

# GERMAN AID FROM A PARTNER COUNTRY PERSPECTIVE

## Executive summary

A key lesson from the past six decades of international development cooperation is that country ownership is essential for foreign aid to effectively support the domestic reform efforts of low- and middle-income countries. International development actors often seek to support their partner countries by helping to shape reform agendas, by offering policy advice, and by providing reform implementation support.

However, little is known about the extent to which reform advice and assistance from international development partners is responsive to the needs and preferences of in-country stakeholders (e.g., politicians, public administrators, and civil society actors). Specifically, how do these domestic actors in low- and middle-income evaluate the policy influence and performance of their bilateral and multilateral development partners? What do they regard as the comparative strengths and weaknesses of different development partners?

These questions are of particular significance to Germany, as its development cooperation system is often criticised for being overly complex and lacking a strong partner country orientation.

A new study jointly undertaken by DEval and AidData seeks to answer these questions. It draws upon insights from 4,500 host government officials, civil society leaders, and private sector representatives in 126 low- and middle-income countries who participated in the *2014 Reform Efforts Survey* – a survey conducted by a group of researchers at the College of William and Mary in the summer of 2014. It is also the first to systematically evaluate German official development actors – namely, German embassies, GIZ (GTZ), and KfW – from a partner country perspective. There are four key findings from the study:

1. **Germany's local counterparts in the developing world do not perceive a well-defined division of roles and responsibilities between the three official German development actors – GIZ, KfW, and German embassies.** Instead, survey participants reported that GIZ (GTZ) outperformed KfW and German embassies on three different dimensions of performance: the provision of useful policy advice, agenda-setting influence, and helpfulness during reform implementation.
2. **Compared with other OECD DAC bilateral development partners, German development actors' performance is perceived to be average at best.** GIZ (GTZ) registered a higher-than-average level of performance with respect to the usefulness of its policy advice, but not its agenda setting influence or the helpfulness of its support to report implementation. By contrast, survey participants report that large, multilateral organizations – such as the World Bank or the EU – have high levels of agenda-setting influence.
3. **Based upon their firsthand experiences, policymakers and practitioners in the developing world report that Germany has a comparative advantage in the environmental sector.** Survey participants, on average, reported that reform advice and assistance from official German development actors is particularly useful in the environmental sector. Across various measures, Germany outperformed the average, OECD DAC bilateral donor in this policy area.
4. **As the German share of a partner country's total aid portfolio declines, Germany's agenda-setting influence declines.** The opposite is also true: when Germany is a 'leading donor' in a given partner country, it usually reaps a development policy influence dividend. Germany, however, 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.

## Knowledge gap: Experiences with reform assistance via development cooperation

Surprisingly little is known about the extent to which advice and assistance from international development partners is responsive to the needs and preferences of in-country stakeholders (e.g., politicians, public administrators, and civil society actors). Nor is there much evidence that sheds light on the question of whether, when, how, and why German development cooperation has influenced reform efforts in the developing world. 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 AidData/DEval study

A study recently undertaken by DEval and AidData seeks to close this knowledge gap. It draws upon insights from 4,500 host government officials, civil society leaders, and private sector representatives in 126 low- and middle-income countries who participated in the *2014 Reform Efforts Survey* – a survey conducted by a group of researchers at the College of William and Mary in the summer of 2014.

The survey asked development policymakers and practitioners about their firsthand experiences working with 100+ bilateral and multilateral development partners between 2004 and 2013. Approximately 1,200 of these survey participants worked directly with German embassies, Gesellschaft für Internationale Zusammenarbeit (GIZ) (and its predecessor, GTZ), and/or KfW Entwicklungsbank – and evaluated at least one of these German development actors.

Using this novel dataset, the AidData/DEval study evaluates the German development actors on three different dimensions of performance; survey participants who interacted directly with external development partners assessed the usefulness of their policy advice, their influence at the agenda-setting stage of the policymaking process and their helpfulness during the implementation of reforms. These survey data can be disaggregated by sector, enabling an analysis of how individuals from different sectors evaluated the performance of German development actors vis-à-vis other development partners. Additionally, the survey data allow for a comparison between the German development actors and other major bilateral and multilateral organizations on the three different dimensions of performance.

## Main findings of the analysis

**First, Germany's local counterparts in the developing world do not perceive a well-defined division of roles and responsibilities between the three official German development actors – GIZ, KfW, and German embassies.** Instead, survey participants reported that GIZ (GTZ) outperformed KfW and German embassies on three different dimensions of performance: the provision of useful policy advice, agenda-setting influence, and helpfulness during reform implementation.

**Second, compared with other OECD DAC bilateral development partners, German development actors' performance is perceived to be average at best.** GIZ (GTZ) registered a higher-than-average level of performance with respect to the usefulness of its policy advice, but survey participants revealed a preference for working with large, multilateral organizations – such as the World Bank or the EU – at the reform priority-setting and reform implementation stages of the policymaking process (See figure).

**Third, policymakers and practitioners in the developing world report that Germany has a comparative advantage in the environmental sector.** Survey participants, on average, reported that reform advice and assistance from official German development actors is particularly useful in the environmental sector. Across various measures, Germany outperformed the average, OECD DAC bilateral donor in this policy area. However, the opposite is true in the area of governance; despite its strong rhetorical emphasis on good governance promotion, the study finds that Germany has comparatively less influence on the governance reform priorities of its counterpart countries.

**Fourth, Germany 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.** By contrast, the analysis found that **large, multilateral organisations (e.g. the World Bank, the EU) and a few small, bilateral organisations (e.g. DANIDA) exert higher-than-expected level of agenda-setting influence.**

Several additional findings merit discussion:

- Policymakers and practitioners in the development world consider Germany to be a particularly influential and high-performing development partner in Europe & Central Asia and Middle East & North Africa. Survey participants from these two regions considered official German development actors to be relatively effective in providing useful reform advice and

## 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



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).

assistance. However, survey participants from Latin America and the Caribbean expressed less favourable views of Germany's performance, on average.

- In countries where Germany was a relatively large donor, German development actors generally enjoyed higher level of policy influence with the governing authorities.
- In countries where aid was less fragmented, respondents indicated that Germany had greater influence on the reform priorities of partner countries.
- In countries where there was broad-based domestic support for reform, respondents generally reported that German development actors were more helpful and exerted greater influence on host government reform priorities.

### Interpretation of results

When interpreting these findings, it is important to keep in mind that the survey explicitly 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 reform priorities, and their helpfulness during the implementation of reforms. It did not consider the full range of German development cooperation activities. It did not, for example, account for the activities of non-governmental actors such as political foundations or church-affiliated aid organisations. One must also bear in mind that the time period covered by the survey (2004 – 2013) for the most part precedes the institutional reorganisation and reform of German development cooperation initiated in 2011. Therefore, no conclusions about the effects

of these recent changes to Germany's development cooperation system can be drawn from the present analysis.

The analysis nevertheless represents an important source of evidence that merits careful attention from policymakers, implementing agencies, and development experts and practitioners in Germany and abroad. The survey, aimed at the entire donor community, also puts the performance of German development cooperation actors in a comparative context and enables conclusions to be drawn about Germany's perceived relative strengths and weaknesses.

Overall, German development cooperation enjoys a comparatively high level of visibility in its partner countries. GIZ's above-average performance in the provision of useful policy advice is a positive and encouraging result, given that this implementing agency assigns a high level of priority to supporting partner country reform processes through analytical and advisory services. The country's above-average performance in the environmental sector is also encouraging, as it reflects the growing importance of this core competency in German development cooperation. However, on balance, the overall results about the perceived

performance of German development cooperation are sobering. From a partner perspective the respective roles and responsibilities of German actors were rather unclear, which casts some doubt upon the justification for the current structure of the German development cooperation system. The results of this study are also sobering in that Germany is generally regarded as a middling performer with respect to the perceived utility of the reform implementation support it provides. This finding should be carefully evaluated, as German development cooperation's strong field presence in partner countries and widely-touted implementation expertise mean that better results could reasonably have been expected.

In light of these considerations, several questions can be identified for further analysis. Given the increasing significance of partnership in the context of the Sustainable Development Goals, the extent to which these findings have been altered by recent German development cooperation reforms should be investigated. In addition, the findings raise the question of how far German development cooperation's instrumental, sectoral and regional diversification might affect the performance and competitiveness of its activities.

## References

**Faust, J., S. Leiderer, T. Masaki and B. Parks (2016),** *German Aid from a Partner Perspective. Experience-based Perceptions from AidData's 2014 Reform Efforts Survey*, German Institute for Development Evaluation (DEval), Bonn.

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The German Institute for Development Evaluation (DEval) is mandated by the German Federal Ministry for Economic Cooperation and Development (BMZ) to independently analyse and assess German development cooperation interventions. Evaluation reports contribute to the transparency of development results and provide policy-makers with evidence and lessons learned, based on which they can shape and improve their development policies.