

DEVELOPMENT COOPERATION FROM A PARTNER PERSPECTIVE (PHASE II)

How can Germany and other donors perform better in the eyes of their partner countries?

Summary

In recent years, economic growth and development in numerous low- and middle-income countries as well as the growth in number of donors expanded the access of partner countries to finance and policy ideas. This is expected to increase the competition between donors as providers of policy ideas and implementation support and, thus, the importance of how the quality of each donor's support is assessed by partner countries.

Against this background, a joint study – undertaken by DEval and the US research lab AidData – investigates how influential and helpful partners perceive donors in general and Germany in particular to be. Further, it identified factors to explore how donors can become more influential in setting the agenda as well as more helpful in implementing policy initiatives from their partner-country perspective (Guffler et al., 2020). The study is based upon AidData's 2017 Listening to Leaders Survey (Custer et al., 2018), complemented by insights gathered during four case studies in Albania, Cambodia, Colombia and Malawi.

The study finds evidence that bilateral and multilateral donors are on average perceived as 'quite influential' in setting the agenda and 'quite helpful' in implementing policies. The study identifies actionable factors that have an impact on how influential and helpful donors are perceived by policymakers and practitioners located in partner countries on the (1) macro, (2) meso and (3) micro levels.

- (1) **Strategic decisions about aid allocation and country selection (macro):** The results show that the relevance of aid a donor provides in relation to the total provided aid for a specific partner is associated with greater influence setting the agenda and helpfulness in policy implementation as

assessed by policymakers and practitioners in partner countries.

- (2) **Adherence to aid effectiveness principles (meso):** The adherence to aid effectiveness principles by donors (such as provision of aid on budget, using budget support, coordination among donors and short-term predictability) is positively linked to both perceived influence and perceived helpfulness.
- (3) **Partner-donor interactions on the ground (micro):** The interviewed policymakers and practitioners in partner countries emphasise characteristics of the interaction between partners and donors making donors more helpful from their perspective, such as staff competence and responsive processes.

Besides these findings for the bilateral and multilateral donor community, the study further examines whether Germany-specific factors are associated with the perceived influence and helpfulness of Germany's official development cooperation, but does not find any effects.

The study concludes that there is no one-size-fits-all solution as to how donors can be perceived as more influential in setting the agenda and more helpful in implementing policy initiatives by their respective partner countries. The study therefore recommends that donors examine whether they can identify appropriate strategies or measures to improve how their support for domestic policy processes is assessed by their partners, taking into account options for action at the macro, meso and micro levels.

For Germany, the study reflects the identified options for action against the background of the current "BMZ 2030" reform strategy and shows steps already taken along the recommendations and options for action.

Background

Partner perspectives are relevant for Germany's development cooperation and other bilateral as well as multilateral donors, as development in various low- and middle-income countries and the growth in the number of donors expanded the access of partner countries to financial support and policy ideas. This is expected to intensify the competition between donors as providers of policy ideas and implementation support. Thus, partners can be increasingly selective about the donors they would like to cooperate with. In addition, donors should take an interest in understanding how the support they provide for their partner-countries' internal policy processes is perceived by those countries' policymakers and practitioners, because these stakeholders are presumed to be among the best judges of the support.

The joint study – undertaken by DEval and AidData – analyses partner assessments worldwide for all bilateral and multilateral donors, and particularly for Germany's official development cooperation. It emphasises the identification of actionable factors that make donors more influential in setting the policy agenda and more helpful in implementing policy initiatives.

The study is based upon AidData's 2017 Listening to Leaders Survey covering experience-based assessments on donors' influence and helpfulness from almost 2,400 policymakers and civil-society and private-sector representatives in low- and middle-income countries. The survey data is complemented by qualitative interviews with 193 partner-country policymakers gathered in four country case studies: Albania, Cambodia, Colombia and Malawi.

Perceptions of donor support

The study uses the two stages agenda setting and policy implementation as key entry points to examine the support of donors from a partner perspective in 126 low- and middle-income countries.

Survey analysis shows that bilateral and multilateral donors in general and actors of Germany's development cooperation in particular, are on average perceived as 'quite influential' in setting the agenda and 'quite helpful' in implementing policies.

What factors make bilateral and multilateral donors more influential and more helpful in the eyes of their partner countries?

The study focuses on actionable factors that potentially enable donors to improve their support to policy-making and implementation in partner countries. The factors are identified at three levels: (1) macro: strategic decisions about aid allocation and country selection; (2) meso: donor adherence to principles of aid effectiveness; and (3) micro: partner-donor interactions on the ground.

Figure 1 gives an overview of selected actionable factors on the three levels and their respective effects on perceived influence in agenda setting and helpfulness in policy implementation.

(1) Strategic decisions about aid allocation and country selection

Quantitative analysis indicates that a donor's share in the total aid provided to a partner country is associated with greater influence in agenda setting and helpfulness in implementing policy initiatives for that donor as perceived by the partner-countries' policymakers and practitioners.

(2) Adherence to aid effectiveness principles

Survey analysis reveals a positive association between the provision of a larger share of aid on budget or general budget support and partners' assessments of the influence in agenda setting and/or the perceived helpfulness in policy implementation. No relationship between a donor's use of country systems to provide aid (e.g. the partner-country budget execution system) and perceived influence and helpfulness is found. However, donor coordination through the use of pooled funding is associated with positive assessments of a donor's influence and helpfulness, as is short term (in-year) predictability of aid.

(3) Partner-donor interactions on the ground

Case study interviews consistently show that partner countries' policymakers and practitioners emphasise the expertise of donors as helpful. Interviewees also stress that donors that have responsive processes are perceived as more helpful because such processes allow donors to meet the needs of partner countries more rapidly. Cooperative partnerships, which are characterised by openness to trust, ideas and cultural sensitivity, are also perceived as more helpful. In addition, personal relations are associated with both greater perceived influence and helpfulness.

Figure 1: Effects of selected factors on the perception of donors' perceived influence and helpfulness

Note. The orange colour indicates a positive effect of the factor either donors' perceived influence or helpfulness; grey indicates no effect.

Source: adapted from Guffler et. al. (2020).

Results on Germany-specific factors

The study also explores whether Germany-specific factors are associated with the perception of Germany's official development cooperation's influence and helpfulness from the partners' view. For most of the analysed factors, the survey analysis does not show positive or negative effects, such as the duration of Germany's official development assistance, the intensity of development cooperation, the number of German development staff abroad or the number of German offices abroad. Further, there is no evidence to suggest that the 2011 reforms to Germany's official development cooperation resulted in increased influence or helpfulness.

Conclusion

The study identifies factors at the macro, meso and micro level that explain how policymakers and practitioners perceive donor support of policy processes in partner countries. To improve their support in the eyes of the partners, multilateral and bilateral donors can take action at all three levels. Given the heterogeneity of donors, every donor will need to select different actions as applicable depending on available resources, their mandates, organisational structure and degree of decentralisation in their

process of decision-making, and their particular interactions with their partners in each country.

The analysis does not find evidence that specific characteristics of Germany's official development cooperation are necessarily an exclusive selling point regarding partner-countries' experience-based assessments of influencing agenda setting and being helpfulness in policy implementation. Accordingly, it is assumed that the options for action identified for all donors in general should be equally appropriate for actors of Germany's official development cooperation.

Recommendations and options for action

As both country contexts and donor systems vary widely, every interaction between a partner country and donor is different. Hence, there is no one-size-fits-all solution as to how providers can improve their influence in agenda setting and helpfulness in policy implementation in the view of their partners.

There is thus one overall recommendation that essentially applies to all bi- and multilateral donors: **Bi- and multilateral donors should examine whether they can identify appropriate strategies or measures to improve how their support for**

domestic policy processes is assessed by their partners, taking into account options for action at the macro, meso and micro levels.

- (1) Macro level: Donors should gauge options to increase their allocations or – if they have an (over-)diversified portfolio of partner countries – concentrate their resources on a smaller number of countries. This would increase a donor's individual share in its partner-countries' aid budgets, which is associated with increased influence in agenda setting and helpfulness in policy implementation as assessed by partners.
- (2) Meso level: To improve partner assessments regarding influence in agenda setting and helpfulness in policy implementation, donors should consider whether they can

improve on their adherence to aid effectiveness commitments, in particular with regard to coordination, aid on budget, budget support and predictability of their support.

- (3) Micro level: Donors should scrutinise to what extent they can build on staff competences and responsive processes at the micro level of partner-donor interactions to improve their helpfulness in the eyes of their partners.

The study reflects on the identified options for action in the light of the current “BMZ 2030” reform strategy and points out that the ongoing reform efforts of the BMZ are in line with the formulated recommendations and options for action in important areas.

References

Custer, S. et al. (2018), *Listening to Leaders 2018: Is Development Cooperation Tuned-in or Tone-Deaf?*, AidData at the College of William & Mary, Williamsburg, VA.

Guffler, K. et al. (2020), *Development Cooperation from a Partner Perspective. How can Germany and other donors perform better in the eyes of their partner countries?*, German Institute for Development Evaluation (DEval), Bonn.



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