of DAC bilateral development partners (excluding German development actors). Asterisks indicate statistical significance: *** $p<0.01$; ** $p<0.05$; * $p<0.10$.

It is possible that these general patterns—Germany's relatively high performance in the environmental sector and low performance in the governance sector—may not hold across all three of the German development actors that we examine in this report. Thus, it is useful to take a closer look at how German embassies, GIZ, and KfW each perform on the three different indicators of development partner performance within each policy cluster. Figure 11 presents the average scores of policy advice usefulness, agenda-setting influence, and helpfulness during reform implementation for each of the German development actors, as well as the EU and DAC bilaterals (the latter two are used as a comparison group).⁴⁹

All three German development actors earned relatively high scores on the usefulness of policy advice indicator among survey participants who specialized in environmental issues (with scores of 3.31 for German embassies, 3.92 for GIZ, and 3.23 for KfW). Furthermore, across all of the policy clusters in our study, German embassies, GIZ, and

KfW registered their highest agenda-setting influence scores (2.69, 3.22, and 3.06, respectively) and reform implementation helpfulness scores (3.37, 3.62, and 3.48, respectively) in the environment policy cluster. These findings confirm our earlier observation that survey participants, on average, regard German development actors as adding the most value on environmental policy issues.

By contrast, in the governance policy cluster, all three German development actors almost always scored lower than the EU and the average DAC bilateral development partner across the three indicators of performance (although the differences between German development partners and the DAC averages in these scores are, on average, not statistically significant). These patterns confirm our earlier observation that survey participants, on average, regard German development actors as being less valuable partners in the governance reform process.⁵⁰

⁴⁹ Numerical values used to generate Figure 11 are reported in Table B.1 in the Appendix.

⁵⁰ We further investigate how German development partners each perform compared to the EU and other DAC donors within specific policy domains of environment and governance (see Table A.1 for details on how policy domains are classified into six broader policy clusters). In Figure B.4 in the Appendix, we report the average scores of policy advice usefulness, agenda-setting influence, and helpfulness in reform implementation for German development actors as well as the EU and non-German DAC donors within the following specific policy domains: decentralization, anti-corruption and transparency, democracy, public administration, justice and security, public expenditure, as well as environmental protection and energy and mining. The results suggest that German development partners were perceived to be particularly well performing in the area of environmental protection, which is consistent with Germany's strategic focus on the environmental sector. It is also worth noting that KfW's performance was relatively weak compared to GIZ or German embassies in many governance-related policy domains, such as decentralization, anti-corruption, public administration, and justice and security.

Figure 11: The Average Scores of Advice Usefulness, Agenda-Setting Influence, and Helpfulness during Reform Implementation, by Policy Cluster



Notes: Each dot in the figure corresponds to the estimated average scores of advice usefulness, agenda-setting influence, and helpfulness for German embassies, GIZ, and KfW, as well as EU and the DAC bilateral average, while horizontal bars around each point estimate correspond to 95% confidence intervals. The dashed grey lines represent the overall average scores of the DAC bilaterals across all policy clusters.

3.3.3

Usefulness of Policy Advice, Agenda-Setting Influence, and Helpfulness during Reform Implementation by Region

Policymakers and practitioners alike often cite the proliferation of projects and development partners as a source of aid ineffectiveness (OECD-DAC 2011). Development partners tend to spread their development finance activities too thinly across different countries and regions, including those for which they have little expertise or knowledge (Acharya et

al. 2006). Germany has not been exempt from this critique (OECD-DAC 2001a).

Partner governments receiving development assistance interact with a multitude of development partners, which compete for limited partner country resources, financing opportunities, and policy influence (Anderson 2012). The increasingly competitive nature of the development landscape has encouraged Germany (and other major bilateral development partners) to not only specialize in fewer sectors but also target their assistance to a more limited number of countries (Munro 2005; BMZ 2013; Faust & Ziaja 2012; OECD-DAC 2010).

In 2008, the Government of Germany reduced its number of formal “partner countries” to 58 (down from 70) in an effort to improve aid efficiency and effectiveness (BMZ 2013).⁵¹ It has since further reduced this number to 50 partner countries (OECD-DAC 2015, p. 46), following the recommendation of the 2010 DAC Peer Review (OECD-DAC 2010).

The 2014 Reform Efforts Survey provides a unique opportunity to identify the countries and regions where Germany’s reform advice and assistance is valued the most – and the least. It reveals significant regional variation in the frequency at which

survey participants perceived German development actors (or their policy advice) to be useful and the extent to which they proved influential and helpful in advising and implementing policy reforms. In Table 3-2, we report regional averages on our three measures of development partner performance for Germany and an average DAC bilateral development partner. We also conduct a t-test on differences in the estimated average scores between Germany and an average DAC bilateral development partner and evaluate the geographical regions in which Germany was regarded as providing valuable reform advice and assistance.

Table 3-2: A Regional Analysis of German Development Actors’ Performance in Reform Efforts

	Usefulness of Advice			Agenda-Setting influence			Helpfulness during Reform Implementation		
	Germany	DAC		Germany	DAC		Germany	DAC	
Region	A	B	A-B	C	D	C-D	E	F	E-F
East Asia and Pacific	2.89	3.13	-0.23	2.04	2.46	-0.42	3.00	3.27	-0.28
Europe & Central Asia	3.67	3.59	0.08	2.79	2.39	0.40***	3.23	3.22	0.01
Latin America	2.49	2.75	-0.26*	1.81	2.13	-0.32*	3.14	3.19	-0.05
Middle East & North Africa	3.23	2.84	0.39*	2.19	2.02	0.16	3.51	3.10	0.41*
South Asia	2.98	-0.16	1.72	2.02	-0.30	2.48	2.80	2.80	-0.31
Sub-Saharan Africa	3.27	3.26	0.01	2.17	2.41	-0.23*	2.99	3.15	-0.15

Source: 2014 Reform Efforts Survey

Notes: The average scores of policy advice usefulness, agenda-setting influence, and helpfulness for Germany are reported in Columns A, C, and E while the DAC bilateral average scores are presented in Columns B, D, and F. Difference-in-means tests are conducted to evaluate whether German development actors have scores that are statistically different from the average scores of DAC bilateral development partners (excluding German development actors). Asterisks indicate statistical significance: *** $p<0.01$; ** $p<0.05$; * $p<0.10$.

We find that **Germany consistently registered performance scores that exceed DAC bilateral averages in two regions: Europe and Central Asia and the Middle East and North Africa.** Survey participants from these regions, on average, regard Germany as providing more useful policy advice and to be more influential and helpful in initiating and implementing reforms, as compared to the other DAC bilateral development partners.

This pattern may reflect the fact that geographical proximity influences Germany’s level of engagement with a given country (Faust & Ziaja 2012; Grabbe 2002). It is also possible that Germany’s concerted efforts – for example, through the TRANSFORM Program – to integrate Eastern European countries into the EU politically and economically, and the desire of these countries to join the EU, may have played a role in affecting the degree to which survey participants from the

⁵¹ Germany’s formally designated partner countries receive more intense development co-operation and full bilateral country programmes in up to three priority sectors, while non-partner countries continue to receive German development assistance “as part of regional or sector programmes in one priority area (including NGO support, scholarships, refugee aid, or as debt relief” (OECD-DAC 2010, p. 31; OECD-DAC 2015, p. 50).

region value the reform advice provided by German development actors (Tucker *et al.* 2002).

By contrast, Germany received comparatively lower scores in Latin America and the Caribbean in terms of policy advice usefulness and agenda-setting influence. Despite Germany's renewed commitment to the region as a trusted partner for tackling global challenges (The Government of Germany 2010), Latin America accounts for a rather small portion of the overall German development budget, which may be one reason why Germany performs relatively less well in this region.⁵²

Surprisingly, survey participants from sub-Saharan Africa gave Germany relatively low marks on their agenda-setting influence and helpfulness during reform implementation, in comparison to the average DAC bilateral development partner. These findings are somewhat counter-intuitive given that Africa has constituted a key regional focus of German development cooperation and the region accounts for the largest share of German aid budget (BMZ 2013, p. 21).⁵³ One potential explanation for this finding may be that since there are a multitude of development partners operating in Africa, governments in the region can "shop around for offers of assistance" from other development partners without addressing external pressures for reform (Boyce 2002, p. 23; Hernandez 2016).⁵⁴

⁵² For instance, Latin America as a region received the smallest proportions of GTZ and BMZ budget funds in 2004 (13% and 11%) (OECD-DAC 2006). A relatively low percentage of German regional budgets going to Latin America is partly explained by the fact that "in a middle-income region like Latin America, which has also made some development progress in the past ten years, the relative importance of international ODA has fallen" (BMZ 2008b, p. 15).

⁵³ In 2011-12, sub-Saharan Africa has accounted for 23% of Germany's bilateral ODA, by far the largest share of German development assistance (OECD-DAC 2014).

⁵⁴ As Knack and Rahman (2007) argue, Africa is particularly vulnerable to the negative impact of aid fragmentation (or the presence of numerous donors providing relatively small amounts of development assistance) on bureaucratic quality.

4.

WHAT EXPLAINS PERCEPTIONS OF GERMANY'S PERFORMANCE?

In this section, we shift from purely descriptive analysis to multivariate, econometric analysis to gain further insight into the factors that shape the way that development policymakers and practitioners regard Germany's performance as a development partner in low and middle-income countries. Our descriptive analysis has revealed that there is substantial regional and sectoral variation in the degree to which survey participants believed that Germany positively contributed to informing, initiating, and implementing reform efforts in their countries. We now seek to adjudicate between different plausible hypotheses about the determinants of Germany's perceived performance in advising, influencing, and aiding the reform process.

We hypothesize that **the interplay between external and domestic factors shapes and conditions in-country stakeholder perceptions of Germany as a development partner**. In particular, we argue—and find strong evidence—that (1) the relative position and significance of Germany in a counterpart country's “aid market” affects the extent to which it can influence reform priorities and efforts; (2) Germany's policy influence is conditioned by the level of democracy or political openness of its counterpart countries; (3) Germany's reform influence is compromised when there are more competing donor agencies vying for influence; and, lastly, (4) the presence of broad domestic support is critical for German development partners to effectively exert their influence on the policy reform process.

4.1

Modelling Determinants of Germany's Performance as a Development Partner

Variation in Germany's perceived performance as a development partner may be explained by the focusing of its development efforts in certain regions, countries, and sectors. However, a multitude of other factors may shape in-country decision-maker and local stakeholder perceptions of German development actors. These may include characteristics that are specific to partner countries, such as the size of the economy or population; political or economic openness; and the relative importance of German development finance vis-à-vis other sources of revenue. In addition, one must account for

characteristics that are specific to the survey participants who evaluated German development actors.

4.1.1

Dependent Variable(s)

Our dependent variable of interest is the extent to which German development actors affected the reform processes of low- and middle-income countries (between 2004 and 2013). Our measures of development partner performance are based upon the perceptions of survey participants with firsthand experience working with individual German development actors.

Consistent with the descriptive section of this report, we use the three different indicators taken from the *2014 Reform Efforts Survey* as proxies to measure the outcome of our interest: 1) a 1-5 point measure of **policy advice usefulness**; 2) a 0-5 point measure of **agenda-setting influence**; and 3) a 0-5 point measure of **helpfulness during reform implementation**. It is important to emphasize that our measure of Germany's contributions to the reform processes of its partner countries is based on the perceptions of survey participants, which may or may not directly correlate with the actual degree of reform success achieved in these countries. However, the goal of our econometric analysis is more narrowly defined: to explain variation in the degree to which policymakers and practitioners in the field reported that German development actors provided useful information and successfully influenced and assisted the reform efforts of their partner countries.

4.1.2

Hypotheses and Independent Variables

To our knowledge, there has been no empirical study to date that surveys a large number of policymakers and practitioners in low- and middle-income countries and evaluates their firsthand observations of and experiences with specific development partners through rigorous quantitative analysis. Given the lack of existing literature on factors that may influence the perceptions of development policymakers and practitioners, we turn to a broader literature on aid allocation and aid effectiveness to inform our variable selection.

The first hypothesis that we test is the notion that ***development policymakers and practitioners from partner countries receiving a large share of aid from German development actors will report that Germany is a particularly valuable source of reform advice and assistance.***

An emerging consensus in the aid literature is that development partners often use development assistance as leverage to achieve policy influence with their partner country governments (Dietrich 2013, Kono & Montinola 2009, Bapat 2011, Bueno de Mesquita & Smith 2009). If Germany has indeed used its development aid in the form of financial or technical assistance as a means to promote its preferred policy objectives, we would expect that the relative financial significance of German aid (in a partner country's overall aid portfolio) should be positively correlated with the reported level of Germany's policy reform influence. We measure the relative importance of German aid in a given partner country by using the average share of German Country Programmable Aid (CPA) out of the total amount of CPA that the country received between 2004 and 2013 (hereafter, we refer to this variable as CPA1). Data on CPA1 are drawn from the OECD International Development Statistics database.

The existing literature also suggests that the impact of development aid on partner country reform efforts is conditional on the nature of the political regime in those countries. Faust (2010) argues that the degree to which a given partner country can undertake far-reaching reforms is partly determined by the nature of the political process that a government must go through to initiate or implement reforms. In fact, some scholars argue that reforms are easier in autocratic settings, where a small cadre of political elites can push for immediate changes without regard to potential repercussions from various segments of society, which could otherwise obstruct the reform process under more democratic conditions (Woo-Cumings 1999; Haggard 1990; Devarajan *et al.* 2001). Wintrobe (1998, p. 338) puts it this way: autocratic regimes "have a greater capacity for action, good or bad."

Based upon this logic, the second hypothesis we test is

that ***the positive effect of Germany's aid on its perceived contribution to reform processes will be mediated by the level of democracy in the partner country (DEMOCRACY).*** DEMOCRACY is measured using the POLITY2 variable in Polity IV, which ranges from -10 (hereditary monarchy) to 10 (consolidated democracy) (Marshall & Jagers 2003). Following Svensson's (1999) study on the relationships between aid and growth, we introduce an interaction term between CPA1 and DEMOCRACY to estimate differential reform effects of CPA1 at different levels of democracy.

Recognizing that development partners compete against each other for policy influence to advance their respective policy preferences, priorities, and agendas (Acharya *et al.* 2006; Schadlow 2013), the level of fragmentation in a country's "aid market" may also predict Germany's reported level of influence on partner country reform processes.⁵⁵ As a general rule, the more competition that exists among aid suppliers (development partners), the more bargaining power that buyers (aid-receiving countries) should possess (Klein & Harford 2005; Bourguignon & Platteau 2015). Consequently, if a multitude of development partners are seeking to achieve influence in a limited policy space within a given country, the ability of any individual development partner to instigate far-reaching reforms may be compromised (Hernandez 2016).⁵⁶ Conversely, when there is limited competition in the aid market, it stands to reason that any individual development partner should exert greater policy influence (Steinwand 2015).

We therefore test a third hypothesis: ***that higher levels of aid fragmentation will negatively influence Germany's perceived contribution to reform processes in partner countries.*** We use a measure of aid fragmentation from the OECD-DAC (FRAG), which captures the number of "insignificant" development partners as a proportion of the total number of development partners present in a given country.⁵⁷

Finally, we consider the role of domestic political support in shaping the trajectory of the reform process. In particular, we posit that ***the presence of broad domestic support for reforms positively will amplify Germany's perceived influence***

⁵⁵ The presence of "too many donors" increases transaction costs associated with the management of relations between development partners and host countries (OECD 2011).

⁵⁶ See Annen and Moers (2012) for their formal theory of how it is of strategic interest for donors to spread their aid widely and thinly to carve out policy influence, which results in a high level of aid fragmentation.

⁵⁷ See OECD-DAC (2009) for details on the definition of aid fragmentation.

in shaping partner country reform processes. As a large body of literature has demonstrated (e.g., Chassy 2014; Santiso 2001; Kahler 1992), local ownership and domestic support are usually critical for the successful implementation of reforms. In particular, the presence of domestic allies—or those whom Chwieroth (2013, p. 267) refers to as “sympathetic domestic interlocutors”—who ally with international development organizations in undertaking reforms is a key strategy employed by donors to effectuate change. Thus, we hypothesize that the level of domestic political support for reform will condition the degree to which Germany can meaningfully influence the reform processes of partner countries. The 2014 *Reform Efforts Survey* asked participants to identify key domestic actors (e.g., the head of state, the legislature, the judiciary, and civil society groups) that they believed had devoted substantial time, effort, or resources to promote reforms pursued by the partner government. The level of domestic support (*DOMESTIC SUPPORT*) is measured based on the sheer number of domestic actors (e.g., the executive, legislature, judiciary, military) that participants identified as important supporters of partner countries’ reform processes in the survey.

We include a battery of control variables to guard against bias that may arise from failing to account for potential confounding effects. Our controls consist of a set of variables that the aid literature commonly identifies as significant determinants of aid allocation.⁵⁸ These variables include: GDP per capita (USD2000 constant, in thousands) (*GDP PER CAPITA*), the annual growth rate of GDP (*GDP GROWTH*), as well as the log of population (*POP*). All these variables are taken from World Development Indicators.

Additionally, we include the following variables to measure the strategic and commercial importance of a given partner country to Germany: the share of German CPA to a particular partner country as a percentage of the total annual German CPA budgets (*CPA2*) and German exports to a given partner country as a share of total German exports across all trading countries (*GERMAN EXP*). A greater share of German CPA or exports to a given partner country likely reflects that a

country has greater political or economic significance to Germany, which may in turn affect the general perceptions of in-country decision-makers and stakeholders towards German development partners. We compute the share of German CPA based on the OECD-DAC CPA data while data on German exports derive from the Federal Statistical Office of Germany (Destatis). Minimum distance from Germany (measured in kilometres) is also included as an additional control to account for the possibility that decision-makers and stakeholders in countries that are geographically proximate may evaluate Germany’s policy influence and performance more (or less) favorably (Faust & Ziaja 2012; Grabbe 2002; Tucker *et al.* 2002).

Furthermore, we include dummy variables that capture whether a given country was formally identified as Germany’s partner country in 1998 (*PARTNER98*) and in 2008 or 2011 (*PARTNER08-11*). They take on a value of 1 if a country was identified as a formal partner country for Germany in the given year; zero otherwise.⁵⁹ In recent years, Germany has significantly reduced the number of its partner countries to have an increased regional and country focus. The list of Germany’s partner countries was revised in 1998, 2008, and 2011 (BMZ 2013). It is plausible that in-country stakeholders from Germany’s partner countries may exhibit more favourable views on the perceived level of influence and performance Germany exerts in affecting the reform process.

We also include a number of survey participant-specific characteristics—such as sex (*SEX*), years of in-country experience (*EXP*), the number of development partners the survey participant interacted with (*INTERACTION*), and interaction with multilateral development partners (*MULTI*)—as additional controls to account for variation in the demographic and professional backgrounds of survey participants themselves. Finally, since the baseline perceptions of participants on the performance of German development partners in affecting partner country reform processes may be affected by which German development partners they interacted with or believed to be involved in reform implementation efforts,⁶⁰ we include dummy variables (*GIZ* and *KfW*) that are coded 1

⁵⁸ Since the key independent variable of our interest is *CPA1*, our models explicitly control for variables that affect the flow of *CPA1* as well as our dependent variable of our interest, the perceived level of Germany’s contribution to the reform process.

⁵⁹ See footnote 50 for a brief description of Germany’s development partnership.

⁶⁰ For instance, our descriptive analysis suggests that *GIZ* scored consistently higher than the other two German development actors analysed in this study. Since we are modelling participants’ perceptions towards these three different German development actors all in one model, we may need to account for the baseline differences in the perceived level of their performance in affecting reform efforts. The inclusion of the dummies (*GIZ* and *KfW*) does just that.

if participants interacted with GIZ or KfW (or indicated their involvement in reform implementation efforts) and zero otherwise (making those who interacted with German embassies the baseline group). Descriptive statistics for these variables are reported in Table C.1 in Appendix C.⁶¹

4.1.3 Methodology for Multivariate Analysis

The nature and structure of the *2014 Reform Efforts Survey* guided our approach to model selection. As shown in Figure 1, survey participants first selected development partners that they evaluated in the survey. That is, we only observe the perceptions of participants who indicated that they had direct, in-country interactions with German development actors (or that these actors were directly involved in implementing reform efforts in their respective countries). This means that we have censored outcomes where we only observe responses about the perceived level of Germany's policy advice usefulness, agenda-setting influence, or helpfulness during reform implementation from those survey participants who either worked directly with German development partners (for the first two outcomes) or for those survey participants who indicated that specific German development partner were involved in reform implementation efforts (for the last outcome).⁶²

Heckman's (1979) selection model is suited for a data structure with censored outcomes.⁶³ We therefore use this model to explain related outcomes in two stages: (1) whether participants interacted with German development actors or indicated their involvement in reform implementation in the first place; and (2) their evaluations of German development partners on policy advice usefulness, agenda-setting influence, and helpfulness during reform implementation.

In the first stage of analysis, we estimate a Probit model (using the full sample) to explain the probability of participants'

participation in the outcome stage. In the second stage of analysis, we employ an Ordered Probit model for policy advice usefulness (as it is an ordinal variable) and a standard linear OLS model for agenda-setting influence and helpfulness in implementing policy reforms.⁶⁴ At the outcome stage, it is important to note that we are using only the subsample of participants who interacted with German development actors (for the outcome indicators that measure policy advice usefulness and agenda-setting influence) and the subsample of participants who indicated German development partner involvement in reform implementation efforts (for the outcome indicators that measure helpfulness during reform implementation).

One of the key challenges in employing the Heckman model is to identify a set of variables that only affect participants' propensity to interact with German development actors or indicate their involvement in reform implementation (the selection stage) and do not affect our outcomes of interest (the outcome stage) (Sartori 2003). We choose to exclude the following variables from the outcome stage of analysis and include them *only* in the selection stage: the number of development partners with which a participant interacted with (*INTERACTION*), years of in-country experience (*EXP*), and sex (*SEX*).

While these variables may impact the propensity of survey participants to interact with German development actors (and thus indicate their involvement in reform implementation), we believe that they should not directly impact their perceptions. For instance, while *INTERACTION* captures the general propensity of participants to interact with more development partners, there are no strong theoretical reasons to believe that this variable will have an independent impact on how participants evaluate the performance of German development actors. Indeed, none of these variables (*INTERACTION*, *EXP*, and *SEX*) are significant predictors of the outcome variables

⁶¹ All country-level variables (e.g., GDP per capita or GDP growth) are averaged over the period between 2004 and 2013.

⁶² It is important to note that the propensity of participants to interact with German development partners and the propensity of participants to indicate their involvement in reform implementation are highly correlated. We believe that this is because participants, through interacting directly with German development partners, gained deeper understandings of their development activities and thus of their direct engagement in the process of reform implementation (if there was any).

⁶³ The Heckman model accounts for self-selection bias—or the presence of potential confounders that may have affected the propensity of participants indicating interactions with German development partners or their involvement in reform implementation.

⁶⁴ One may recall that a 1-5 scale used to measure the frequency of useful policy advice is not linear. That is, each value of this indicator has a substantive meaning associated with it. See Section 3.1.1. for the description of this dependent variable.

(while *INTERACTION* turns out to be strongly positively correlated with the selection variables).

As we mentioned earlier in this study, some participants interacted with two or more German development actors (or indicated that two or more German development actors were involved in reform implementation efforts). These participants then evaluated each development partner separately in the “outcome” stage of the survey. Survey participants rated individual German development actors on a 0-5 scale for policy advice usefulness and on a 1-5 scale for agenda-setting influence and helpfulness in reform implementation. For this reason, we need to convert the survey data into a dyadic dataset where a participant who interacted with two or more German development partners (or indicated their involvement in reform implementation efforts) counts as two or more observations in the dataset.⁶⁵ In doing so, we can explicitly model the probability of each participant’s participation in the “outcome” stage and their performance evaluations of each German development actor.

4.2 Results

Table 4-1 demonstrates that the effect of the share of German CPA (CPA1) is always positive across the three different specifications of donor performance, but it is only significant at the conventional level ($p < 0.05$) for the perceived level of Germany’s agenda-setting influence. These results are consistent with our earlier findings, in which we observed that a donor’s relative financial weight in the “aid market” seems to shape the extent to which it can influence the reform priorities of partner country counterparts. That is, **the larger the relative size of German financial support to a given partner country, the greater the influence that German development actors will have on the partner country’s reform priorities.**

The degree to which development partners can use aid as an instrument to advance reforms is also constrained by the domestic political processes of partner countries. In particular,

some have argued that decision-making autonomy vested in autocratic regimes makes it easier for such governments to pursue radical development reforms (Kelsall & Booth 2013; Woo-Cumings 1999; Haggard 1990). There are fewer veto points in the decision-making processes of autocratic regimes, which could otherwise delay actions to undertake or implement reforms under more democratic conditions (World Bank 2002). Consistent with this line of argumentation, our results indicate that **the relative importance of German aid has a positive impact on Germany’s reported level of agenda-setting influence, but this effect only holds in countries where political openness is limited.**

One must therefore be cautious in interpreting the estimated coefficients on CPA1 presented in Table 4-1 due to the presence of the interaction term between CPA1 and DEMOCRACY. The effect of the interaction is negative and significant, indicating that the positive effect of CPA1 on the perceived level of Germany’s agenda-setting influence diminishes as the level of DEMOCRACY increases. Figure 12 shows how the marginal effect of CPA1 on Germany’s agenda-setting influence changes at different levels of DEMOCRACY. The black solid line represents the marginal effect of CPA1 while the dashed lines around it denote a 95% confidence band. The black solid line has a clear downward slope, which shows that the positive effect of CPA1 becomes closer to zero as the values of DEMOCRACY increase. Although the effect of CPA1 is positive and significant at lower values of DEMOCRACY, it becomes statistically indistinguishable from zero at higher values of DEMOCRACY.⁶⁶

We also find evidence for a hypothesized negative relationship between donor fragmentation and the reported level of German policy influence on the reform priorities of its partner countries. The effect of FRAG is negative and significant at the .05 level for agenda-setting influence, although we do not find similar effects for the other two performance measures. These results suggest that the degree to which Germany can exert influence on the reform priorities of its partner countries is affected by the number of donors vying for influence in those very same countries. When there are a

⁶⁵ We have also estimated the same set of models for GIZ, KfW, and German embassies separately and found that our main conclusions remain unchanged after disaggregating the sample. The results are available upon request.

⁶⁶ More substantively, while the perceived level of agenda-setting influence is expected to increase by 0.38 for a 1% increase in CPA1 under societies where the Polity rating of democracy is set at zero, this positive effect diminishes to 0.1 as the Polity rating increases to the highest level of democracy with a score of 10.

multitude of donor agencies seeking to influence the reform process, donors often do not “speak with one voice” and fail to coordinate their activities, thereby creating opportunities for the host government to “play donors off one another” and to evade external pressures for reform (Van de Walle 2005; Gibson *et al.* 2005; Bourguignon & Platteau 2015).

The regression results presented in Table 4-1 also reveal that **domestic reform support has a significant positive effect on the perceived level of Germany’s agenda-setting influence.** This finding is consistent with the notion that broad support from a wide range of domestic stakeholders, including not

only host government officials but also civil society groups, is critical to ensure host government commitment to the reform objectives pursued by external development partners (Chassy 2014).⁶⁷

We do not find any individual-level characteristics that strongly affect how participants evaluate German development partners.⁶⁸ Nor do we find enough evidence to suggest that the political or economic importance of a partner country to Germany, as captured by *GERMAN EXP* and *CPA2*, affects the reported level of German development partner performance.

⁶⁷ It is plausible that German development actors themselves have made efforts to mobilize domestic support in their partner countries and thus, the presence of broad-based domestic support may not necessarily be a cause but an outcome of their pronounced influence. The direction of causality should therefore be interpreted with caution.

⁶⁸ Though not reported in Table 4-1, we also tested a battery of other participant-specific characteristics that may affect the perceptions of policymakers and practitioners towards German development actors. These include, but are not limited to, the level of education, the nature of daily work (e.g., political, technical, or administrative), previous experience of working for German development actors, and the perceived level of reform success in a given country. None of these factors seem to affect the perceived level of German performance in affecting the reform process.

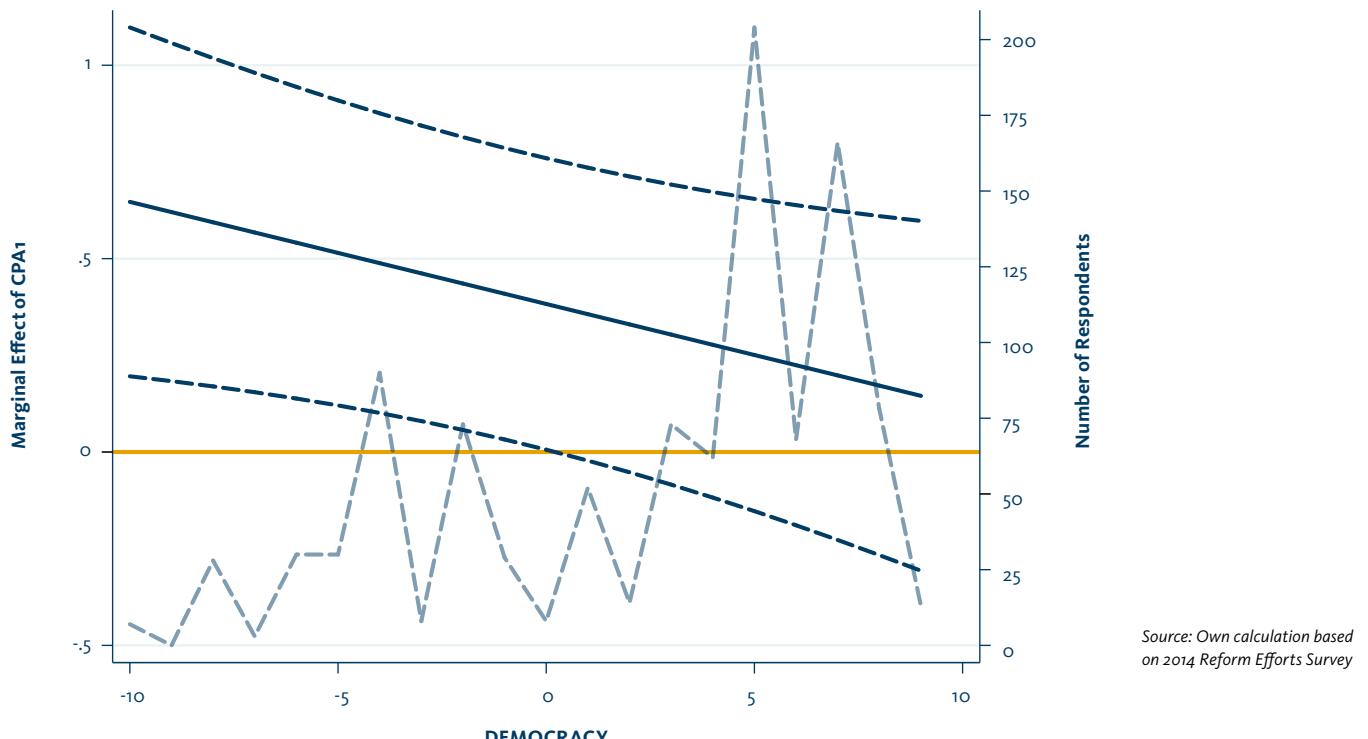
Table 4-1: Regression Results from Heckman Models: Determinants of Perceptions towards German Development Actors

Models	Policy Adive Usefulness		Agenda-Setting Influence		Helpfulness in Reform Implementation	
	Heckman (Ordered Probit)		Heckman		Heckman	
	Selection	Outcome	Selection	Outcome	Selection	Outcome
CPA1 (ln)	0.108 (0.075)	0.067 (0.149)	0.152 (0.070)**	0.384 (0.193)**	0.230 (0.084)***	-0.005 (0.215)
DEMOCRACY	-0.015 (0.010)	-0.024 (0.017)	-0.011 (0.010)	0.026 (0.019)	-0.005 (0.013)	-0.031 (0.030)
CPA1 (ln) × DEMOCRACY	0.006 (0.007)	0.011 (0.012)	0.007 (0.007)	-0.030 (0.013)**	-0.001 (0.008)	0.003 (0.021)
FRAG	-0.005 (0.004)	0.009 (0.007)	-0.003 (0.003)	-0.018 (0.008)**	-0.012 (0.004)***	0.002 (0.008)
CPA2 (ln)	0.064 (0.065)	0.009 (0.129)	0.051 (0.060)	-0.068 (0.156)	0.002 (0.072)	0.222 (0.167)
GDP PER CAPITA	0.089 (0.034)***	-0.045 (0.054)	0.057 (0.031)*	-0.042 (0.065)	-0.000 (0.000)	-0.000 (0.000)
GDP GROWTH	-0.027 (0.016)*	-0.044 (0.029)	-0.029 (0.014)**	-0.021 (0.032)	-0.031 (0.016)*	-0.023 (0.031)
POP (ln)	-0.013 (0.057)	-0.091 (0.110)	-0.050 (0.051)	-0.023 (0.130)	-0.086 (0.058)	-0.216 (0.133)
PARTNER98	0.077 (0.096)	-0.138 (0.175)	0.021 (0.085)	-0.048 (0.186)	0.050 (0.096)	-0.043 (0.219)
PARTNERo8-11	0.152 (0.081)*	-0.058 (0.143)	0.202 (0.075)***	-0.204 (0.168)	0.232 (0.089)***	-0.445 (0.171)***
GERMAN EXP (ln)	-0.038 (0.041)	-0.001 (0.075)	-0.004 (0.037)	-0.015 (0.082)	0.061 (0.043)	0.014 (0.083)
DISTANCE (ln)	-0.004 (0.106)	0.166 (0.189)	0.020 (0.094)	0.035 (0.193)	0.119 (0.102)	0.183 (0.192)
MULTI	-0.422 (0.166)**	0.338 (0.250)	-0.428 (0.146)***	-0.445 (0.303)	-0.394 (0.158)**	-0.247 (0.271)
DOMESTIC SUPPORT	-0.013 (0.011)	0.032 (0.020)	0.003 (0.010)	0.086 (0.023)***	0.023 (0.012)**	0.051 (0.024)**
SEX	-0.153 (0.068)**		-0.115 (0.062)*		-0.155 (0.077)**	
INTERACTION (ln)	1.060 (0.060)***		0.973 (0.052)***		0.647 (0.059)***	
EXP	0.013 (0.023)		-0.011 (0.021)		0.003 (0.025)	
GIZ		0.327 (0.129)**		0.395 (0.134)***		0.020 (0.135)
KfW		0.039 (0.107)		0.190 (0.121)		0.408 (0.119)***
Europe and Central Asia	0.116 (0.194)	0.727 (0.361)**	0.190 (0.170)	0.089 (0.351)	0.221 (0.199)	-0.026 (0.336)
Latin America and the Caribbean	-0.165 (0.145)	-0.095 (0.269)	-0.264 (0.131)**	-0.462 (0.292)	-0.518 (0.165)***	0.072 (0.322)
Middle East and North Africa	0.228 (0.201)	0.286 (0.378)	0.265 (0.180)	-0.413 (0.373)	0.103 (0.212)	-0.149 (0.371)
South Asia	-0.058 (0.178)	0.148 (0.301)	0.051 (0.155)	-0.441 (0.307)	-0.072 (0.184)	-0.633 (0.384)*

Sub-Saharan Africa	0.056 (0.128)	0.271 (0.241)	0.110 (0.115)	-0.535 (0.219)**	-0.003 (0.131)	-0.362 (0.229)
Macroeconomic	-0.202 (0.088)**	0.226 (0.163)	-0.092 (0.083)	-0.084 (0.194)	-0.249 (0.097)**	0.036 (0.192)
Social	-0.314 (0.095)***	0.298 (0.183)	-0.266 (0.088)***	0.127 (0.198)	-0.435 (0.105)***	0.029 (0.218)
Agriculture	-0.135 (0.115)	-0.052 (0.199)	-0.079 (0.115)	0.110 (0.228)	-0.168 (0.134)	0.014 (0.240)
Environment	0.242 (0.116)**	0.421 (0.203)**	0.222 (0.110)**	0.704 (0.268)***	0.406 (0.122)***	0.418 (0.216)*
Governance	-0.285 (0.092)***	0.010 (0.176)	-0.184 (0.083)**	0.101 (0.204)	-0.337 (0.094)***	-0.013 (0.199)
CSO/NGO			0.086 (0.066)	-0.036 (0.151)	0.100 (0.078)	-0.111 (0.146)
Private Sector			0.119 (0.129)	-0.461 (0.213)**	-0.058 (0.174)	-0.659 (0.445)
Threshold	μ_1	0.047 (2.376)				
	μ_2	0.718 (2.378)				
	μ_3	1.321 (2.380)				
	μ_4	1.990 (2.388)				
N	5851	796	6109	1054	5654	578

Source: Own calculations based on 2014 Reform Efforts Survey

Notes: Standard errors reported in parentheses are clustered by participant. Non-response weights are applied to all these regressions. Asterisks indicate statistical significance: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$.

Figure 12: The Marginal Effect of CPA1 on Germany's Agenda-Setting Influence

Notes: The solid black line represents the marginal effect of CPA1 on Germany's agenda-setting influence at different levels of DEMOCRACY. The dashed lines around the black line shows the 95 confidence intervals. The estimates are from Model 2 in Table 4-1.

The results from our regression models suggest that the relative size of German CPA and the level of democracy (and the interaction between them) are key predictors of the extent to which Germany is reportedly influential in affecting host governments' decisions to pursue reforms. We subjected these findings to a variety of robustness checks.

First, we included a battery of other participant-level covariates to account for heterogeneity across survey participants. To account for pro-reform and anti-reform biases among survey participants and the fact that donors may have received more or less favourable evaluations based upon the nature of the reforms that they tried to influence (e.g., reforms that were regarded as too ambitious or too shallow), we draw upon a question in the *2014 Reform Efforts Survey* that asked participants to assess the degree to which the government

attempted reform on a 1-3 scale (with a 1 indicating "Too much", 2 "Too little", and 3 "About the right amount") and whether reforms pursued between 2003 and 2014 focused on what they believed was the most critical issue. We used these survey data to generate a dummy variable that is coded 1 if a given participant indicated the government attempted about the right amount of reform, and 0 otherwise (*REFORM ATTEMPT*). We also included a dummy variable that is coded 1 if a given participant indicated the government focused on the most critical issue, and 0 otherwise (*REFORM FOCUS*). The inclusion of these additional controls does not affect our main results (See Column 1 in Table D.1, Appendix D).

It is also possible that a survey participant's level of seniority might influence his or her views towards development partners. The *2014 Reform Efforts Survey* asked participants

to identify what percentages of time they spent on political matters, technical issues, or administrative tasks. Drawing upon these data, we generated and included in our models two separate dummy variables that are coded 1 if a given participant allocated the largest amount of time to political issues (*POLITICAL*) or technical issues (*TECHNICAL*); zero otherwise. Additionally, we generated dummy variables for each language in which the survey was taken⁶⁹ and included them as additional controls (to account for the possibility that cultural and/or language backgrounds may systematically affect the way participants evaluated German development actors). Again, the main results remain intact after including these additional control variables except that *FRAG* is no longer significant at the conventional level (See Column 2 in Table D.1, Appendix D).

We also use the Freedom House (FH) Political Rights score as an alternative measure of democracy to test if the main results are robust to a different measure of democracy. The FH score ranges from 0 (the lowest level of freedom) to 7 (the highest level of freedom). To make a comparison with the Polity2 score easier, we reverse the scale of the FH score such that higher values indicate greater freedom. Once again, the main results still hold (See Column 3 in Table D.1, Appendix D). Lastly, we test if the presence of outliers may skew our findings. After estimating the outcome stage model using OLS regression, we compute studentized residuals and identify outliers or observations whose computed studentized residuals lie beyond 2 or below -2. Excluding these outliers does not significantly affect our main findings (See Column 4 in Table D.1, Appendix D).

⁶⁹ Survey participants were able to select in which language (English, Spanish, French, Portuguese, or Russian) the survey questions were asked.

5.

CONCLUSIONS AND POLICY IMPLICATIONS

Notwithstanding the significant development gains that have been achieved since the MDGs were adopted at the Millennium Summit in September 2000, many countries have failed to reach their performance targets by the end of 2015 (World Bank 2015). Therefore, as a new set of Sustainable Development Goals (SDGs) are put in place within the framework of the Agenda 2030 to guide the next fifteen-year period, it behooves development partners to engage in an evidence-based process of critical introspection and review key lessons from the MDG era with an eye toward adjusting their policies, programs, and practices during the 2015–2030 SDG implementation period.

In this report, we draw on data from the *2014 Reform Efforts Survey* to gain insight into how development policymakers and practitioners in the low- and middle-income countries perceive the performance of external development partners. We therefore examine German development actors in a comparative context and highlight the factors that enable and constrain their policy influence in the developing world. This source of survey evidence provides, for the first time, micro-level evidence on the comparative strengths of German development partners and where they exert greater and lesser influence on the reform efforts of counterpart governments. The data are unique in that they are drawn from in-country counterparts who reported on their firsthand experiences with and observations of German development partner performance between 2004 and 2013.

Our findings suggest that stakeholders in partner countries do not strongly differentiate between the different roles and responsibilities of the different German development actors. Given the period covered by the *2014 Reform Efforts Survey*, this finding does not necessarily come as a surprise. While KfW and GIZ were always deeply engaged with partner governments in designing (and implementing) specific development programs, German embassies were in the past largely dependent on the implementation agencies, particularly GTZ, during substantive sector discussions (OECD-DAC 2001b, p. 59). In fact, there are reasons to believe that, for most of our period of study, German embassy contributions to in-country policy discussions were more limited than those

of the implementation agencies (GIZ and KfW) due to “the extremely small number of qualified staff authorized by the [German] Embassies to deal with development policy” (*Ibid.*). As explained in Box 1 in Section 1.2, it was only after 2011 that the number of staff seconded from BMZ to the embassies was increased substantially and that the embassies were formally tasked with leading the sector policy dialogue.

These findings also beg the question of whether the recent reorganization of Germany’s aid system has enhanced or otherwise affected its development policy influence and performance. It must be left to future research to evaluate the impact of these organizational reforms. However, future waves of AidData’s survey will enable such analysis and the data used in this study provide a valuable baseline for a follow-up evaluation.

Additionally, our findings suggest that Germany’s reform advice and assistance is perceived to be particularly useful and influential in the environmental policy arena. There are a number of reasons why Germany may have exerted outsized influence in this sector between 2004 and 2013. One obvious explanation is that Germany possesses technical expertise in this area and has devoted significant time, money, and attention to environmental protection and remediation issues in low-income and middle-income countries (OECD-DAC 2005, p. 2010).⁷⁰ Another potential factor contributing to Germany’s strong performance is the fact that the environment sector has historically attracted relatively little financial support from other donors, which may increase the bargaining power of German development actors vis-à-vis host governments (Hicks *et al.* 2008).

This study also reveals that Germany’s policy influence is particularly pronounced in Europe and Central Asia and Middle East and North Africa. These findings are not too surprising given the physical proximity and relatively strong ties of these two regions to Germany. However, it should be noted that Germany’s policy influence in Central and Eastern Europe may have been amplified by the aspirations of many countries in the region to join the EU (or forge stronger ties with it). Indeed, in many of these countries, Germany and the EU have

⁷⁰ For example, Germany has spearheaded efforts to integrate environmental assessments into its development projects. Today, all new German projects and programs need to pass a “Climate Check,” which assesses the estimated environmental risks of a proposed project and its emission savings (OECD 2010, p. 92).

worked together to push for political and economic reforms (OECD-DAC 2001; Tucker *et al.* 2002).

Additionally, this report sheds light on the conditions under which Germany tends to exert more or less influence on reform efforts in low- and middle-income countries. Our analysis shows that the influence of Germany at the agenda-setting stage of the policymaking process is conditioned by a set of domestic and external factors. Contrary to the conventional wisdom that “aid can’t buy reforms,”⁷¹ we find that when German aid represents a large proportion of a given partner country’s total aid portfolio, German development actors have more influence on the reform agendas of their partner countries. This effect, however, is conditional on the level of democracy in the countries where German development actors operate. Specifically, the positive correlation between Germany’s relative financial weight in a partner country and its perceived agenda-setting influence is, on average, more pronounced in more autocratic countries where reforms may be easier to implement due to the presence of fewer veto players that could otherwise obstruct or delay efforts to change the status quo (Faust 2010; Woo-Cumings 1999; Haggard 1990; Kelsall & Booth 2013). The fact that German aid wields greater influence in a cohort of less democratic countries that it generally disfavours at the partner selection stage of its aid allocation process (Faust & Ziaja 2012) demands greater scrutiny and debate.⁷² At the same time, this finding suggests that there is wisdom in recent calls for increased country specialization and selectivity in Germany’s aid program.

Our findings also suggest that broad domestic support for reform – from the executive, the legislature, civil society groups, and other domestic stakeholders – amplifies Germany’s development policy influence. Conversely, when the domestic conditions for reform are not propitious, Germany tends to exert lower levels of development policy influence.

These findings raise the question of whether and how German development actors can do a better job of identifying and focusing advisory and assistance efforts in the settings where they are likely to enjoy a policy influence multiplier effect rather than face a policy influence penalty.⁷³

The policy influence of German development actors depends not only on their relative financial weight and on the domestic political institutions of partner countries, but also on the level of competition in the “aid market.” Our analysis reveals that when a multitude of donors vie for influence, as indicated by higher levels of donor fragmentation, Germany tends to exert lower levels of agenda-setting influence. Germany’s recent efforts to concentrate its development aid in fewer partner countries (BMZ 2013; OECD-DAC 2015) may therefore help to expand its policy influence if other aid agencies follow suit and make efforts to establish a better-defined spatial and sectoral division of labour.

Finally, this report calls attention to the need for further research on the extent to which these findings can be generalized beyond Germany. In recognition of the fact that each donor agency has its own aid allocation logic, sectoral focus, objectives, and modalities of implementation (e.g., Alesina & Dollar 2000; Neumayer 2003), we have undertaken some preliminary tests to gauge whether our empirical results hold across a larger cohort of DAC bilateral donors (reported in Appendix E), but ultimately, testing the generalizability of our findings is beyond the scope of this report.⁷⁴ The 2014 *Reform Efforts Survey* offers a rich, micro-level source of data for researchers and evaluators to study this potential heterogeneity across different donors. This source of evidence also makes it possible to investigate the circumstances under which specific development partners exert greater influence on reform processes in host countries. As such, it provides a useful guide for those who seek to more effectively respond to

⁷¹ See, for instance, Bandow (1999).

⁷² According to Faust and Ziaja (2012), Germany tends to allocate larger amounts of aid to those countries with a greater degree of political freedom and accountability, which attests to Germany’s commitment to good governance as a “guiding principle” dictating the overall strategy of German development co-operation.

⁷³ Some DAC donors have recently taken steps to improve their own “situational awareness” by investing in country-specific political economy analysis. DFID has pioneered the „Drivers of Change“ approach to political economy analysis to better understand pro-poor reform opportunities, incentives and obstacles (Warren 2004; Chhotray & Hulme 2009). The Dutch Ministry of Foreign Affairs has developed a Strategic Governance And Corruption Analysis (SGACA), which focuses on the formal and informal factors that shape state-society relations. The Swedish International Development Agency has introduced „Power Analysis“ to understand where power lies, how it is distributed, and how it is employed (Bjurealm 2006). In order to anticipate the likely „winners“ and „losers“ or particular policy reforms, the World Bank has also developed a methodology to support Poverty and Social Impact Analysis (World Bank 2003).

⁷⁴ In Appendix E, we have conducted a simple econometric analysis of cross-national data seeking to explore whether our key hypotheses hold for DAC bilateral donors, more broadly. We find moderate evidence that our key findings hold when one expands the scope of analysis to other DAC bilateral development partners. Thus, future research should investigate more closely the generalizability of our findings in this study.

the needs and demands of in-country stakeholders in low- and middle-income countries.

Development partners currently expend a tremendous amount of time, money, and effort on efforts to instigate and implement policy and institutional change in developing countries. Demand for this type of external advice and assistance is expected to further increase during the post-2015 SDG era, as many developing countries seek to strengthen their domestic resource mobilization capabilities and create strong public

sector institutions that are able to deliver high-quality public services without continued support from outside actors. Yet there is still an extraordinary lack of understanding about how development partners can most effectively influence reform efforts on the ground. The data from the *2014 Reform Efforts Survey* provides an opportunity to close this evidence gap. It gives voice to those who are actually making and shaping policy in the developing world, providing them an opportunity to tell aid agencies which sources of advice and assistance are most and least useful to decision-makers on the ground.

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7.

APPENDICES

Appendix A: Policy Domains, Policy Clusters, and an Analysis of Participants who Interacted with German Embassies

Table A 1 maps 24 different policy domains into six different policy clusters. These policy clusters are used for our sectoral-level analysis throughout the report. In Table A 2, we present an analysis of the composition of development policymakers and practitioners in our sample who worked directly with German embassies. As explained in Box 1, it was not until recent years that German embassies were formally mandated to lead a policy dialogue for development cooperation. Given this new role now played by German embassies, it may be useful to shed light on what types of development policymakers and practitioners are likely to engage with them as a development partner.

To this end, we conduct a difference-in-means test on a set of variables capturing the nature of participants' work, position, and sectoral focus, compared between those who interacted with German embassies and those who did not. Table A 2 summarizes main results (and variable descriptions are given in the notes below the table). We first test if there is any significant difference in terms of the share of time survey participants normally spent working on political matters, technical issues, or administrative tasks.⁷⁵ We find that those who

interacted with German embassies tended to devote a greater share of their time (31%) working on political matters, which is significantly higher than the corresponding number for those who did not interact with German embassies (22%). We also find that participants who worked directly with German embassies tended to spend less time dealing with technical or administrative issues.

Our analysis also reveals that those participants who took on high-rank government positions (e.g., the head of state, chief of staff, minister, or vice-minister) were more likely to interact with German embassies. The frequency of interaction with German embassies is significantly higher for those participants who served in high-ranking government positions (21%) compared to those who did not (12%). These findings partly reflect the fact that German embassies may serve as an important channel of communication between the BMZ and high-rank officials in their partner countries, while their level of engagement is less pronounced among lower-rank government officials with more "technical" roles, where direct communication is usually delegated to the implementing agencies.

Table A 1: Policy Domains and Policy Clusters

Macroeconomic	Social	Agriculture	Environment	Governance	Others
<ul style="list-style-type: none"> • Macroeconomic Management • Finance, Credit, and Banking • Trade • Business Regulatory Environment • Investment 	<ul style="list-style-type: none"> • Health • Education • Family and Gender • Social Protection and Welfare • Labor 	<ul style="list-style-type: none"> • Agriculture and Rural Development • Land • Infrastructure 	<ul style="list-style-type: none"> • Environmental Protection • Energy and Mining 	<ul style="list-style-type: none"> • Decentralization • Anti-corruption and Transparency • Democracy • Public Administration • Justice and Security • Tax • Customs • Public Expenditure Management 	<ul style="list-style-type: none"> • Foreign Policy • No particular policy focus

⁷⁵ The survey asked participants to indicate, on an average day working in their respective positions, "approximately what percentage of [their] time" was spent on each of the following: political matters, technical issues, and administrative tasks.

Table A 2: An Analysis of Those who Interacted (or Did Not Interact) with German Embassies as a Development Partner

Variable	Mean Based on Participants Who Interacted with German Embassies (A)	Mean Based on Participants Who Did Not Interact with German Embassies (B)	Difference (A)-(B)
Position Types			
POLITICAL	0.311	0.220	0.090***
TECHNICAL	0.396	0.455	-0.059***
ADMINISTRATIVE	0.298	0.332	-0.034***
HIGH-LEVEL	0.213	0.123	0.090***
Stakeholder Groups			
GOVT OFFICIALS	0.766	0.761	0.006
NGO/CSO	0.170	0.168	0.002
PRIVATE SECTOR	0.064	0.071	-0.008
Policy Clusters			
MACROECONOMIC	0.199	0.182	0.016
SOCIAL	0.122	0.175	-0.053*
AGRICULTURE	0.056	0.080	-0.024
ENVIRONMENT	0.071	0.078	-0.007
GOVERNANCE	0.267	0.247	0.020

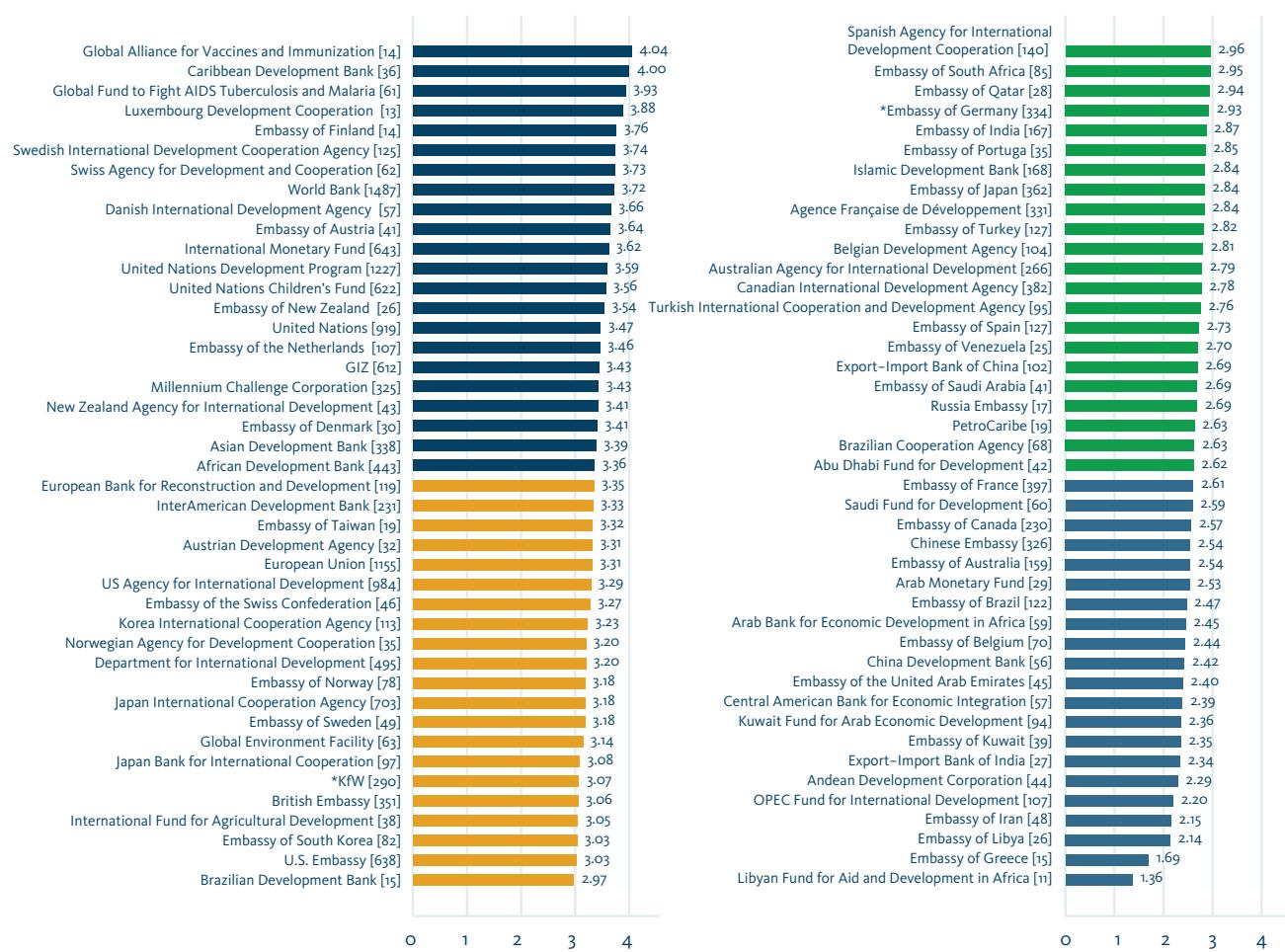
Notes: POLITICAL, TECHNICAL, and ADMINISTRATIVE measure the proportion of time participants indicated they spent, based on their average workday, on political matters, technical issues, and administrative tasks, respectively. HIGH-LEVEL is a dummy variable coded 1 if a given participant had a high-level government position (e.g., the head of state, vice-head of state, chief of staff to the head of state, minister, or vice-minister); 0 otherwise. GOVT OFFICIALS, NGO/CSO, and PRIVATE are dummy variables coded 1 if a given participant belonged to the stakeholder group of host government officials, NGO/CSO leaders, or private sector representatives, respectively; 0 otherwise. MACROECONOMIC, SOCIAL, AGRICULTURE, ENVIRONEMNT, and GOVERNANCE are dummy variables coded 1 if a given participant belonged to the corresponding policy cluster; 0 otherwise. Difference-in-means tests are conducted to evaluate whether those who interacted with German embassies differed significantly from those who did not in terms of the mean values of the variables of our interest. Asterisks indicate statistical significance: ***p<0.01; **p<0.05; *p<0.10.

Appendix B: Comparisons of Development Partners by Policy Advice Usefulness, Agenda-Setting Influence, and Helpfulness in Reform Implementation

In Figures B 1-B 3, we show the rankings of development partners by policy advice usefulness, agenda-setting influence, and helpfulness in reform implementation. Table B 1 reports numerical values used to generate Figure 11, which shows the policy-cluster specific averages of the three different donor-performance indicators for German development actors (German Embassies, GIZ, and KfW) as well as the EU and other DAC donors. Figure B 4 shows the performance of the German development actors, the EU, and DAC donors

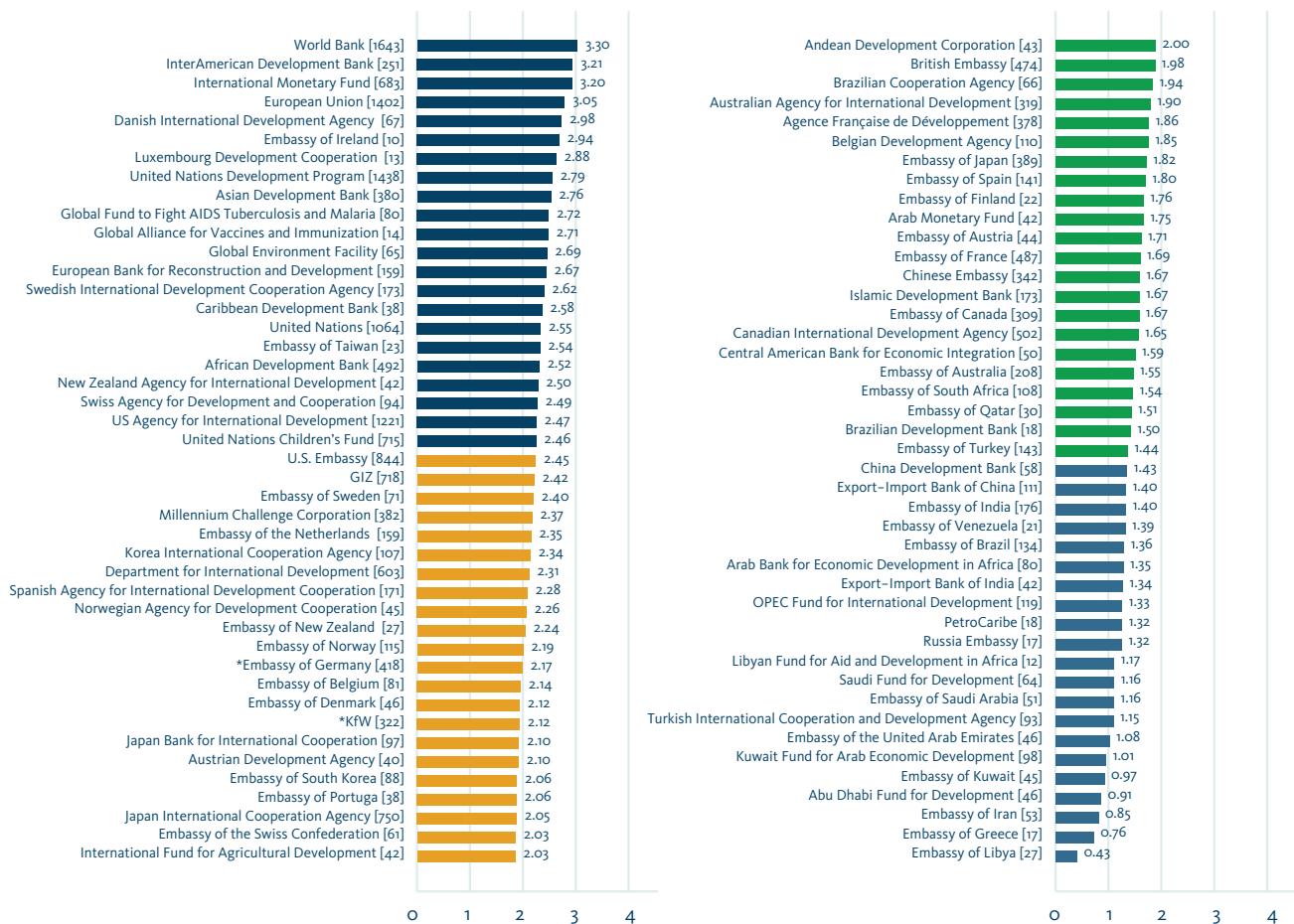
(collapsed as one unitary development actor) within particular policy domains under the policy clusters of governance and environment (See Table A 1 for details on how policy domains are clustered under six broader categories). These policy areas include the following: decentralization, anti-corruption and transparency, democracy, public administration, justice and security, public expenditure, as well as environmental protection and energy and mining. Table B 2 reports numerical values used to generate Figure B 4.

Figure B 1: Usefulness of Development Partners' Policy Advice



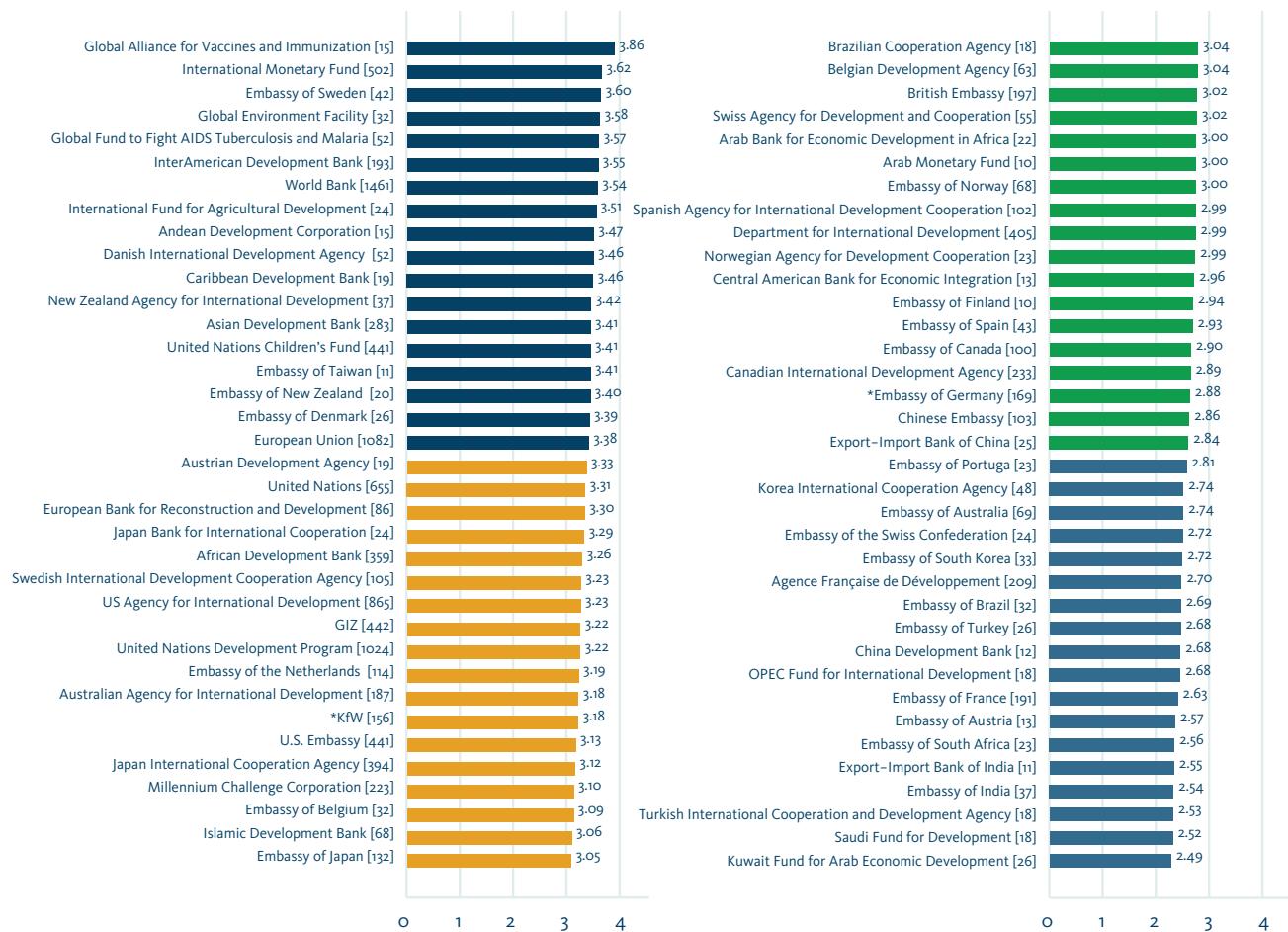
Notes: We excluded all those development partners for which observations in the dataset did not exceed the minimum threshold of 10.

Source: 2014 Reform Efforts Survey

Figure B 2: Agenda-Setting Influence of Development Partners

Notes: We excluded all those development partners for which observations in the dataset did not exceed the minimum threshold of 10.

Source: 2014 Reform Efforts Survey

Figure B 3: Helpfulness of Development Partners in Reform Implementation

Notes: We excluded all those development partners for which observations in the dataset did not exceed the minimum threshold of 10.

Source: 2014 Reform Efforts Survey

Table B 1: Average Scores of Advice Usefulness, Agenda-Setting Influence, and Helpfulness in Reform Implementation, by Policy Cluster

Donor Name	Policy Cluster	Policy Advice Usefulness			Agenda-Setting Influence			Helpfulness in Reform Implementation		
		Score	Std. Err	N	Score	Std. Err	N	Score	Std. Err	N
German Embassies	Macroeconomic	2.85	0.16	73 (47)	1.77	0.14	95 (58)	3.03	0.25	21 (19)
	Social	3.40	0.22	44 (35)	2.40	0.16	53 (35)	2.59	0.29	17 (16)
	Agriculture	2.26	0.23	20 (17)	2.16	0.26	29 (25)	2.82	0.48	12 (11)
	Environment	3.32	0.26	28 (22)	2.69	0.32	32 (24)	3.37	0.27	21 (19)
	Governance	2.88	0.20	72 (44)	2.34	0.16	116 (64)	2.89	0.18	49 (34)
GIZ	Macroeconomic	3.44	0.15	130 (60)	2.43	0.14	156 (64)	3.26	0.11	87 (53)
	Social	3.37	0.14	107 (60)	2.25	0.17	122 (64)	3.05	0.15	76 (47)
	Agriculture	3.43	0.19	60 (39)	2.80	0.18	66 (41)	3.33	0.18	37 (26)
	Environment	3.93	0.15	63 (49)	3.22	0.19	69 (46)	3.62	0.14	52 (39)
	Governance	3.09	0.17	127 (52)	2.28	0.14	178 (64)	3.23	0.16	105 (49)
KfW	Macroeconomic	3.21	0.19	69 (47)	1.89	0.17	83 (50)	2.89	0.17	39 (31)
	Social	2.96	0.24	40 (28)	1.85	0.27	46 (28)	3.17	0.44	17 (11)
	Agriculture	3.29	0.23	40 (26)	2.30	0.23	45 (29)	3.32	0.19	26 (22)
	Environment	3.24	0.23	37 (26)	3.06	0.25	37 (25)	3.48	0.24	28 (22)
	Governance	2.50	0.22	39 (28)	1.99	0.21	45 (32)	2.78	0.27	10 (9)
EU	Macroeconomic	3.46	0.11	240 (90)	2.99	0.11	275 (97)	3.39	0.10	189 (88)
	Social	3.38	0.11	214 (87)	3.03	0.10	250 (95)	3.37	0.09	197 (81)
	Agriculture	3.21	0.16	102 (63)	3.01	0.13	115 (69)	3.38	0.14	89 (58)
	Environment	3.15	0.17	82 (56)	3.08	0.17	92 (60)	3.35	0.17	73 (51)
	Governance	3.37	0.10	287 (87)	3.15	0.10	425 (104)	3.38	0.09	333 (89)
DAC Average	Macroeconomic	3.03	0.06	1475 (103)	2.18	0.06	1757 (105)	3.17	0.07	760 (95)
	Social	3.29	0.06	1398 (108)	2.39	0.07	1692 (110)	3.27	0.05	980 (100)
	Agriculture	3.18	0.09	727 (81)	2.35	0.08	796 (83)	3.38	0.08	381 (75)
	Environment	3.25	0.10	514 (77)	2.34	0.10	585 (78)	3.14	0.10	320 (67)
	Governance	3.16	0.07	1596 (98)	2.45	0.06	2349 (111)	3.19	0.06	1297 (106)

Source: 2014 Reform Efforts Survey

Notes: The number of countries covered in each point estimate is reported in parentheses.

Figure B 4: The Average Scores of Advice Usefulness, Agenda-Setting Influence, and Helpfulness during Reform Implementation, by Select Policy Domains

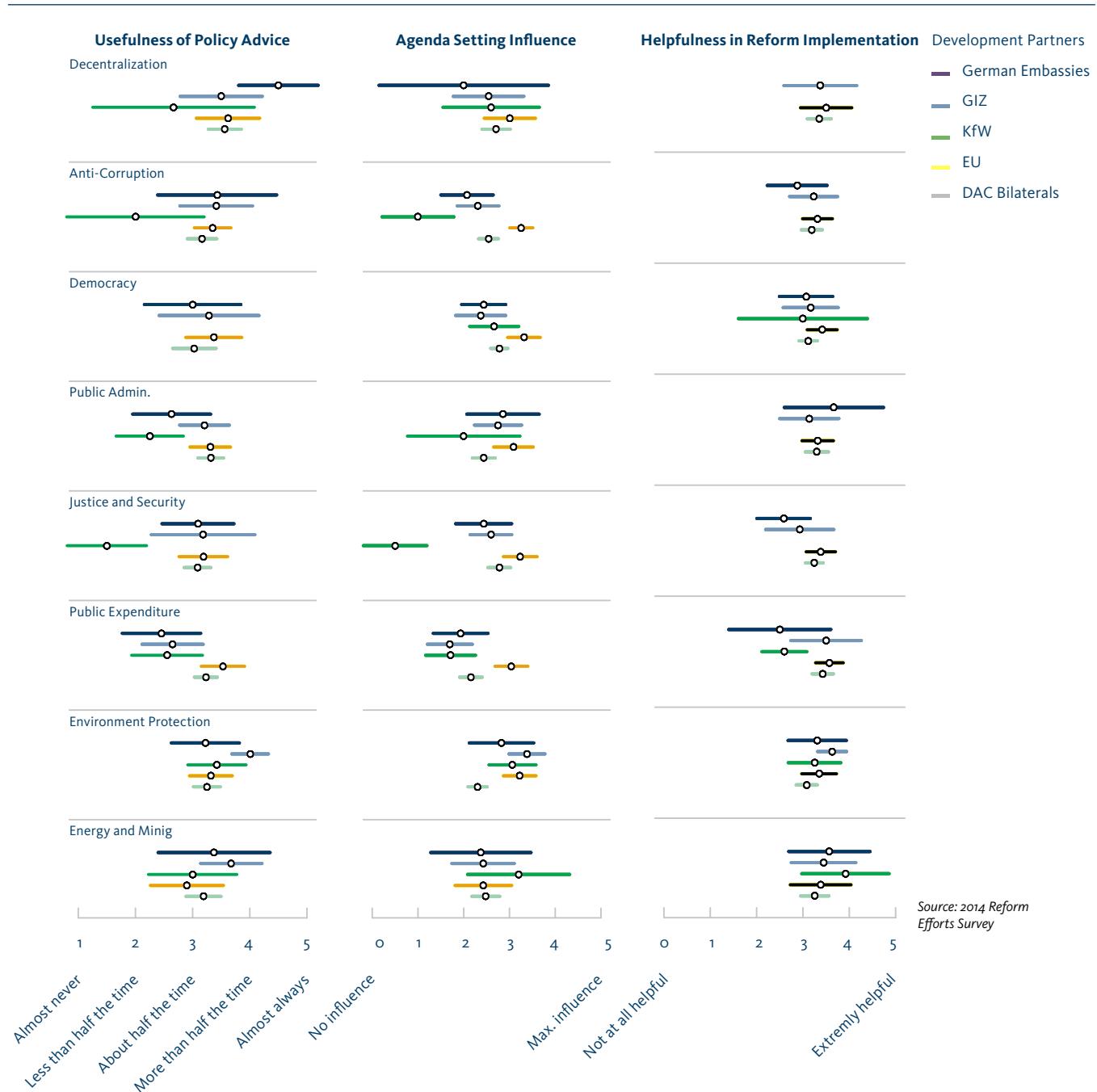


Table B 2: The Average Scores of Advice Usefulness, Agenda-Setting Influence, and Helpfulness in Reform Implementation, by Select Policy Domains

Actor	Policy Cluster	Policy Advice Usefulness			Agenda-Setting Influence			Helpfulness in Reform Implementation		
		Score	Std. Err	N	Score	Std. Err	N	Score	Std. Err	N
German Emb.	Decentralization	4.50	0.35	2 (2)	2.00	0.94	3 (3)	5.00	0.00	1 (1)
	Anti-corruption and transparency	3.43	0.53	7 (7)	2.07	0.29	17 (14)	2.88	0.33	8 (8)
	Democracy	3.00	0.43	13 (12)	2.44	0.24	40 (29)	3.07	0.29	20 (15)
	Public administration	2.63	0.35	16 (15)	2.86	0.40	14 (14)	3.67	0.55	3 (3)
	Justice and security	3.09	0.32	21 (15)	2.43	0.31	24 (19)	2.58	0.29	12 (9)
	Public expenditure management	2.45	0.35	11 (11)	1.93	0.31	15 (15)	2.50	0.56	4 (4)
	Environmental protection	3.22	0.30	20 (18)	2.83	0.36	24 (20)	3.31	0.32	14 (13)
GIZ	Energy and mining	3.38	0.50	8 (8)	2.38	0.56	8 (8)	3.57	0.45	7 (7)
	Decentralization	3.50	0.37	14 (12)	2.54	0.39	14 (12)	3.38	0.40	9 (8)
	Anti-corruption and transparency	3.41	0.32	22 (19)	2.31	0.23	44 (33)	3.23	0.26	27 (21)
	Democracy	3.29	0.44	8 (7)	2.37	0.28	29 (18)	3.17	0.30	23 (18)
	Public administration	3.21	0.22	29 (20)	2.75	0.26	23 (18)	3.14	0.32	13 (11)
	Justice and security	3.18	0.46	14 (11)	2.59	0.23	21 (16)	2.93	0.37	15 (12)
	Public expenditure management	2.65	0.27	34 (23)	1.70	0.25	39 (28)	3.50	0.39	14 (10)
KfW	Environmental protection	4.00	0.16	45 (36)	3.38	0.20	54 (39)	3.63	0.16	42 (33)
	Energy and mining	3.68	0.27	18 (17)	2.42	0.35	15 (13)	3.44	0.35	10 (9)
	Decentralization	2.67	0.72	3 (3)	2.60	0.54	5 (5)	4.00	0.00	1 (1)
	Anti-corruption and transparency	2.00	0.61	4 (4)	1.00	0.40	5 (5)	N/A	N/A	N/A
	Democracy	2.00	0.00	1 (1)	2.67	0.27	3 (3)	3.00	0.71	2 (2)
	Public administration	2.25	0.30	6 (4)	2.00	0.62	4 (3)	N/A	N/A	N/A
	Justice and security	1.50	0.35	2 (2)	0.50	0.35	2 (2)	N/A	N/A	N/A
	Public expenditure management	2.55	0.32	22 (19)	1.71	0.28	24 (19)	2.60	0.25	6 (5)
	Environmental protection	3.43	0.26	25 (20)	3.07	0.26	31 (23)	3.25	0.29	21 (18)
	Energy and mining	3.00	0.39	12 (10)	3.20	0.57	6 (5)	3.92	0.48	7 (8)

EU	Decentralization	3.62	0.28	20 (17)	3.01	0.28	25 (20)	3.50	0.28	16 (14)
	Anti-corruption and transparency	3.35	0.16	46 (32)	3.26	0.13	84 (51)	3.31	0.16	65 (43)
	Democracy	3.37	0.25	27 (18)	3.32	0.18	97 (54)	3.42	0.16	82 (49)
	Public administration	3.31	0.18	57 (39)	3.09	0.22	54 (38)	3.32	0.17	43 (34)
	Justice and security	3.19	0.22	53 (33)	3.24	0.19	73 (42)	3.39	0.16	59 (34)
	Public expenditure management	3.53	0.19	61 (43)	3.04	0.18	66 (48)	3.57	0.15	47 (37)
	Environmental protection	3.32	0.19	59 (45)	3.22	0.18	68 (50)	3.35	0.19	55 (43)
	Energy and mining	2.90	0.33	23 (20)	2.43	0.31	24 (21)	3.38	0.33	18 (17)
DAC Average	Decentralization	3.56	0.15	100 (19)	2.71	0.16	120 (24)	3.35	0.13	81 (21)
	Anti-corruption and transparency	3.16	0.13	258 (49)	2.54	0.11	462 (64)	3.19	0.11	255 (54)
	Democracy	3.03	0.19	153 (28)	2.78	0.10	547 (66)	3.11	0.10	329 (60)
	Public administration	3.32	0.11	356 (52)	2.44	0.13	329 (53)	3.30	0.13	185 (47)
	Justice and security	3.08	0.12	284 (43)	2.78	0.13	372 (50)	3.25	0.10	237 (44)
	Public expenditure management	3.23	0.10	312 (52)	2.16	0.12	363 (56)	3.43	0.12	139 (40)
	Environmental protection	3.25	0.12	346 (63)	2.30	0.11	423 (70)	3.08	0.12	247 (56)
	Energy and mining	3.19	0.16	168 (36)	2.48	0.16	162 (31)	3.26	0.15	73 (29)

Source: 2014 Reform Efforts Survey

Notes: The number of countries covered in each point estimate is reported in parentheses.

Appendix C: Descriptive Statistics

Table C 1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
CPA1 (ln)	6109	1.066	1.111	-3.289	2.899
DEMOCRACY	6109	3.673	4.721	-9	10
FRAG	6109	31.565	12.101	5.714	70.856
CPA2 (ln)	6109	-0.990	1.942	-12.516	2.015
GDP PER CAPITA (in thousand)	6109	1.555	1.518	0.150	13.235
GDP GROWTH	6109	5.296	2.343	-0.215	12.925
POP (ln)	6109	16.444	1.369	13.395	21.006
PARTNER98	6109	0.743	0.437	0.000	1.000
PARTNER08-11	6109	0.612	0.487	0.000	1.000
GERMAN EXP (ln)	6109	-4.305	1.891	-8.998	1.426
SEX	6109	0.242	0.429]0.000	1.000
MULTI	6109	0.908	0.288	0.000	1.000
DOMESTIC SUPPORT	6109	3.925	2.516	0.000	12.000
DISTANCE (ln)	6109	8.624	0.544	-8.998	1.426
EXP	6109	3.589	1.287	1.000	5.000
INTERACT (ln)	6109	1.853	0.739	0.000	3.611

Notes: This table shows descriptive statistics of the main variables used for Model 2 in Table 4-1.

Appendix D: Robustness Checks

Table D 1: Robustness Checks: Determinants of Germany's Agenda-Setting Influence (Outcome Stage Only)

Robustness Checks	Reform Focus Variables as Additional Controls	Position Types as Additional Controls	Using Freedom House (FH) Scores	Excluding Outliers
Models	(1)	(2)	(3)	(4)
CPA1 (ln)	0.390 (0.196)**	0.383 (0.190)**	0.644 (0.246)***	0.405 (0.156)***
DEMOCRACY	0.028 (0.019)	0.030 (0.019)		0.018 (0.019)
CPA1 (ln) × DEMOCRACY	-0.029 (0.013)**	-0.030 (0.014)**		-0.023 (0.013)*
FH			0.106 (0.073)	
CPA1 (ln) × FH			-0.084 (0.047)*	
FRAG	-0.019 (0.008)**	-0.018 (0.008)**	-0.019 (0.008)**	-0.019 (0.007)***
CPA2 (ln)	-0.087 (0.160)	-0.063 (0.159)	-0.060 (0.139)	-0.119 (0.139)
GDP PER CAPITA	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
GDP GROWTH	-0.020 (0.033)	-0.024 (0.037)	-0.009 (0.034)	-0.015 (0.030)
POP (ln)	-0.013 (0.136)	-0.015 (0.133)	-0.018 (0.116)	-0.075 (0.118)
PARTNER98	-0.012 (0.193)	0.032 (0.205)	-0.118 (0.167)	-0.039 (0.170)
PARTNER08-11	-0.206 (0.172)	-0.246 (0.171)	-0.216 (0.171)	-0.051 (0.156)
GERMAN EXP (ln)	-0.010 (0.084)	-0.034 (0.089)	-0.015 (0.080)	0.033 (0.073)
DISTANCE (ln)	0.054 (0.201)	-0.060 (0.236)	0.087 (0.191)	0.016 (0.182)
MULTI	-0.477 (0.308)	-0.505 (0.306)*	-0.469 (0.316)	-0.514 (0.260)**
DOMESTIC SUPPORT	0.091 (0.024)***	0.090 (0.023)***	0.090 (0.023)***	0.096 (0.021)***
REFORM FOCUS	0.113 (0.159)	0.100 (0.156)	0.085 (0.151)	
REFORM ATTEMPT	-0.145 (0.129)	-0.130 (0.126)	-0.140 (0.126)	
POLITICAL		-0.030 (0.168)		
TECHNICAL		-0.131 (0.146)		
GIZ	0.398 (0.136)***	0.426 (0.139)***	0.429 (0.134)***	0.455 (0.121)***

	0.185 (0.123)	0.165 (0.124)	0.173 (0.120)	0.168 (0.106)
KfW	0.099	-0.170	0.085	0.273
Europe and Central	(0.358)	(0.398)	(0.362)	(0.323)
Asia	-0.546	-0.453	-0.529	-0.338
Latin America and	(0.293)*	(0.503)	(0.297)*	(0.265)
the Caribbean	-0.472	-0.553	-0.317	-0.353
Middle East and	(0.378)	(0.383)	(0.349)	(0.346)
North Africa	-0.523 (0.317)*	-0.509 (0.319)	-0.380 (0.280)	-0.270 (0.260)
South Asia	-0.578 (0.220)***	-0.573 (0.227)**	-0.525 (0.225)**	-0.387 (0.204)*
Sub-Saharan Africa	-0.059 (0.197)	-0.016 (0.192)	-0.094 (0.194)	-0.125 (0.167)
Macroeconomic	0.171 (0.204)	0.178 (0.201)	0.120 (0.200)	0.161 (0.177)
Social	0.152 (0.231)	0.172 (0.230)	0.106 (0.226)	0.190 (0.213)
Agriculture	0.618 (0.268)**	0.586 (0.263)**	0.562 (0.248)**	0.993 (0.203)***
Environment	0.063 (0.208)	0.103 (0.204)	-0.022 (0.202)	0.127 (0.181)
Governance	-0.044 (0.153)	-0.054 (0.154)	-0.031 (0.149)	-0.003 (0.144)
CSO/NGO	-0.496 (0.208)**	-0.532 (0.203)***	-0.524 (0.199)***	-0.427 (0.196)**
Private Sector	Yes	Yes	No	No
Language Dummies	No	Yes	No	No
Position Dummies				
N	1021	1021	1113	1035

Source: Own calculations

Notes: Standard errors reported in parentheses are clustered by participant. Non-response weights are applied to all these regressions. N/A means that variables are dropped due to collinearity. Asterisks indicate statistical significance: *** $p<0.01$; ** $p<0.05$; * $p<0.10$.

Appendix E: Cross-National Regressions for DAC Bilateral Donors

Throughout this report, our analysis focuses on Germany as an illustrative case. Our main findings suggest that aid intensity, the level of democracy, donor fragmentation, and domestic support are four key factors that coalesce to affect the influence of German development partners on reform efforts in host countries.

Whether these findings travel beyond Germany is an empirical question that goes beyond the scope of this report; however, we conduct an exploratory econometric exercise to test the generalizability of our findings using cross-national regressions. Our dependent variable of interest is now the country-level measure of agenda-setting influence for all DAC bilateral donors (either including or excluding German development actors).⁷⁶ This variable is calculated based on responses from survey participants who evaluated major DAC bilateral donor agencies in terms of their influence on the government's decision to pursue reforms.

Our key variables of interest are the amount of CPA that a given country received from DAC bilateral donors (as a percentage share of total CPA disbursed across all countries during the same time period, which we refer to as CPA1); the level of democracy measured by the average Polity score (DEMOCRACY); donor fragmentation based on the OECD-DAC measure of fragmentation (FRAG); and the level of domestic support based on the *2014 Reform Efforts Survey*, which is the country-level average of the number of domestic actors identified by participants to have expended "substantial time, effort, or resources to promote" reforms (DOMESTIC SUPPORT).⁷⁷ We use the log of GDP per capita (GDP PER CAPITA), GDP growth (GDP GROWTH), and the log of population (POP (ln)) as additional controls. In these regressions, we exclude countries from our analysis if the number of participants in those countries does not meet the minimum threshold of 10 (or 15) observations for the survey-based variables (agenda-setting influence, which is the dependent variable, and DOMESTIC SUPPORT).

Table E 1 summarizes the main results. In Models 1 and 3, we use the DAC average of agenda-setting influence including German development actors as the dependent variable while Models 2 and 4 exclude German development partners. Our results show moderate evidence that the share of CPA is positively correlated with the perceived level of agenda-setting influence ($p < 0.10$ for Models 2 and 4), while this effect is again conditioned by the level of democracy, as indicated by the statistically significant negative effects of the interaction term (CPA1 (ln) \times DEMOCRACY) in Models 1 and 2. However, the effect of the interaction is somewhat sensitive to the inclusion criteria (the threshold of 10 or 15) for the survey-based variables (see Models 3 and 4). The effect of donor fragmentation has an expected negative sign but is not significant. Domestic support also has an expected positive sign and its effect is significant at the 0.05 level across all the models.

In short, these preliminary findings are inconclusive. The patterns observed are largely consistent with our predictions; however, the observed effects are sensitive to different model specifications – for example, how the dependent variable is specified and which countries are included in the models. The inconclusive nature of our findings suggests the possibility of significant heterogeneity across different development actors. Understanding whether and to what extent the Germany-specific findings in this study "travel" to other development partners is an important question that merits further examination.

Consider, by way of illustration, the finding in this study that German aid wields greater agenda-setting influence in autocratic countries. If this finding holds across all or most development partners, then the "ease of reform implementation" explanation that we offer should be reasonably convincing. However, if this finding is mostly specific to Germany, it would also be reasonable to ask whether German development actors might have a comparative strength in less democratic settings.

⁷⁶ The country-level measure of agenda-setting influence is the average of participants' ratings of each DAC bilateral donor's influence on the government's pursuit of reforms on a scale of 0 (no influence) to 5 (maximum influence), which is weighted equally across different policy clusters and across all DAC bilateral donors for each country.

⁷⁷ The country-level measure of domestic support is weighted equally across different policy clusters, just as in the case for the dependent variable weighted equally across different policy clusters.

Table E 1: Cross-sectional Regression Results

Models	(1)	(2)	(3)	(4)
CPA1 (ln)	0.118 (0.100)	0.185 (0.104)*	0.120 (0.121)	0.203 (0.118)*
DEMOCRACY	-0.080 (0.045)*	-0.084 (0.043)*	-0.040 (0.067)	-0.053 (0.067)
CPA1 (ln) × DEMOCRACY	-0.017 (0.008)**	-0.018 (0.008)**	-0.012 (0.011)	-0.015 (0.012)
FRAG	-0.004 (0.005)	-0.004 (0.005)	-0.007 (0.005)	-0.007 (0.006)
DOMESTIC SUPPORT	0.237 (0.084)***	0.253 (0.094)***	0.222 (0.082)***	0.219 (0.085)**
GDP PER CAPITA	-0.232 (0.066)***	-0.243 (0.076)***	-0.196 (0.066)***	-0.180 (0.067)***
GDP GROWTH	0.011 (0.022)	0.013 (0.022)	0.000 (0.028)	0.005 (0.027)
POP (ln)	-0.049 (0.055)	-0.064 (0.057)	-0.051 (0.058)	-0.065 (0.058)
Region Dummies	Yes	Yes	Yes	Yes
Minimum Threshold	10	10	15	15
R-squared	0.36	0.45	0.45	0.46
N	85	85	71	71

Notes: Robust standard errors are reported in parentheses. We drop those countries where there were less than 10 (or 15) observations in the 2014 Reform Efforts Survey to compute agenda-setting influence and domestic support variables (to alleviate imprecision around the point estimates). Asterisks indicate statistical significance: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$. While Models 1 and 3 use the average of agenda-setting influence for DAC donors including German development partners as the dependent variable, Models 2 and 4 use the DAC average agenda-setting influence excluding German development partners. Models 1 and 2 impose the minimum threshold of 10 as inclusion criteria and Models 3 and 4 use 15 instead.

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