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LISTENING TO LEADERS:

WHICH DEVELOPMENT PARTNERS DO THEY PREFER AND WHY?

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AACB: Association of African Central Banks
AAPAM: African Association for Public Administration and Management
ABC: Agêncoia Brasileira de Cooperação (Brazilian Cooperation Agency)
ACE: Administration and Cost of Elections
ADA: Austrian Development Agency
ADFD: Abu Dhabi Fund for Development
AECID: Spanish Agency for International Development Cooperation
AfCoP: African Community of Practice
AfDB: African Development Bank
AFD: Agence Française de Développement (French Development Agency)
AFESD: Arab Fund for Economic and Social Development
AFRISTAT: Economic and Statistical Observatory for Sub- Saharan Africa
AFROSAI-E: African Organization of English-Speaking Supreme Audit Institutions
AsDB: Asian Development Bank
AIST: International Association of Treasury Services
ALBA: Bolivarian Alliance for the Peoples of Our America
AMDIN: African Management Development Institutes' Network
AMF: Arab Monetary Fund
ANCORAGE- NET: Research Network of Anti-Corruption Agencies
APF: Asia Pacific Forum
ARABOSAI: Arab Organization of Supreme Audit Institutions
ARADO: Arab Administrative Development Organization
ASOSAI: Asian Organization of Supreme Audit Institutions
AusAID: Australian Agency for International Development
BADEA: Arab Bank for Economic Development in Africa
BMZ: Bundesministerium für wirtschaftliche Zusammenarbeir und Entwicklung (German Federal Ministry for Economic Cooperation and Development)
BNDES: Brazilian Development Bank
BTC: Belgian Development Agency
BTI: Bertlesmann Stifung's Transformation Index
CABEI: Central American Bank for Economic Integration
CAF: Development Bank of Latin America
CAFRAD: African Training and Research Center in Administration for Development
CARICAD: Caribbean Centre for Development Administration
CBD: Convention on Biodiversity
CCM: Country Coordinating Mechanism
CDB: Caribbean Development Bank
CENN: Caucasus Environmental NGO Network
CIA: American Central Intelligence Agency
CIDA: Canadian International Development Agency
CLAD: Centro Latinoamericano de Adminstracion para el Desarrollo (Latin American Center for Development Administration)
CPA: Country Performance Assessment
CPA: Country Programmable Aid
CPPN: Commonwealth Public Procurement Network
CoP: Asian Community of Practice
CSIS: Center for Strategic and International Studies
CSO: Civil Society Organization
DAC: Development Assistance Committee
Danida: Danish International Development Agency
DFAT: Australian Department of Foreign Affairs and Trade
DFID: Department for International Development
EAACA: East African Association of Anti-Corruption Authorities

EBRD: European Bank for Reconstruction and Development
EC: European Commission
ECLAC: Economic Commission for Latin America and the Caribbean
EFA: Education for All
EITI: Extractive Industries Transparency Initiative
EROPA: Eastern Regional Organization for Public Administration
ESAAM: Eastern and Southern African Anti- Money Laundering Group
ESCAP: United Nations Economic and Social Commission for Asia and the Pacific
ESCWA: United National Economic and Social Commission for Western Asia
EU: European Union
EUROSAI: European Organization of Supreme Audit Institutions
FIO: Ibero American Federation of the Ombudsman
GAVI: Global Alliance for Vaccines and Immunizations
GDP: Gross Domestic Product
GEF: Global Environmental Facility
GFATM: Global Fund to Fight AIDS, Tuberculosis, and Malaria
GIZ: Deutsche Gesellschaft für Internationale
GRECO: Council of Europe Group of States Against Corruption
GNI: Gross National Income
HLG5: High Level Group Meetings on Education for All
IAACA: International Association of Anti- Corruption Agencies
IACC: International Anti- Corruption Conferences
IADB: Inter- American Development Bank
IAEA: International Atomic Energy Agency
IAP: International Association of Prosecutors
IberRed: Ibero- American Legal Assistance Network
ICAP: Instituto Centroamericano de Administracion Publica (Central American Institute of Public Administration)
IDB: Inter- American Development Bank
IDEA: Institute for Democracy and Electoral Assistance
IEO: Independent Evaluation Office of the International Monetary Fund
IFAD: International Fund for Agricultural Development
IFI: International Financial Institution
INNOVMED: UN Program for Innovation in the Euro- Mediterranean Region
INTOSAI: International Organization of Supreme Audit Institutions
IMF: International Monetary Fund
IsDB: Islamic Development Bank
ISI: International Statistical Institute
JBIC: Japan Bank for International Cooperation
JICA: Japan International Cooperation Agency
KFAED: Kuwait Fund for Arab Economic Development
KfW: Kreditanstalt für Wiederaufbau (German Development Bank)
KOICA: Korea International Cooperation Agency
LFADA: Libyan Fund for Aid and Development in Africa
LuxDev: Luxembourg Development Cooperation
MCA: Millennium Challenge Account
MCC: Millennium Challenge Corporation
MFDR: Managing for Development Results
MOFA: Japan's Ministry of Foreign Affairs
NGO: Non- Governmental Organization
NIRA: National Institute for Research Advancement
Norad: Norwegian Agency for Development Cooperation
NWDTT: NIRA's World Directory of Think Tanks
NZAID: New Zealand Aid Program
ODA: Official Development Assistance
OECD: Organization for Economic Cooperation and Development
OFID: OPEC Fund for International Development

OLACEFS: Organization of Latin American and Caribbean Supreme Audit Institutions
OPEC: Organization of the Petroleum Exporting Countries
OSCE: Organization for Security and Cooperation in Europe
OSI: Open Society Institute
PARIS21: Partnership in Statistics for Development in the 21st Century
PASAI: Pacific Association of Supreme Audit Institutions
PPMS: Project Performance Management System
PPN: European Public Procurement Network
Red GEALC: Red de Lideres de Gobierno Electronico de America Latino y El Caribe (Network of e-Government Leaders of Latin America and the Caribbean)
RESPA: Regional School of Public Administration
SDC: Swiss Agency for Development and Cooperation
SDGs: Sustainable Development Goals
SESRIC: Statistical, Economic, and Social Research and Training Center for Islamic Countries
SFD: Saudi Fund for Development
SIAP: United Nations Statistical Institute for Asia and the Pacific
SIDA: Swedish International Development Cooperation Agency
SIGMA: School for Improvement in Governance and Management
SPASAI: South Pacific Association of Supreme Audit Institutions
TIKA: Turkish Cooperation and Coordination Agency
UAE: United Arab Emirates
UK: United Kingdom
UN: United Nations
UNCAC: United Nations Convention against Corruption
UNDG: United Nations Development Group
UNDP: United Nations Development Program
UNESCO: United Nations Educational, Scientific, and Cultural Organization
UNFCCC: United Nations Framework Convention on Climate Change
UN-HABITAT: United Nations Human Settlement Program
UNICEF: United Nation's Children's Fund
UNPAN: United Nations Online Network in Public Administration
UNSD: United States Statistics Division
USA: United States of America
USAID: United States Agency for International Development
USG: United States Government
WAIPA: World Association of Investment Promotion Agencies
WB: World Bank
WHO: World Health Organization
WTO: World Trade Organization

"A Crowded Bazaar"

Just as countries have more ways of financing their development than ever before, they also have more sources and types of development policy advice from which to choose. Once the exclusive province of technocrats in advanced economies, the market for policy advice has become a crowded bazaar teeming with bilateral aid agencies, multilateral development banks, civil society organizations and think tanks competing for the limited time and attention of decision-makers (Parks *et al.*, 2015).

Introduction: A Crowded Bazaar of Policy Ideas

In 2015, the world looks substantially different than it did in 2000. Countries have more public, private, domestic, and international sources of finance at their disposal than ever before (United Nations, 2014). Official development assistance (ODA), while still critical to the lowest income countries, represents a shrinking proportion of the total resource envelope for sustainable development (Development Initiatives, 2015). Old classifications of "developed versus developing countries" and "donors versus recipients" are crumbling in a world where countries are increasingly both giving and receiving development assistance.

The Millennium Development Goals (MDGs) have also been succeeded by the new 2030 Agenda for Sustainable Development, adopted by 193 countries in September 2015. In this new era, traditional sources and types of aid are expected to be of relatively minor consequence for the 130 emerging middle-income economies (Kharas and MacArthur, 2015). Companies, foundations, South–South cooperation partners, and governments themselves (with greater access to domestic sources of revenue) will likely play increasingly important roles in advancing global goals both at home and abroad.

Just as countries have more ways of financing their development than ever before, they also have more sources and types of development policy advice from which to choose. Once the exclusive province of technocrats in advanced economies, the market for policy advice has become a crowded bazaar teeming with bilateral aid agencies, multilateral development banks, civil society organizations and think tanks competing for the limited time and attention of decision-makers (Parks *et al*., 2015).

These actors bring an increasingly diverse set of wares to the market, including: impact evaluations, cross-country benchmarking exercises, in-depth country diagnostics, "just-in-time" policy analysis and advice, South-South training and twinning programs, peer-to-peer learning networks, so-called "engaged advisory services",[1] and traditional technical assistance programs.[2]

However, we still know remarkably little about how the buyers in this market – public sector leaders from low-income and middle-income countries – choose their suppliers. Which development partners do leaders prefer and why do they choose these advisory products and services to guide their reform priorities and efforts? The purpose of this report is to tackle this question with a unique, micro-level source of evidence.

If past is prologue, the adoption of the new 2030 Agenda promises to focus the energies of development partners as they seek to inform and influence the reform efforts of their host government counterparts. This report speaks into this pivotal moment and takes stock of what can be learned from a recent survey of nearly 6,750 policymakers and practitioners who reported on their firsthand experiences working with 100+ development partners in 126 low-income and middle-income countries between 2004 and 2013.

1.Technical experts embedded within government ministries and agencies who confidentially advise decision-makers.
2. See World Bank 2012; Dhaliwal and Tulloch 2012; and Andrews and Manning 2015.

1.1 Dollars and Sense: A Two-Fold Path to Leading Change

ODA is a lightning rod for controversy and debate. Aid boosters point to its role in facilitating the Green Revolution, eradicating small pox and African river blindness, and saving millions of lives through the dissemination use of oral rehydration therapy and anti-retroviral drugs. They also celebrate South Korea, Taiwan, Poland and Mozambique as aid success stories and argue that a "big push" in external assistance will help countries break out of poverty traps.[3] Skeptics claim that aid is as ineffective at best and destructive at worst, stifling entrepreneurship and short-circuiting the domestic political process of creating of accountable and responsive public sector institutions.[4]

Others argue that the question is not whether aid works, but *in which circumstances*. Scholars have investigated whether the effectiveness of aid is conditional upon development partner characteristics, such as: their developmental, political, or commercial orientation; the modalities (e.g., general budget support, project finance, technical assistance) by which they deliver assistance; and the predictability of the assistance that they offer.[5] They have also explored whether aid effectiveness depends on the characteristics of aid-receiving countries, including the nature and extent of local needs, the quality of public sector policies and institutions, the volume of incoming aid that the country must manage relative to the size of its economy,[6] and the level of fragmentation in the host country's development finance market.[7]

However, the existing aid effectiveness debate overlooks a key point. Virtually all of the evidence used to evaluate the performance of development partners relies upon easily quantifiable measures of success – for example, the number of children vaccinated, the number of kilometers of roads constructed, or percentage point increases in GDP (World Bank 2013; Glennie and Sumner 2014). Yet many bilateral and multilateral development partners are pivoting away from direct service delivery activities and embracing the notion that "policies and institutions matter" (World Bank 2012; USAID 2015).

As such, development partners are increasingly working with domestic change agents in low- and middle-income countries to reform existing laws, policies, institutions, regulations, and customary practices (Andrews, 2011; Parks *et al*. 2015).[8] The rationale for such assistance and advice is to create an enabling environment for sustainable development, by empowering countries to independently mobilize the revenues that they require and deliver high-quality public services without continued support from outside actors.[9] Demand for this particular type of advice and assistance is expected to intensify during the Sustainable Development Goals (SDG) era, as many countries reduce their reliance upon aid and pursue a path of self-determination (World Bank 2013).

3. See Birdsall, 1999; Collier, 2004; Sachs, 2005; Collier, 2007; and Radelet, 2008.
4. See Easterly 2007; Djankov *et al*. 2008; and Moyo 2010.
5. See Girod 2012, Minoui and Reddy 2010, Clemens *et al*. 2012, Bulí and Hamann 2008, Hudson 2015, Ouattara and Strobl 2008, Woo Lee 2013, and Gibson *et al*. 2015.
6. Clemens and Radelet (2003) estimate that the "saturation point" of aid—the level at which aid generates zero additional economic growth—varies between 15 to 45 percent of GDP, depending on the quality of a country's policies and institutions, the extent of development partner coordination, the type of aid being provided, and other factors.
7. See Arndt *et al*. 2009; Roodman 2007; Baliamoune-Lutz and Mavrotas 2009; Collier and Dollar 2001; Dalgaard *et al*. 2004; Clemens and Radelet 2003; Knack and Rahman 2007; and Kimura *et al*. 2012.
8. For example, a 2004 World Bank policy note states that, "virtually all planned [World] Bank country operations...have policy reform objectives" (World Bank 2004: 10).
9. Birdsall (1999), Haggard and Zheng (2006), Criscuolo (2007), and Labs (1997) point to historical evidence in varied contexts -- such as the Marshall Plan in Europe, the announced termination of US assistance in Taiwan in the 1960s, and the gradual phase down of US assistance to South Korea in the late 1950s -- that aid has a greater development impact when development partners are willing to invest in building the capacity of local actors, systems, and institutions.

This shift in the global development landscape poses a dilemma for those who wish to monitor and evaluate the performance of bilateral and multilateral development partners. There is a large and growing mismatch between the stated objectives of development partners and the metrics of success that are used to judge their performance. One of the ambitions of this report is to close this evidence gap.

1.2 Competing for Attention in a Crowded Bazaar of Ideas

Do development partners substantially influence in-country reform priorities, design features, and implementation efforts? If so, how and to what end? These questions are sources of longstanding debate.

On the one hand, there are scholars and practitioners who argue that bilateral and multilateral development institutions play a pivotal role through offering financial and reputational benefits to reform-minded policymakers, increasing the costs of blocking or postponing reform through financial and social sanctions, and equipping change agents with new sources of evidence, analysis, and advice.[10]

Another camp takes the position that development partner activities are consequential, but they may exert undue influence that distorts and displaces partner government priorities.[11] A third group views development partners as largely impotent, providing weak incentives and pressures that have little bearing on domestic policy-making processes.[12]

The rapid rise of emerging powers that do not participate in the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD DAC) – most notably, Brazil, Russia, India, China and South Africa – has added a new dimension to this debate.[13] The arrival of "non-DAC" development partners is considered by some to be a seismic shift,[14] with the so-called "Beijing Consensus"[15] and "Mumbai Consensus"[16] purportedly winning large numbers of converts and challenging the once dominant "Washington Consensus".[17] Others argue that these claims of non-DAC development partner influence are overblown. [18]

10. See Jacoby 2006; Krasner 2011; Girod and Tobin 2011; and Knack 2015.
11. See Pritchett *et al*. 2013; Eubank 2012; and Goldsmith 2011.
12. Instead, this camp proposes that domestic factors, such as social cohesion, state capacity, the quality and reform orientation of the political leadership, the number and relative alignment of veto players, and the ideological cohesion of the government explain most of the empirical variation in the timing, speed, nature, and magnitude of reforms undertaken in the developing world. See Nelson 1996; Brooks 2004; Remmer 1998; Callaghy 1984; and Easterly 2006.
13. The OECD Development Assistance Committee currently includes 29 members: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, European Union, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom and the United States. See http://www.oecd.org/dac/dacmembers.htm for further information on DAC membership requirements.
14. This soft power literature suggests the most influential development partners are those that can shape how government decision-makers in counterpart countries diagnose problems, think about cause-and-effect relationships, identify desirable policy outcomes, assign priority among competing objectives, and determine how policies should be formulated and implemented (Schadlow 2013).
15. Joshua Cooper Ramo, who first coined the term "Beijing Consensus," writes, "China's new ideas are having a gigantic effect outside of China. China is making a path for other nations around the world who are trying to figure out not simply how to develop their countries, but also how to fit into the international order in a way that allows them to be truly independent."
16. Vikas 2010.
17. See Dong and Chapman 2008; Naim 2009; Schadlow 2013; Hernandez 2015; and Kersting and Kilby 2014.
18. China and Brazil's efforts to train and advise African government officials on the design and implementation of agricultural policies and programs are a case in point (Tugendhat 2014). Despite soaring rhetorical commitments, existing evidence suggests that neither China nor Brazil have much influence on government decision-making in Africa's agricultural sector (De Bruyn 2015). See also Bader 2015; Woods 2008; and Davies and Pickering 2015.

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

1.3 Influencing Change: How Do Development Partners Stack Up?

Measuring whether, when, how, and why individual development partners have influenced reform efforts in low- and middle-income countries is a challenge that has confounded scholars, practitioners, and policymakers for many decades. One of the primary obstacles is the difficulty of systematically learning from the experiences of in-country decision-makers who development partners seek to influence and assist.

To close this evidence gap and architect better tools with which to monitor and evaluate development partner performance, we launched the *Reform Efforts Survey* in the summer of 2014. This first-of-its-kind survey was explicitly designed to provide timely, detailed, and accurate data on the trustworthiness, influence, and performance of 100+ Western and non-Western development partners, as observed and experienced by the in-country counterparts of development partners. The survey ultimately benefited from the participation of nearly 6,750 development policymakers and practitioners in 126 low- and middle-income countries, and analysis of the survey participant sample indicates that it is representative of the broader population of interest on several key dimensions (Parks *et al*. 2015).[19]

We seek to answer three key questions in this report:

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

19. 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 & Rice 2015, 5). The sampling frame that supported the implementation of the *2014 Reform Efforts Survey* was 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. Analysis of the *2014 Reform Efforts Survey* participant sample indicates that it is broadly representative of the population of interest along four key dimensions: sex, country, stakeholder group, and institution type (Parks *et al*. 2015).

In the *Marketplace of Ideas for Policy* Change (Parks *et al*. 2015) report, we drew upon data from the *2014 Reform Efforts Survey* to assess the relative influence of one type of policy advice – external assessments of government performance – at various stages of the policymaking process. In this second report, we analyze the interactions that decision-makers in low- and middle-income countries have with the purveyors of this external policy advice: development partners such as multilateral development banks and bilateral aid agencies.

The remainder of this report is organized in six chapters. In Chapter 2, we examine the "ground game" of development partners – the frequency of their communication with host government counterparts. In Chapter 3, we provide a snapshot of how in-country stakeholders perceive the performance of development partners along three dimensions, including: (1) the usefulness of the policy advice they provide; (2) their influence at the agenda-setting stage of the policy process; and (3) their helpfulness during reform implementation. In Chapter 4, we analyze the relationship between money and performance and discuss which development partners appear to be "punching above and below their weight".

In Chapters 5 and 6, we explore which specific development partner attributes and country-level drivers appear to explain variations in development partner performance. In Chapter 7, we conclude with a synthesis of lessons learned and with a view to anticipating how these findings might inform future development scholarship, policy and practice as we enter the post-2015 SDG era.

Chapter 2

“Ground Game”

How often do bilateral and multilateral development institutions communicate with their host government counterparts in low- and middle-income countries? Does “ground game”—the strength of a development partner’s local presence and direct engagement with host government officials—shape how in-country decision-makers assess the trustworthiness, influence, and performance of development partners?

Communicating with the Authorities and the Art of "Ground Game"

How often do bilateral and multilateral development institutions communicate with their host government counterparts in low- and middle-income countries? Does "ground game"—the strength of a development partner's local presence and direct engagement with host government officials—shape how in-country decision-makers assess the trustworthiness, influence, and performance of development partners?

Frequent communication between a development partner and a host government may help to build a foundation of trust needed to ensure that projects and programs of mutual interest are successfully implemented (Diallo and Thuillier 2004, IMF Independent Evaluation Office 2013). A high level of development partner engagement with counterpart country officials may also influence the formulation and implementation of specific policies through the provision of analysis, advice, and other forms of assistance (Parks *et al*. 2015).

On the other hand, frequent communication between development partners and their in-country counterparts could be a net negative, distracting host government officials from pursuing development projects or reform programs that align with national priorities (Knack and Rahman 2007).

In this chapter, we provide a snapshot of the "ground game" of development partners as reported by participants in the *2014 Reform Efforts Survey*. For this analysis, we only report on the interactions between host government officials and their counterparts in bilateral and multilateral development institutions.[20] This analysis is not an evaluation of the reported usefulness or quality of communication between host government officials and development partners. Rather, our goal here is to better understand how development partners are communicating with host government counterparts and explore possible reasons why we observe these patterns of interaction.

Our analysis calls attention to four findings, which we will discuss at length in this section:

1. The most communicative development partners are very large or narrowly-focused
2. Non-DAC bilaterals are less communicative than other types of development partners
3. Non-DAC bilaterals currently operate at the periphery of the policy advice market
4. Countries with less competitive aid markets are constrained in their choice of preferred development partners

20. While we find evidence that extra-governmental reform support is key to development partner influence at the agenda-setting stage, when analyzing frequency of communication, we focused solely on the responses of host government officials, excluding the responses of civil society and non-governmental representatives. We find some evidence (in chapter 3) that communication with host government officials may positively impact the ability of development partners to "win the hearts and minds" of their government counterparts.

2.1 Development Partner Communication with Host Governments

Some 3,400 host government officials from 126 countries provided feedback via the *2014 Reform Efforts Survey*, identifying which development partners they communicated with on issues related to their policy domain of expertise [21] and with what degree of frequency between 2004 and 2013.[22] They reported the frequency of their interaction with the development partners with whom they worked directly on a scale of 1 to 6, with 1 indicating once a year or less and 6 indicating almost daily communication.

Development partners vary substantially in how often they communicate with the host governments that they seek to influence — from a low of 2-3 times per year to a high of 2-3 times per month (see Figure 1).[23] On average, communication between a development partner and the host government officials in our survey occurs *less than one time per month*.

What might explain the tremendous variation in how often different development partners communicate with host government officials in the countries they seek to influence? On the development partner side of the equation, it is possible that differences in an agency's human and financial capacity, organizational strategy, and/or development philosophies could influence how frequently they communicate with host government counterparts.

Frequency of communication may also vary due to country-specific factors, such as the accessibility and professional competence of host government staff or the relative political and economic openness of a country's government. Thus, some development partners might communicate with host government officials less frequently because they tend to interact with countries not prone to frequent communication with external actors.

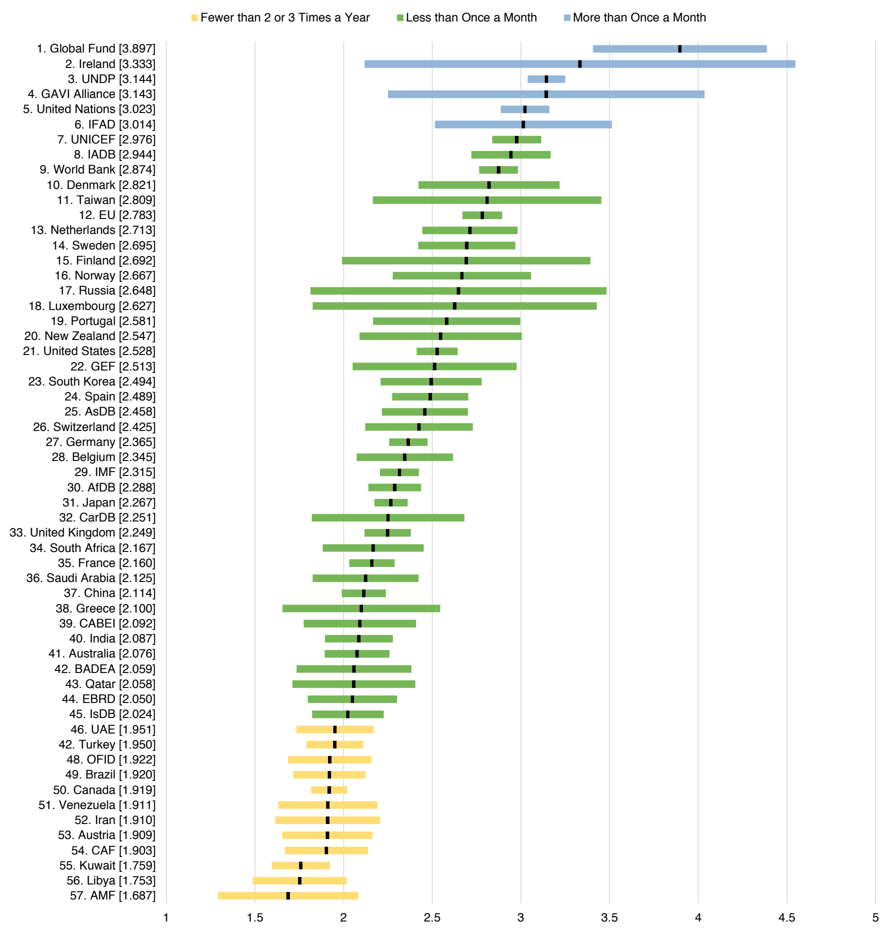
21. Participants anchored their responses to one of 23 policy domains: macroeconomic management; finance, credit, and banking; trade; business regulatory environment; investment; labor; energy and mining; infrastructure; land; decentralization; anti-corruption and transparency; democracy; public administration; justice and security; tax; customs; public expenditure management; health; education; family and gender; social protection and welfare; environmental protection; and agriculture and rural development. They also had the option to select "Foreign Policy" or "I did not have a particular area of focus", which resulted in a subsequent set of survey questions that were not specific to any one policy domain.
22. Participants were asked to include any of the following forms of communication in their responses: phone, video, email, or face-to-face. Participants were asked to compose their answer with regard to the year(s) in which they communicated most often with each development partner.
23. Frequency of communication is on an ordinal scale of 1 to 6 where, 1 = "Once a year or less", 2 = "2 or 3 times a year", 3 = "About once a month", 4 = "2 or 3 times daily", 5 = "About once a week", and 6 = "Almost daily".

2.1.1. The most communicative development partners are either very large or narrowly focused

Large development partners and those with a specific sector focus communicate most frequently with host government counterparts (see Figure 1).[24] Very large development partners that communicate across many policy domains are near the top of the list, such as the United Nations Development Program (UNDP) and other UN agencies.[25] Several small development partners with a narrow sector focus are also among the most frequent communicators, including: the Global Fund to Fight AIDS, Tuberculosis and Malaria, the GAVI Alliance,[26] and the International Fund for Agricultural Development (IFAD).

Notably, some of these highly communicative development partners, such as the World Bank, have explicitly prioritized a need for frequent communication with host government officials in the design, implementation, and evaluation of projects and programs that they sponsor (World Bank 2012).

Fig. 1: How Often Did Development Partners Communicate with Government Officials?



Note: *Frequency of communication with each development partner was measured on a scale of 1-6, where 1 = "Once a year or less", 2 = "2 or 3 times a year", 3 = "About once a month", 4 = "2 or 3 times a month", 5 = "About once a week", and 6 = "Almost daily". The width of each bar represents the 95% confidence interval around the average host government respondent's frequency of interaction with each development partner. Average scores for each development partner are indicated in brackets.*

24. Defined here as those with an overall average frequency of communication score greater than 3.
25. In this paper, we use "United Nations" to refer to the aggregation of survey data about 51 UN agencies and agency types, including: OHCHR, UNEP, UNESCO, UNFPA, UN-Habitat, UNHCR, UNIFEM, UNOPS, UN Secretariat, and the WFP. We analyze UNDP and UNICEF separately.
26. That GAVI Alliance was formerly known as the Global Alliance for Vaccines and Immunization (GAVI).

These findings are largely consistent when we break down communication patterns by the 10 largest policy domains covered by the *2014 Reform Efforts Survey* (see Table 1). Very large development partners are consistently prominent communicators across a wide variety of policy domains. UNDP is in the top five most frequent communicators in eight out of ten policy domains. The United Nations group and the World Bank are not far behind, each appearing in the top five communicators in six out of ten policy domains. Smaller development partners such as the GAVI Alliance and Global Fund are prominent in health, while IFAD is the most communicative development partner in agriculture and rural development.

Table 1: Frequency of Development Partner-Government Communication in the 10 Largest Policy Areas[27]

Policy Area	Top Five Development Partners	
Macroeconomic Management Overall average score = 2.168 (22nd) Top 5 score = 2.978 (18th)	**1.** IMF (3.215) **2.** World Bank (3.012) **3.** UNDP (2.976)	**4.** New Zealand (2.708) **5.** AsDB (2.664)
Health Overall average score = 2.508 (9th) Top 5 score = 3.634 (1st)	**1.** Global Fund (4.203) **2.** UNICEF (3.529) **3.** United Nations (3.494)	**4.** GAVI Alliance (3.308) **5.** UNDP (3.214)
Civil Service Overall average score = 2.424 (17th) Top 5 score = 3.144 (9th)	**1.** UNDP (3.291) **2.** IADB (3.2) **3.** UNICEF (3.147)	**4.** Sweden (2.938) **5.** AfDB (2.733)
Education Overall average score = 2.270 (20th) Top 5 score = 2.929 (19th)	**1.** UNICEF (3.1) **2.** Norway (2.938) **3.** World Bank (2.912)	**4.** EU (2.764) **5.** Spain (2.75)
Environmental Protection Overall average score = 2.424 (8th) Top 5 score = 3.170 (8th)	**1.** UNDP (3.776) **2.** GEF (3.239) **3.** United Nations (3.176)	**4.** Germany (2.854) **5.** World Bank (2.804)
Public Expenditure Management Overall average score = 2.239 (16th) Top 5 score = 3.283 (4th)	**1.** IADB (3.952) **2.** UNDP (3.299) **3.** UNICEF (3.087)	**4.** United Nations (3.058) **5.** World Bank (3.017)
Infrastructure Overall average score = 2.549 (2nd) Top 5 score = 3.285 (3rd)	**1.** IADB (3.619) **2.** World Bank (3.279) **3.** AsDB (3.198)	**4.** UNICEF (3.182) **5.** South Korea (3.146)
Anti-Corruption and Transparency Overall average score = 2.214 (17th) Top 5 score = 2.863 (19th)	**1.** EU (3.009) **2.** Norway (3) **3.** UNDP (2.872)	**4.** United Nations (2.768) **5.** United Kingdom (2.667)
Agriculture and Rural Development Overall average score = 2.279 (14th) Top 5 score = 3.176 (7th)	**1.** IFAD (3.417) **2.** United Nations (3.28) **3.** World Bank (3.132)	**4.** UNDP (3.088) **5.** UNICEF (2.962)
Justice and Security Overall average score = 2.429 (7th) Top 5 score = 3.032 (12th)	**1.** Australia (3.288) **2.** EU (3.18) **3.** United Nations (3.097)	**4.** UNDP (2.89) **5.** United Kingdom (2.704)

27.Frequency of communication is measured on a scale of 1-6, where 1 means "Once a year or less", 2 means "2 or 3 times a year", 3 means "About once a month, 4 means "2 or 3 times a month", 5 means "About once a week" and 6 means "Almost daily".

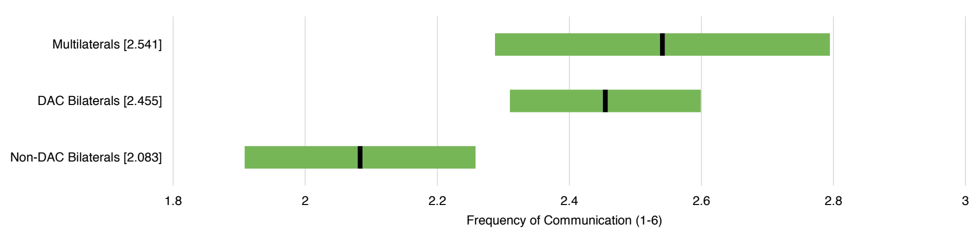
Breaking down communication patterns by policy domain also yields an additional insight about possible sector specialization among bilateral development partners. When looking at development partner communication across all policy domains, only one bilateral development partner, Ireland, communicates with host government officials in low- and middle-income countries more than once a month, on average (see Figure 1). However, bilateral development partners appear to be more prominent in particular policy domains. The United Kingdom places among the top five communicators in anti-corruption and transparency and justice and security. Similarly, Norway is prominent within both the anti-corruption and transparency and education policy domains. Other bilateral development partners that rank among the top five communicators in at least one policy domain include: Australia (justice and security), Germany (environment), South Korea (infrastructure), and Spain (education).

2.1.2. Non-DAC bilaterals are less communicative than other development partners

At the lower end of the communication spectrum, a group of **seven bilateral development partners communicate with host government officials fewer than two or three times per year** (see Figure 1). The United Arab Emirates (UAE), the OPEC Fund for International Development (OFID), Venezuela, Iran, Kuwait, and Libya are, or represent, major exporters of petroleum. Their relatively low levels of communication with the domestic authorities might be explained by the fact that some of these partners provide assistance in the form of a commodity (oil) and others bristle at the notion that development partners should have any role in the adoption or implementation of reforms.[28]

Figure 2 suggests that this **pattern of less frequent communication with host government officials holds true across a broader set of bilateral development partners that do not participate in the OECD DAC.**[29] We subsequently refer to this group as non-DAC development partners.

Fig. 2: How Often Did Different Types of Development Partners Communicate with Host Governments?



Note: *Frequency in communication is reported for an average development partner of each type and was measured on a scale of 1-6, where 1 = "Once a year or less", 2 = "2 or 3 times a year", 3 = "About once a month", 4 = "2 or 3 times a month", 5 = "About once a week", and 6 = "Almost daily". The width of each bar represents the 95% confidence interval around the average host government respondent's frequency of interaction with an average development partner of each indicated type. Average scores for each type of development partner are indicated in brackets.*

28. See Neumayer 2004; Martin *et al* 2015; McAuley 2014.
29. The OECD Development Assistance Committee currently includes 29 members: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, European Union, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom and the United States. See http://www.oecd.org/dac/dacmembers.htm for further information on DAC membership requirements.

Non-DAC development partners—including China, Brazil, Saudi Arabia, and others—communicate significantly less often with their host government counterparts than either multilaterals or DAC bilaterals (see Figure 2).[30] Staffing and financial constraints likely limit the frequency of interaction between non-DAC bilaterals and host government officials (Davies 2008); however, non-DAC development partners are also united by a shared commitment to the principle of non-interference in the internal affairs of partner countries, and this too may contribute to their restrained communication with domestic authorities.[31]

Only one DAC bilateral (Austria) and three multilateral institutions, each with predominately non-DAC membership (the OPEC Fund for International Development, OFID; the Development Bank of Latin America, CAF; and the Arab Monetary Fund, AMF), communicate with host government officials so infrequently (see Figure 1).

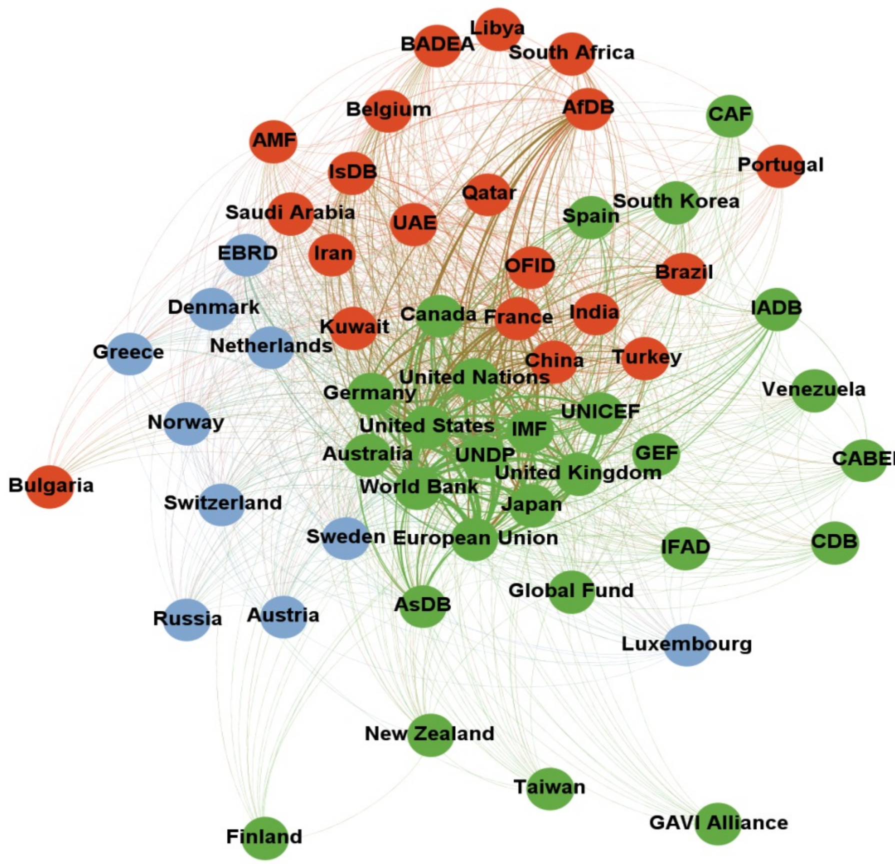
2.2 A Crowded Bazaar for Communicating Policy Advice

Given that a growing number of bilateral and multilateral aid agencies must increasingly compete for the limited time and attention of decision-makers in low- and middle-income countries (Parks *et al*, 2015), who is speaking with whom in this crowded bazaar of policy advice and to what degree do these communication networks overlap?

We use a network diagram (see Figure 3) to visualize the competitive landscape in terms of which development partners are vying for the attention of the same set of host government decision-makers.[32] Each tie in the network diagram between a pair of development partners is weighted so that a stronger [thicker] tie indicates a higher number of host government survey participants who worked with both development partners. Development partners sharing stronger [thicker] ties competed against one another for the attention of the same host government officials more often than development partners with weaker [thinner] ties.

30. A two-tailed t-test on the average frequency of communication between the non-DAC bilaterals, on the one hand, and DAC bilaterals and multilaterals on the other, reveals a significant difference ($p<0.05$).
31. Non-DACs, by virtue of having recently been at a similar stage of development to many of their partner countries, may be more mindful of the strain that external actors can place on already-overburdened public bureaucracies (Strange *et al*. 2013; Dreher and Fuchs forthcoming).
32. The graph in Figure 2.3 was generated using the Yifan Hu Multilevel layout algorithm. It relies on 2004-2013 data provided by participants in the *2014 Reform Efforts Survey*.

Fig. 3: Which Development Partners are Competing for Host Government Attention?



Note: Figures 5 shows the share of net ODA disbursed by the US versus other donors to Lesotho for the period of 2004-2013. Figure 6 shows the share of net ODA disbursed for the period of 2004-2013 by Australia versus other donors to Timor-Leste. Source: OECD.

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

In the crowded bazaar of policy advice, development partners appear to subdivide into three distinct communities based upon whom they communicate with and how their communication network overlaps with the activities of other development partners. These three communities include:

- A community comprised primarily of Western multilaterals, large DAC bilaterals, and development partners with a regional focus on Latin America and the Caribbean;
- A community of Nordic bilaterals, smaller European bilaterals, Russia, and the European Bank for Reconstruction and Development (EBRD); and
- A community of non-DAC bilaterals, multilaterals with predominately non-DAC membership, as well as France, Portugal, and the African Development Bank (AfDB).[33]

33. These communities are derived from the structure of the network graph itself. According to the definition of modularity, "a sub-graph is a community if the number of [ties] inside the sub-graph exceeds the expected number of internal [ties] that the same sub-graph would have [if randomly assigned]." In our context, this means that development partners within a community compete against one another for the attention of the same host government officials more often than would be expected if host government interaction with development partners were random. Competition within a single community is more intense than competition between communities. Fortunato 2010. Check that full citation is in reference list, can find details here: http://arxiv.org/abs/0906.0612. Quoted text is on page 12.

More established Western multilateral and DAC bilateral development partners reside at the center of the policy advice market and account for most of the interaction with host government officials in low- and middle-income countries.[34] The ten development partners with the highest levels of centrality in the communication network include: the European Union, the International Monetary Fund (IMF), Japan, the United Kingdom, UNDP, the United States, the World Bank, the United Nations, the United Nations Children's Fund (UNICEF), and Germany. These ten development partners tend to compete with each other for the attention of the same host government officials.

Figure 3 also points to a clustering of Nordic and European DAC bilateral development partners (e.g., Sweden, Denmark, the Netherlands, and Norway) within the communication network, which may indicate a coordinated effort by this subgroup of development partners to focus their communication efforts on a particular set of host government officials

In general, non-DAC bilaterals and multilaterals with predominately non-DAC membership operate on the periphery of this policy advice market. These development partners with low levels of network centrality appear to only compete against a few other peripheral development partners in terms of their communication with counterpart country officials. In effect, non-DAC development partners seem to interact with a mostly different cohort of host government officials than their DAC counterparts.[35] This pattern may reflect a strategy on the part of host governments to put conversations with DAC and non-DAC development partners on parallel tracks or an effort on the part of non-DAC development partners to engage different types of host government officials.[36]

It should also be noted that non-DAC development partners' peripheral position in the policy advice market may have less to do with the fact that they are not OECD-DAC members and more to do with the fact that the limited resources and capabilities of relatively small development partners makes it harder for them to interact with a large number of host government officials.[37] While several of the largest non-DAC development partners (e.g., China, Turkey, India, Kuwait, and the UAE) are among the 20 most central development partners globally, we also find that a number of small DAC bilaterals (e.g., Finland, New Zealand, Luxembourg, and Portugal) operate at the margins of the communication network.

34. Eigenvector centrality not only accounts for the weighted degree of each development partner, but also the weighted degrees of the development partners with which it shares ties. Weighted degree is equal to the sum of the weights of all the ties connected to a particular development partner.
35. See Appendix E for a similar graph depicting the network of development partner collaboration in reform implementation.
36. See Furukawa 2014; Mthembu-Salter 2012 and Dreher *et al*. 2015.
37. Davies and Pickering (2015: p. 48) provide evidence that host government officials "would like to see changes in the way their non-DAC bilateral providers operate over the next five to ten years, particularly in relation to transparency, value for money, country presence and engagement in development dialogue."

2.3 How Engaged are Host Government Officials with Development Partners?

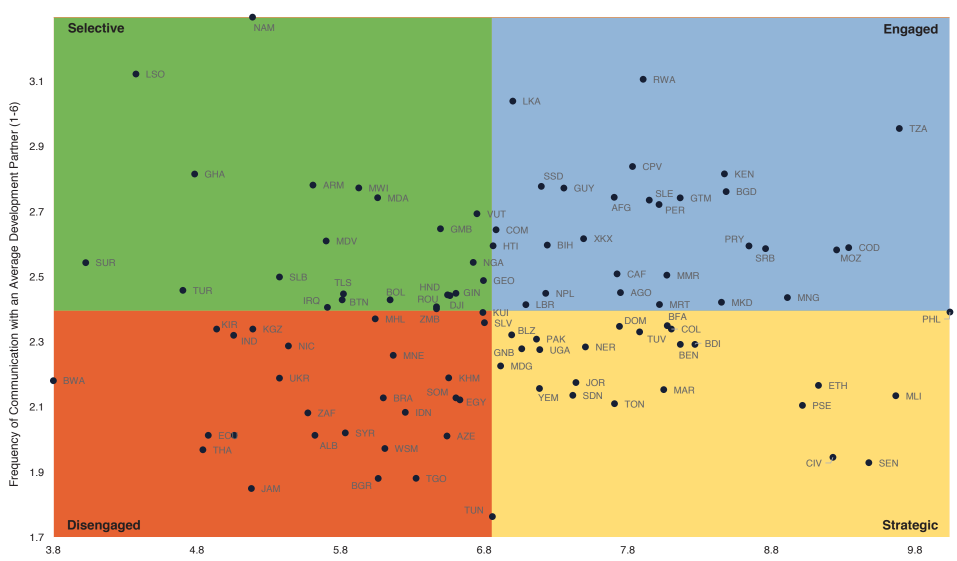
How do host governments respond in the face of growing requests for their time and attention from diverse development partners? Using responses from the *2014 Reform Efforts Survey*, we are able to document significant variation across countries along two dimensions: (a) the number of development partners with whom host government officials work; and (b) the frequency of communication between host government officials and an average development partner.[38]

2.3.1. Countries with less competitive aid markets are constrained in their choice of preferred development partners

In the crowded bazaar of policy advice, countries appear to fall into four distinct cohorts (see Figure 4) in the frequency and selectivity of their interaction with development partners. These cohorts include:

Engaged: governments that interact frequently with many development partners;
Selective: governments that interact frequently with a few development partners;
Strategic: governments that interact infrequently with many development partners; and
Disengaged: governments that rarely interact with only a few development partners.

Fig. 4: Which Countries Are Most Engaged with Development Partners?

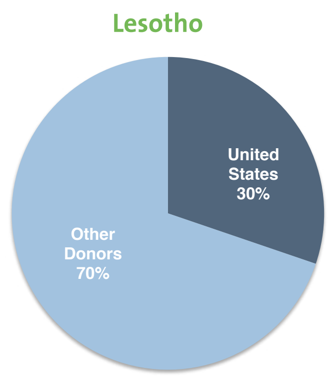


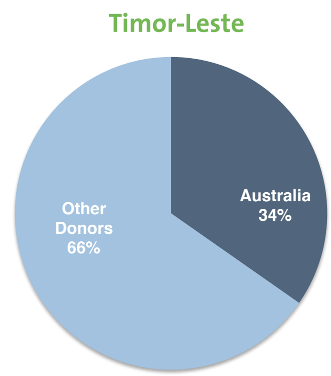
Note: *Frequency in communication with a development partner was measured on a scale of 1-6, where 1 = "Once a year or less", 2 = "2 or 3 times a year", 3 = "About once a month", 4 = "2 or 3 times a month", 5 = "About once a week", and 6 = "Almost daily". The frequency of communication shown here depicts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

38. Throughout this report, we refer to the performance of an "average development partner". The averaging process incorporates responses pertaining to all development partners for which we have at least one response, giving equal weight to all multilaterals as agencies and bilaterals as countries. By estimating the performance of an average development partner, we seek to counteract a potential source of positive bias in our country-level estimates: in the *2014 Reform Efforts Survey*, higher-performing and more frequently-communicating development partners also account for a higher percentage of survey responses.

The depth and scope of host government interactions with development partners vary according to country characteristics. "Selective" countries largely consist of small states, such as Lesotho, Suriname, Solomon Islands, Maldives, Timor-Leste, and Malawi.[39] Some of these countries receive the lion's share of incoming aid from a "lead donor". For example, Lesotho received approximately 30% of its net ODA from the United States, while Australia contributed approximately 34% of Timor-Leste's ODA (see Figures 5 and 6).

Figures 5 and 6: Share of Net Official Development Assistance Contributed By Lead Donors to Lesotho and Timor-Leste





Figures 5 shows the share of net ODA disbursed by the US versus other donors to Lesotho for the period of 2004-2013. Figure 6 shows the share of net ODA disbursed for the period of 2004-2013 by Australia versus other donors to Timor-Leste. Source: OECD.

Therefore, while the domestic authorities possess significant agency to decide with whom they will communicate and solicit advice and assistance, we may also be observing a partner selection effect, whereby **those countries that have been prioritized by a small number of development partners have less choice because of the lower level of competition in their domestic "aid market"** (Steinwand 2015).

The "strategic" country cohort includes a number of countries that receive high levels of aid, but remain wary of external interference in their domestic affairs (e.g., Pakistan, Yemen, Ethiopia, Sudan, and Palestine). The fact that these countries interact relatively infrequently with a large number of development partners may also reflect the fact that these countries have many potential suitors competing for their attention, affections, and allegiances (Schadlow 2013). We also see some evidence of regional patterns of interaction among "strategic" countries in Francophone West Africa (e.g., Mali, Niger, Senegal, and Côte d'Ivoire) and the Middle East and North Africa (e.g., Jordan, Palestine, Kurdistan, Yemen, and Sudan).

In the "engaged" cohort, we see a number of "donor darlings" (e.g., Rwanda, Tanzania, Georgia, and Mozambique) and countries with particularly high levels of aid dependence (e.g., Liberia and Afghanistan).[40] Box 1 provides a closer look at one of these "engaged" countries: Tanzania.

39. The data we have collected through the *2014 Reform Efforts Survey* is on the de facto interactions between host government officials and development partners. A host government that has been 'selected' to receive aid from a given development partner need not intensively engage with that development partner at various stages of the policymaking process. It may instead allow the development partner to aid groups outside of the government, or ask the development partner to stroke checks instead of engaging in a thoughtful, collaborative relationship.
40. We calculated the actual levels of aid dependence (aid as a percentage of GDP) these countries using the OECD's Development Assistance Committee database. Net ODA as a percentage of GDP is 70% for Liberia, 50% for Afghanistan and 15% for Ethiopia. In comparison, the average for all countries was 9% for the period of 2004-2011.

By contrast, the "disengaged" cohort includes a number of countries that rely heavily on non-aid sources of revenue (e.g., Botswana, Azerbaijan, and Thailand) and countries that are for various reasons isolated from the international community (e.g., Ecuador, Nicaragua, and Zimbabwe). Several "disengaged" countries also have high levels of political instability (e.g., Ukraine and Syria).

BOX 1: The Impact of "Engagement" on Tanzania

What does being highly "engaged" with development partners mean from the perspective of a partner country? For Tanzania, the path to engagement has been neither linear nor lacking in challenges. Indeed, high levels of engagement with development partners can be costly.

The Government of Tanzania has worked together with development partners since the 1960s; by the 1990s, this engagement was burdening the Government with the presence of a high number of both development partners and active projects associated with an estimated 2,400 quarterly reports to development partners and more than 1,000 annual development partner missions (Van de Walle and Johnston 1996). However, relationships between the Government of Tanzania and the development partner community began to fray in the 1990s. As a result of concerns about governance and public financial management, many development partners including the IMF and the World Bank suspended aid to the country (Furukawa 2014; Government of Tanzania 2004).

This "aid crisis" led to the adoption of the recommendations of the Helleiner Report and the creation of the Tanzania Assistance Strategy, both of which charted a new path forward for the Government and development partners working with the country. The recommendations under the Helleiner Report included principles of country ownership and an emphasis on governance and macroeconomic policies on the part of the Tanzanian government, as well as commitments from development partners to make long-term financial commitments, to look toward offering budget support, and to try to minimize the administrative burden on the government (Government of Tanzania 2004).

Together, the Helleiner Report and the Tanzania Assistance Strategy catalyzed a period of aid reform in Tanzania undertaken by the development partner community and the Government (Furukawa 2014; Government of Tanzania 2004; Tanzania Assistance Strategy 2000). The principles that were put in place gave space for the Government to institute policies that may have inconvenienced development partners, but that were designed to improve the functioning of public sector institutions. For example, in 2003, Tanzania introduced an annual moratorium on donor missions from April to August so that the government could focus on budgeting during that period (Roodman 2006).

When engaging with the global development community comes with high administrative costs, reforms such as those contained in the Helleiner Report and those agreed to in the Paris Declaration are clearly necessary. In Tanzania, there has been moderate success in achieving the indicators set forth under the Paris Declaration – for example, development partners have increased the number of joint missions to Tanzania (OECD 2012). However, there is room for continued progress: the Paris Declaration target of 40% of donor missions conducted jointly was at 26% in 2010 (OECD 2012).

2.3 Final Insights

In this chapter, we examined the responses of participants in the *2014 Reform Efforts Survey* to better understand basic patterns of communication between development partners and host government counterparts. Our goal was to answer the simple question: who is speaking with whom, how often, and who is actually listening?

Frequency of communication does not tell us about the salience, quality, or use of the policy advice provided to low- and middle-income countries, but it does say something about the varying levels of effort that different development partners devote to direct engagement with in-country decision-makers. In this regard, we may have already unearthed a key data point to help answer one of the overarching questions raised in chapter 1. While pundits and policymakers often claim that non-DAC development partners exert outsized influence on the policy priorities and decisions of public sector leaders in developing countries, to what extent is this mostly hype versus reality?

The data from the *2014 Reform Efforts Survey* demonstrates that non-DAC partners operate on the periphery of the market for policy advice, and are in fact less communicative with host government counterparts than other development partners. This casts doubt on the notion that non-DAC development partners are immediately poised to displace multilateral and DAC bilateral influence vis-à-vis decision-makers in low- and middle-income countries.

At the same time, while the strength of a development partner's "ground game" may help it achieve a measure of influence with individual decision-makers, it is not necessarily determinative of how development partner performance is perceived. Getting a seat at the table during policy deliberations is likely also contingent upon a development partner's track record of helping governments solve their highest priority problems (Parks *et al*. 2015).

Therefore, in chapter 3, we build upon this discussion of how development partners interact with host government counterparts to assess three aspects of development partner performance as reported by decision-makers in low-income and middle-income countries.

Chapter 3

Performance

How do decision-makers in low-income and middle-income countries assess the relative performance of the development partners who seek to inform and influence their reform efforts?

Measuring Three Dimensions of Development Partner Performance

How do decision-makers in low-income and middle-income countries assess the relative performance of the development partners who seek to inform and influence their reform efforts?

Development partners use both money and ideas to shape reform efforts and support host government officials in changing laws, rules, norms, and practices in their countries. Yet, the extent to which development partners are successful in this respect hinges on whether they can influence the key decision-makers who are responsible for setting the reform agenda (i.e., identifying reform priorities) and implementing these reforms.

In this chapter, we provide a snapshot of how development partners stack up against three dimensions of performance, as reported by participants[41] in the *2014 Reform Efforts Survey*, including: (1) the usefulness of the policy advice they provide; (2) their influence at the agenda-setting stage of the policy process; and (3) their helpfulness during reform implementation.[42]

Our analysis calls attention to ten findings, which we will discuss at length in this section:

1. When development partners provide advice that the authorities consider to be useful, they tend to reap a "policy influence dividend."
2. Host government officials find the advice of multilaterals and small DAC bilaterals to be most useful
3. When countries are more skeptical about the usefulness of development partner advice, multilaterals experience an "access penalty"
4. Familiarity breeds favorability: host government officials that have previously worked for a development partner rate their advice as more useful
5. Development partners with greater upstream influence in setting the reform agenda are more likely to be involved in downstream reform implementation
6. Development partners have more influence in small countries and less influence in unstable and closed countries
7. Helpfulness is a two-way street: countries are more successful in implementing reforms with development partner support and are more receptive to future advice from those they deem to have been helpful in reform implementation
8. Development partners are seen as more helpful in small countries and less helpful in poor countries
9. Some countries are clearly more engaged with development partners and more receptive to their policy advice
10. Multilaterals have a clear performance edge versus DAC and non-DAC bilaterals

41. For two of our two dimensions of development partner performance: usefulness of advice organization and helpfulness during reform implementation, we focus solely on the perceptions of host government officials. For the influence measure we include responses from all survey participants.
42. The measures of development partner performance used in this report are strictly based upon the perceptions of survey participants. Our purpose is not to attempt a holistic evaluation of all facets of development partner performance, as there are certainly many qualitative and quantitative performance metrics to be taken into consideration. Instead, we seek to provide a unique and often overlooked insight into the enabling environment for the "stickiness" of the policy advice of development partners – the extent to which host government officials perceive the value of their ideas in informing their priorities and actions. For brevity's sake, we do not present analysis of the reform design influence variable from the *2014 Reform Efforts Survey*.

3.1 Usefulness of the Advice Provided by Development Partners to Host Governments

The provision of useful advice is a critical aspect of development partner performance. In fact, usefulness is a common thread across three explanations behind the influence of the external assessments that development partners provide[43]: (1) alignment with the priorities of national leadership; (2) helping the government to identify practical solutions to policy problems; and (3) helping the authorities acknowledge, or more fully appreciate, policy problems (Parks *et al*. 2015).

The *2014 Reform Efforts Survey* provided participants with an opportunity to give direct feedback on the usefulness of policy advice provided by the development partners they interacted with between 2004 and 2013. Participants were asked to rate the usefulness of each development partner's advice within their domain of expertise on a scale of 1 to 5, with 1 signifying that the advice *was almost never useful* and 5 indicating that the advice *was almost always useful*.

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

The good news for development partners is that the provision of useful policy advice seems to serve as an entry point for influence during the agenda-setting stage of the policymaking process. We find a strong, positive relationship between the usefulness of a development partner's advice and its agenda-setting influence.[44] A development partner seen as providing useful advice is more likely to get a "seat at the table" during policy deliberations (Jones 2011; Jones *et al*. 2009).

3.1.2. Host government officials consider advice from multilaterals and small DAC bilaterals to be most useful

The ten development partners providing the most useful advice to host government officials include a mix of multilaterals and DAC bilaterals (see Table 2).[45] Notably, three relatively small DAC bilaterals appear to be punching above their weight and receive high marks from partner countries (see Box 2). By contrast, several non-DAC bilaterals and multilaterals primarily made up of non-DAC members are viewed by their in-country counterparts as providing the least useful policy advice.[46]

44. At the country level, we find a strong, positive, and statistically significant correlation of r = 0.386 (p<0.01) between the usefulness of the advice provided by an average development partner and the agenda-setting influence of an average development partner. At the development partner level, we also find a strong, positive, and statistically significant correlation of r = 0.819 (p<0.01) between the usefulness of a specific development partner's advice and its agenda-setting influence.
45. Because Q14 in the *2014 Reform Efforts Survey* asked participants about how often the advice actually provided by a given development partner was useful, the fact that small development partners provide less advice in an absolute sense does not impact our analysis.
46. Survey participants provided development partner-specific responses on how often advice the advice they received from each development partner contained useful information, on an ordinal scale of 1 to 5, where a score of 1 means "Almost never", 2 means "Less than half the time", 3 means "About half the time", 4 means "More than half the time", and 5 means "Almost always".

Table 2: The Top and Bottom 10 Development Partners by Usefulness of Advice[47]

Rank (out of 57)	Development Partner	Partner Type	Usefulness of Advice
1	GAVI Alliance [14]	Multilateral	4.038
2	CDB [36]	Multilateral	3.958
3	Global Fund [61]	Multilateral	3.931
4	Finland [14]	DAC Bilateral	3.760
5	World Bank [1486]	Multilateral	3.697
6	Luxembourg [18]	DAC Bilateral	3.683
7	IMF [642]	Multilateral	3.638
8	Austria [73]	DAC Bilateral	3.617
9	UNDP [1227]	Multilateral	3.573
10	UNICEF [621]	Multilateral	3.570
--	Average Multilateral [374]	n/a	3.206
--	Average DAC Bilateral [383]	n/a	3.126
29	United Kingdom (Median) [846]	DAC Bilateral	3.122
--	Average Non-DAC Bilateral [123]	n/a	2.602
48	Venezuela [51]	Non-DAC Bilateral	2.534
49	BADEA [59]	Multilateral	2.437
50	UAE [87]	Non-DAC Bilateral	2.414
51	Kuwait [133]	Non-DAC Bilateral	2.313
52	CAF [44]	Multilateral	2.299
53	CABEI [57]	Multilateral	2.299
54	OFID [107]	Multilateral	2.189
55	Iran [48]	Non-DAC Bilateral	2.157
56	Libya [37]	Non-DAC Bilateral	1.942
57	Greece [19]	DAC Bilateral	1.690

47. See appendix E for the full list of development partners ranked by usefulness of advice.
48. While 61 development partners were routed into the survey questionnaire, only 57 had at least ten observations on the dimension "Usefulness of Advice". We impose an inclusion criteria of at least ten observations on all of our performance point estimates to ensure a minimum level of precision in the aggregate statistics we report without artificially excluding meaningful results. Tables 2 and E.3 present the advice usefulness rankings and point estimates for the 57 development partners. The four "missing" development partners that did not meet the sample size inclusion criteria on the dimension of "Usefulness of Advice" include the Bolivarian Alliance of the Americas (ALBA), Bulgaria, Poland, and the Arab Fund for Economic and Social Development (AFESD),
49. The number of observations on "Usefulness of Advice" pertaining to each development partner is in brackets.
50. See Table E.1 in Appendix E for the full list of development partners by type.
51. Throughout this report, we use the acronym CDB for the Caribbean Development Bank.

BOX 2: Three Small, Yet High-Performing Bilaterals: Finland, Luxembourg, and Austria

Finland, Luxembourg, and Austria are among the top ten highest performing development partners based upon the usefulness of their policy advice. These three small DAC bilaterals have two things in common that may help explain why they appear to be punching above their weight vis-a-vis their peers: (1) they foster long-term partnerships with a select number of partner countries, and (2) they embrace country ownership as a central tenet of their work.

Austria has 11 official partner countries, Luxembourg 15, and Finland 12. The shared emphasis of these countries on nurturing long-term relationships with a small number of aid recipients is based on the belief that close partnership makes it easier to target and tailor foreign assistance to meet the needs of in-country counterparts (ADA 2015). This approach stands in contrast to the policies and practices of most development partners; many development partners have not only increased the number of countries in which they work, but also increased the number of sectors in which they work in an average country (Bürcky 2011).

Each of these three small, DAC bilaterals also identifies country ownership with counterpart countries as a central guiding principle (see ADA 2015; Ministry of Foreign Affairs of Finland 2015; LuxDev 2015). The ability of a development partner to exert influence through the provision of policy advice is largely, though not exclusively, determined by the extent to which public sector leaders can use the advice that is offered to solve the policy problems that they deem most important (Parks *et al*. 2015). By establishing longstanding partnerships with a few countries and engaging in long-term process of intensive learning and listening to local concerns, Finland, Luxembourg, and Austria have evidently won the respect of leaders in low-income and middle-income countries. When the authorities need good advice, these are three of their "go to" development partners.

It appears that **host government officials still find the advice of multilaterals and DAC bilaterals to be most useful in their day-to-day work, despite the increasingly broad and diverse array of development partners in the aid market.** This evidence does not support the argument made by some non-DAC bilaterals that, as former and/or current aid recipients that have already achieved major development gains, they are better positioned to provide useful policy advice to low-income and middle-income countries (Tugendhat 2014; Hackenesch 2013). It remains to be seen if this trend will continue or change over time as non-DAC bilaterals shore up their technical capabilities, expand their ground game and communication bandwidth, and establish a longer track record of performance.

3.1.3. If countries are skeptical regarding the usefulness of development partner advice, multilaterals face a greater "access penalty"

The ten countries that are most skeptical of the value of development partner advice are also relatively more judicious about whether or not they engage any individual development partner in the first place. The ten low- and middle-income countries that viewed development partner advice as least useful (see Table 3) are all countries that interact with fewer than the median number of development partners (see Figure 4).[52]

Table 3: The Countries that View External Advice as Most and Least Useful[53]

Rank (out of 121)	Country	Usefulness of Advice
1	Kazakhstan [17]	4.867
2	Belarus [11]	4.262
3	Serbia [113]	4.170
4	Botswana [61]	4.121
5	Nigeria [167]	4.089
6	Tanzania [141]	4.028
7	Mauritania [144]	3.928
8	Lesotho [34]	3.922
9	Kurdistan [96]	3.908
10	Benin [114]	3.900
61	Kiribati (Median) [64]	3.054
112	Niger [246]	2.314
113	Congo-Brazzaville [59]	2.197
114	Senegal [184]	2.179
115	Equatorial Guinea [11]	2.125
116	Ecuador [116]	2.084
117	Egypt [194]	2.051
118	Somalia [50]	2.037
119	Federated States of Micronesia [44]	2.013
120	Turkey [99]	1.828
121	Bolivia [81]	1.718

52. Over our entire sample of low- and middle-income countries, there is a positive (r=0.071), but statistically insignificant relationship between the number of development partners that a typical host government official interacts with and the reported usefulness of the advice provided by an average development partner. Combined with the findings shown in Table 2, this suggests that, while countries that interact with more development partners do not systematically find the advice provided by an average development partner more useful, there is a distinct cohort of countries that both (a) interact with few development partners and (b) find the advice provided by an average development partner to be not very useful.
53. See appendix E for the full list of countries ranked by how useful they judged development partner advice to be.
54. While we collected information on the performance of an average development partner in 126 low- and middle-income countries, only 121 countries received at least ten observations on the dimension "Usefulness of Advice". We impose an inclusion criteria of at least ten observations on all of our performance point estimates to ensure a minimum level of precision in the aggregate statistics we report without artificially excluding meaningful results. Tables 2 and E present the advice usefulness rankings and point estimates for an average development partner working in each of the 121 countries. The five "missing" countries that did not meet the sample size inclusion criteria on the dimension of "Usefulness of Advice" include Cuba, North Korea, Turkmenistan, Uzbekistan, and Zanzibar.
55. The number of observations on "Usefulness of Advice" pertaining to an average development partner working in each country is in brackets.

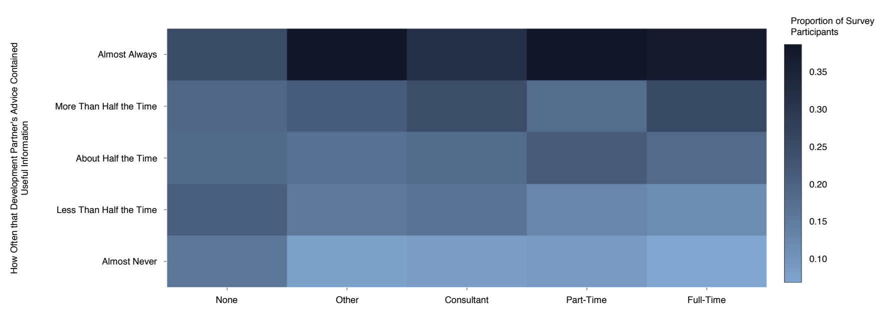
Interestingly, **among all development partners, the "access penalty" that is effectively imposed by this cohort of host governments falls disproportionately on *multilateral institutions*.** The frequency of communication between host government officials and an average multilateral institution in the ten countries that rated development partner advice as least useful was only slightly higher than 2 or 3 times per year. In contrast, in the other sample countries, host government officials interacted nearly once a month with the average multilateral development partner.[56] In light of our earlier finding that multilateral institutions are particularly reliable sources of policy advice, this pattern suggests that this cohort of countries is actively resisting credible sources of external policy advice.

3.1.4. Familiarity breeds favorability: host government officials that have worked for a development partner rate their advice as more useful

Development partner work history appears to have a positive impact on policymakers' perceptions of the utility of that development partner's advice (see Figure 7).[57] In the *2014 Reform Efforts Survey*, we asked host government participants whether they had worked as a full-time employee, part-time employee, a consultant, or in any other capacity with a list of development partners that was routed in based on their country. We expected to see an increase in positive perceptions of the usefulness of development partner advice as work history with that development partner increased. Across the board, we find evidence that this "affinity effect" exists: as work history with a given development partner increases, so too do survey participants' perceptions of that development partner's advice.

Figure 7 shows that a majority of survey participants who reported previous full-time work with a development partner found that development partner's advice useful more than half the time or almost always. Conversely, responses about the usefulness of advice provided by development partners among survey participants who reported no previous work history with a given development partner are distributed approximately evenly across response options.

Fig. 7: The Impact of Work History on Perceived Development Partner Performance



Note: *Counts of survey participants were initially calculated at the level of specific development partners. The shading of each block represents the proportion of survey participants with the indicated level of work history at a single development partner who rated that particular development parter's advice as containing useful information the indicated frequency of the time, summed accross all development partners.*

56. The frequency of communication between a host government official and an average multilateral is equal to 2.235 in the bottom 10 countries most skeptical of the usefulness of development partner advice. This is compared against a score of 2.694 in all other countries. A two-tailed t-test reveals a significant difference-of-means at $p<0.01$.

57. Note that we could not distinguish between those who did not "see" Q47 of the *2014 Reform Efforts Survey* and those who did not work for any DP in any capacity. The potential impact of this on our results is likely lessened by the fact that we are looking at dyadic relationships with specific DPs. This means that the "none" category does not indicate not having worked with any DP; it indicates not having worked for a specific DP.

3.2 The Agenda-Setting Influence of Development Partners

Once development partners demonstrate that they can provide useful advice, they must still navigate a complex policymaking process in order to translate their policy preferences into influence. Previous research suggests that advice based on high-quality research and analysis is not likely to influence policy without effective consultation and advocacy (Parks *et al*, 2015) and that identifying key windows of opportunity where advice can make the greatest difference is imperative (Kingdon 1995).

The *2014 Reform Efforts Survey* provided participants with an opportunity to give direct feedback on the agenda-setting influence of the development partners they interacted with between 2004 and 2013. Participants were asked to rate the influence of development partners on their country's decision to undertake reforms to solve three specific, self-identified policy problems on a scale of 0 to 5, with 0 signifying no influence and 5 indicating maximum influence.[58]

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

A development partner's influence on setting the reform agenda is significantly correlated with the extent of their downstream involvement in implementing reforms.[59] This connection between agenda-setting influence and involvement in reform implementation may reflect a reluctance on the part of a development partner to support the implementation of reforms that it did not champion, as well as by the reality that getting reforms onto the policy agenda is a necessary precondition for the eventual implementation of those reforms.

3.2.2. Multilaterals are more influential than other development partners in setting the reform agenda

The ten most influential development partners are all multilateral institutions (see Table 4). This empirical pattern is consistent with previous research on supra-national delegation, which suggests that states authorize multilateral organizations to engage in a wide range of policy surveillance, analysis, and advisory activities because they can perform these tasks with greater neutrality and credibility than their bilateral counterparts.[60] These factors likely contribute to the outsized ability of multilaterals to influence host government reform efforts (Hicks *et al*. 2008).

58. Survey participants identified three policy domain-specific problems that reforms tried to solve in their country. Subsequently, we asked them about the agenda-setting influence of individual development partners in their government's decision to pursue reforms focused on those problems.
59. We find a significant, positive correlation of 0.224 ($p<0.01$) between a development partner's average agenda-setting influence and its scope of involvement in the implementation of partner country's reform efforts.
60. In order to illustrate the logic of supranational delegation, consider the U.S. Government's relationship with the IMF and the Turkish authorities after the 2003 invasion of Iraq. 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). See also Rodrik 1996; Hawkins et. al. 2006; Hagen 2009; Fang and Stone 2012.

Table 4: The Top and Bottom 10 Development Partners by Agenda-Setting Influence[61]

Rank (out of 57)	Development Partner	Partner Type	Usefulness of Advice
1	World Bank [2174]	Multilateral	3.207
2	IADB [321]	Multilateral	3.143
3	IMF [999]	Multilateral	3.063
4	European Union [1982]	Multilateral	2.955
5	GAVI Alliance [16]	Multilateral	2.875
6	AsDB [548]	Multilateral	2.689
7	Global Fund [114]	Multilateral	2.684
8	GEF [85]	Multilateral	2.647
9	UNDP [1892]	Multilateral	2.606
10	United Nations [1527]	Multilateral	2.559
--	Average Multilateral [584]	n/a	2.370
29	CAF (Median) [54]	Multilateral	2.052
--	Average DAC Bilateral [670]	n/a	2.009
48	India [258]	Non-DAC Bilateral	1.354
49	BADEA [85]	Multilateral	1.324
	Average Non-DAC Bilateral [164]	n/a	1.313
50	OFID [134]	Multilateral	1.302
51	Saudi Arabia [142]	Non-DAC Bilateral	1.079
52	Russia [33]	Non-DAC Bilateral	1.039
53	Kuwait [161]	Non-DAC Bilateral	1.038
54	Greece [33]	DAC Bilateral	1.032
55	UAE [113]	Non-DAC Bilateral	1.016
56	Iran [57]	Non-DAC Bilateral	0.848
57	Libya [44]	Non-DAC Bilateral	0.552

By contrast, DAC bilaterals and non-DAC bilaterals have substantially lower agenda-setting influence scores (see Table 3). The influence of an average DAC bilateral (2.009) is below that of a median development partner (2.052). Non-DAC bilaterals perform the worst: the influence score of an average non-DAC bilateral (1.313) falls at the bottom end of the spectrum between the Arab Bank for Economic Development in Africa (BADEA) [49th] and OFID [50th].

61. See appendix E for the full list of development partners ranked by how influential their advice is in setting the agenda.
62. While 61 development partners were routed into the survey questionnaire, only 57 had at least ten observations on the dimension "Agenda-Setting Influence". We impose an inclusion criteria of at least ten observations on all of our performance point estimates to ensure a minimum level of precision in the aggregate statistics we report without artificially excluding meaningful results. Tables 3 and Appendix E present the agenda-setting influence rankings and point estimates for the 57 development partners. The four "missing" development partners that did not meet the sample size inclusion criteria on the dimension of "Agenda-Setting Influence" include the ALBA, Bulgaria, Poland, and AFESD.
63. The number of observations on "Agenda-Setting Influence" pertaining to each development partner is in brackets.

3.2.3. Development partners are most influential in small countries and the least influential in politically unstable and closed countries

At the country level, **development partners have most agenda-setting influence, on average, in small countries,**[64] **and least agenda-setting influence in countries with highly repressive regimes and politically unstable governments.**[65] Table 5 shows the ten countries most and least influenced by development partners in determining which reforms to pursue.

Table 5: The Countries Most and Least Influenced by Development Partner Advice[66]

Rank (out of 125)	Country	Agenda-Setting Influence
1	Lesotho [48]	3.495
2	Vietnam [128]	2.954
3	Kurdistan [84]	2.864
4	Laos [179]	2.845
5	Marshall Islands [78]	2.841
6	Ghana [350]	2.715
7	Nicaragua [185]	2.666
8	Cameroon [185]	2.646
9	Tajikistan [187]	2.641
10	Guinea [140]	2.620
63	Djibouti (Median) [101]	2.046
116	Syria [205]	1.449
117	Morocco [333]	1.426
118	Tunisia [204]	1.391
119	Congo-Brazzaville [83]	1.387
120	Turkmenistan [75]	1.358
121	Thailand [84]	1.237
122	Cuba [18]	1.083
123	Turkey [145]	1.079
124	North Korea [33]	0.865
125	Federated States of Micronesia [53]	0.721

64. We also find a significant ($p<0.01$), negative ($r=-0.266$) relationship between population and agenda-setting influence across our entire sample of low- and middle-income countries. This is initial evidence that development partners are not only most influential in the set of small countries depicted in Table 4, but also that they are more influential in smaller countries in general, and less influential in larger countries.
65. We also find a significant ($p<0.01$), positive ($r=0.286$) relationship between political openness (as measured by Polity2) and the agenda-setting influence of an average development partner across our entire sample of low- and middle-income countries. This is initial evidence that development partners are not only least influential in a set of politically closed countries, but that they are less influential in general in less politically open countries and more influential in more politically open countries, a finding we test more rigorously in chapter 5. On the other hand, the bivariate relationship between political stability (as measured by the WGI Political Stability Index) and the agenda-setting influence of an average development partner is statistically insignificant. This suggests that, while a minimum level of political stability may be necessary for development partner influence, after a certain point, increased stability does not necessarily lead to higher levels of external influence.
66. See Appendix E for the full list of countries ranked by how influential they perceive development partner advice to be.
67. While we collected information on the performance of an average development partner in 126 low- and middle-income countries, only 125 countries received at least ten observations on the dimension "Agenda-Setting Influence". We impose an inclusion criteria of at least ten observations on all of our performance point estimates to ensure a minimum level of precision in the aggregate statistics we report without artificially excluding meaningful results. Tables 4 and Appendix E present the agenda-setting influence rankings and point estimates for an average development partner working in each of the 125 countries. Zanzibar is the only "missing" country that did not meet the sample size inclusion criteria on the dimension of "Agenda-Setting Influence".
68. The number of observations on "Agenda-Setting Influence" pertaining to an average development partner working in each country is in brackets.

Several small and semi-autonomous states rank among the ten countries most influenced by development partner advice, including Lesotho, Kurdistan, Laos, the Marshall Islands, and Guinea. This pattern may be due to the low levels of bargaining power that small states possess vis-à-vis their development partners.[69] It is also possible that small states compensate for their limited internal administrative and technical capabilities by relying more heavily on external sources of policy guidance (Edwards 2012).

At the other end of the spectrum, the list of the ten least-influenced countries consists mostly of closed and autocratic (e.g., North Korea and Cuba) regimes, or countries plagued by high levels of political instability and violence (e.g., Syria, Tunisia, and Thailand). This pattern suggests that a minimally stable, responsive, and representative government may be an important precondition for development partner influence at the agenda-setting stage.[70]

3.3 The Helpfulness of Development Partners during Reform Implementation

To achieve sustained access to, and influence with, public sector decision-makers, development partners can do far more than nudge governments in the direction of reform and provide constructive input when new policies and programs are being prioritized and designed. They can also advise and assist partner governments as they attempt to successfully *implement* status-quo-altering policy changes.

Reform implementation is a complex, time-consuming, and non-linear process that is fraught with uncertainty and risk (Grindle and Thomas 1991). Even the most well-intentioned and determined public sector reformers often see the changes that they initially implement eventually undermined or unwound (Campos and Horvath 2012).

Success in reform implementation requires that change agents think and work politically – knowing which actors and institutions will most likely publicly support, tacitly endorse, silently sabotage, or openly undermine reform efforts. Moreover, these reformers must be able to assess which actors and institutions possess significant influence, as well as where the interests of various actors diverge or converge (Faustino and Booth 2014). Reform-oriented host governments may, therefore, work alongside development partners to explore how textbook models of policy and institutional change and "best practices" can be translated into context-specific and politically realistic solutions (Andrews 2015).

69. See Gruber 2000; Odell and Tingley 2013; Laurent and LeCacheux 2006.
70. See Hille and Knill 2006; Montinola 2010; Andrews 2011.

The *2014 Reform Efforts Survey* provided participants with an opportunity to provide direct feedback on the helpfulness of individual development partners during the reform implementation process in 23 policy domains and 126 countries.[71] Participants were asked to rate the helpfulness of the individual development partners that they identified as being involved in the implementation of reforms between 2004 and 2013 within their domain of expertise (e.g. health, education, anti-corruption). Development partners were rated on a scale of 0 to 5, with 0 indicating that they were not at all helpful in reform implementation and 5 indicating that they were extremely helpful.[72]

3.3.1. Helpfulness is a two-way street: countries are more successful in implementing reforms with development partner support and are more receptive to the future advice of those they deem to have been helpful

We find that the helpfulness of the average development partner is strongly associated with downstream reform success at the country level.[73] This pattern in the data may indicate that development partners play an important role in helping shepherd reforms to successful completion.[74] We also find some evidence of a potential virtuous circle, whereby **the helpfulness of a development partner affects whether its future advice and assistance is well received at earlier stages of the policymaking process.**[75]

3.3.2. Multilaterals and small DAC bilaterals are seen as being the most helpful development partners in reform implementation

Host government officials view a select group of multilaterals and small DAC bilaterals as being the most helpful development partners in reform implementation (see Table 5). As a group, multilaterals have a slight edge on DAC bilaterals during reform implementation with average helpfulness scores of 3.350 and 3.129, respectively.[76] Multilateral agencies with a sector or thematic focus (e.g., the GAVI Alliance; the Global Fund to Fight AIDS, Tuberculosis and Malaria; IFAD; and the GEF) fare particularly well.

71. To capture host government perceptions of development partner helpfulness during reform implementation, we asked all survey participants to identify all of the development partners involved in the implementation of reforms in their country and policy domain out of a country-specific, fixed list. Respondents also saw all of their own write-in answers from question 12 and were provided with the opportunity to identify an additional three development partners in question 24.
72. The *2014 Reform Efforts Survey* collected information on the usefulness of advice, agenda-setting influence, and helpfulness during reform implementation of 61 specific development partners. Survey participants were asked about the performance of each development partner in up to 2,898 country-policy domain pairs (excluding foreign policy and generalists). We recorded at least one observation on host government perceptions of development partner advice usefulness in 1,160 (40%) country-policy domain pairs, on development partner agenda-setting influence in 1,410 (49%) country-policy domain pairs, and on host government perceptions of development partner helpfulness during reform implementation in 997 (34%) country-policy domain pairs.
73. We find a significant, positive correlation of 0.133 ($p<0.05$) between the helpfulness of an average development partner during reform implementation and the amount of progress made by a country's average reform effort in solving a particular policy problem.
74. Although this relationship is measured at the country level rather than the individual respondent level, we cannot rule out the possibility that our measure of development partner helpfulness in reform implementation is colored by the downstream success of these reform implementation efforts.
75. We find a strongly significant correlation of 0.591 ($p<0.01$) between a development partner's global helpfulness in reform implementation and the perceived usefulness of its policy advice, as well as a strongly significant correlation of 0.729 ($p<0.01$) between a development partner's helpfulness in reform implementation and its influence at the agenda-setting stage. Another way of interpreting this correlation is that upstream influence increases the likelihood of development partners playing a productive, downstream role in reform implementation.
76. This difference-in-means is significant at $p<0.05$.

Two small DAC bilaterals – Ireland and New Zealand – also enter the top ten list of development partners that are reported by host government officials to be most helpful during reform implementation. This may reflect the relatively high level of attention and investment that these development partners grant to a small number of partner countries.

The Government of Ireland spends roughly half of its total ODA budget in nine countries (Irish Aid 2015), and the OECD refers to its development programs in these countries as "intensive, wide-ranging and long-lasting" (OECD 2009). Similarly, the Government of New Zealand focuses the lion's share of its aid (nearly 85%) in the Pacific region and claims that its cultural ties to the region allow it to better understand and respond to the needs of its partner countries (OECD 2010; Banks *et al*. 2012).[77]

Table 6: The Most and Least Helpful Development Partners in Reform Implementation[78]

Rank (out of 51)	Development Partner	Partner Type	Helpfulness during Reform Implementation
1	Ireland [11]	DAC Bilateral	4.146
2	GAVI Alliance [15]	Multilateral	3.857
3	IMF [437]	Multilateral	3.771
4	Global Fund [36]	Multilateral	3.667
5	World Bank [1208]	Multilateral	3.602
6	AsDB [240]	Multilateral	3.520
7	IFAD [18]	Multilateral	3.519
8	GEF [26]	Multilateral	3.500
9	IADB [163]	Multilateral	3.482
10	New Zealand [49]	DAC Bilateral	3.477
--	Average Multilateral [244]	n/a	3.350
26	IsDB (Median) [65]	Multilateral	3.129
--	Average DAC Bilateral [207]	n/a	3.125
42	France [319]	DAC Bilateral	2.714
--	Average Non-DAC Bilateral [36]	n/a	2.697
43	Turkey [40]	Non-DAC Bilateral	2.688
44	Venezuela [10]	Non-DAC Bilateral	2.683
45	OFID [18]	Multilateral	2.676
46	South Korea [76]	Non-DAC Bilateral	2.664
47	UAE [17]	Non-DAC Bilateral	2.615
48	India [45]	Non-DAC Bilateral	2.580
49	Saudi Arabia [18]	Non-DAC Bilateral	2.521
50	South Africa [19]	Non-DAC Bilateral	2.500
51	Kuwait [31]	Non-DAC Bilateral	2.388

77. In a 2010 peer review of New Zealand's aid project, the OECD noted that "New Zealands high level of concentration [in the Pacific] allows it to play an important role in a number of Pacific countries where it is one of the largest donors" (OECD 2010).
78. See Appendix E for the full list of development partners ranked by helpfulness in reform implementation.
79. While 61 development partners were routed into the survey questionnaire, only 51 had at least ten observations on the dimension "Helpfulness during Reform Implementation". We impose an inclusion criteria of at least ten observations on all of our performance point estimates to ensure a minimum level of precision in the aggregate statistics we report without artificially excluding meaningful results. Tables 5 and Appendix E present the helpfulness rankings and point estimates for the 51 development partners. The ten "missing" development partners that did not meet the sample size inclusion criteria on the dimension of "Helpfulness during Reform Implementation" include the Bolivarian Alliance, Bulgaria, Poland, Russia, Iran, AFESD, Libya, Qatar, Finland, and Greece.
80. The number of observations on "Helpfulness during Reform Implementation" pertaining to each development partner is in brackets.

At the other end of the spectrum, the results in Table 6 indicate that non-DAC counterparts perform substantially worse than their DAC bilateral and multilateral counterparts.[81] Non-DAC bilaterals and multilaterals with predominately non-DAC membership make up eight of the bottom ten least helpful development partners during reform implementation. A set of challenges that may limit the helpfulness of non-DAC development partners include limited human and institutional capacities, capacity constraints at the country level, internal incoherence and miscommunication, inadequate monitoring and evaluation systems, and a lack of strong domestic support for their overseas development activities (Davies 2008).

3.3.3. Development partners are seen as the most helpful in small countries and the least helpful in poor countries

Host government officials from small countries appear to view development partners as most helpful during the implementation of reforms (see Table 7). These countries include Kiribati, Somaliland, Lesotho, Bhutan, and El Salvador. This pattern is consistent with the notion that small countries lack administrative capacity and have a particularly strong need for external sources of reform implementation assistance (IMF 2002).

Development partners are also considered least helpful during reform implementation in some of the world's poorest countries, including Nepal, South Sudan, Afghanistan, Pakistan, Bangladesh, and Bolivia. This evidence is consistent with new research that suggests development partners have difficulty facilitating meaningful and successful reforms in very poor countries (Pritchett *et al*. 2013; Buch *et al*. 2014).

At first blush, this pattern seems to hold across our entire sample of low- and middle-income countries: in a simple bivariate setting, as low- and middle-income countries grow wealthier, the reported level of development partner helpfulness during reform implementation increases.[82] However, once other country-level characteristics—including per capita GDP growth and government effectiveness—are taken into account, additional income has a negative effect on helpfulness during reform implementation.[83]

81. Non-DAC bilaterals are also less involved in reform implementation efforts. An average non-DAC bilateral was reported as being involved in the implementation of only 4.1% of the reforms recorded in the *2014 Reform Efforts Survey*. By comparison, an average DAC bilateral was involved in the implementation of 25.7% of reforms and an average multilateral in the implementation of 25.3% of reforms.

82. Overall, there is a positive (r=0.075), though statistically insignificant, relationship between GDP per capita and the helpfulness of an average development partner during reform implementation.

83. After controlling for many other factors, there is a negative and statistically significant relationship between a country's per capita income and the reported helpfulness of development partners in reform implementation (see Table E.4 in Appendix E).

Table 7: Countries that View Development Partners as Most and Least Helpful[84]

Rank (out of 115)	Country	Helpfulness during Reform Implementation
1	Kiribati [37]	4.244
2	Romania [55]	4.013
3	Somaliland [17]	4.000
4	Lesotho [24]	3.950
5	Tanzania [114]	3.946
6	Bhutan [62]	3.929
7	Kazakhstan [11]	3.929
8	Philippines [157]	3.835
9	Paraguay [114]	3.798
10	El Salvador [96]	3.791
58	Kurdistan (Median) [14]	3.236
106	Tuvalu [49]	2.571
107	Nepal [173]	2.567
108	South Sudan [94]	2.554
109	Afghanistan [330]	2.537
110	Pakistan [79]	2.522
111	Egypt [98]	2.474
112	Federated States of Micronesia	2.450
113	Bangladesh [151]	2.442

3.4 Performance Across Agencies Flying the Same Flag

Up until this point, we have evaluated the performance of bilateral development partners as unitary actors. However, the reality on the ground is more complex. A bilateral development partner such as the United States, for example, has multiple agencies representing its interests in any given low- or middle-income country (e.g., the U.S. Agency for International Development, the Millennium Challenge Corporation, and U.S. embassies). While flying under the same flag, these agencies have their own objectives, practices, and organizational capacities. In-country decision-makers may also evaluate the performance of these individual development agencies quite differently.

84. See Appendix E for the full list of countries ranked by how helpful they perceive development partners to be in reform implementation.
85. While we collected information on the performance of an average development partner in 126 low- and middle-income countries, only 115 countries received at least ten observations on the dimension "Helpfulness during Reform Implementation". We impose an inclusion criteria of at least ten observations on all of our performance point estimates to ensure a minimum level of precision in the aggregate statistics we report without artificially excluding meaningful results. Tables 6 and E.2 present the helpfulness rankings and point estimates for an average development partner working in each of the 115 countries. The eleven "missing" countries that did not meet the sample size inclusion criteria on the dimension of "Helpfulness during Reform Implementation" include Belarus, China, Cuba, Equatorial Guinea, Eritrea, Iran, North Korea, Puntland, Turkmenistan, Uzbekistan, and Zanzibar.
86. The number of observations on "Helpfulness during Reform Implementation" pertaining to an average development partner working in each country is in brackets.

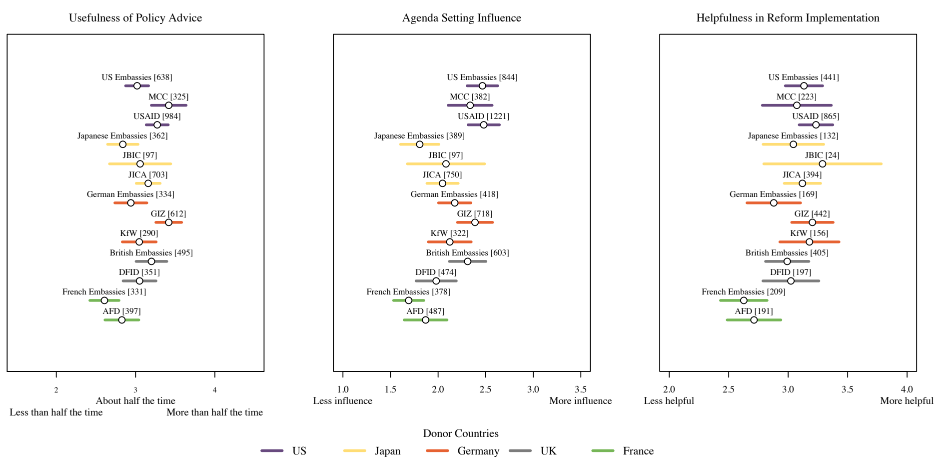
Table 8 shows how the top five largest DAC bilateral development partners – the United States, Japan, Germany, the United Kingdom and France – perform overall.[87] Within this cohort of the largest DAC bilaterals, the United States consistently comes out on top on all three performance measures and France lags behind. The ordinal rankings of these large DAC bilaterals are fairly consistent across the three performance dimensions with one exception: the United States and France catapult higher in the overall rankings in terms of agenda-setting influence than they do in the perceived usefulness of their advice or helpfulness in implementation.

Table 8: Top 5 Largest DAC Bilaterals – Overall Performance

Usefulness of Advice (1-5)	Agenda-Setting Influence	Helpfulness in Reform Implementation (0-5)
25. United States [3.221]	13. United States [2.472]	24. United States [3.212]
30. Germany [3.139]	28. Germany [2.082]	25. Germany [3.203]
31. United Kingdom [3.122]	32. United Kingdom [2.015]	28. United Kingdom [3.108]
33. Japan [3.036]	34. Japan [1.832]	31. Japan [3.054]
45. France [2.625]	38. France [1.704]	44. France [2.714]

In Figure 8, we go a level deeper to see how the top five largest DAC bilateral development partners perform when disaggregated by agency. From left to right, we visualize the breakdown of how each agency performs against three measures: usefulness of policy advice, agenda-setting influence, and helpfulness in reform implementation.

Fig. 8. Agency-Level Performance, Top Five Largest DAC Bilaterals[88]



However, we uncover additional insights when we look at performance at the agency level.[89] **British embassies, for example, are more favorably perceived than the UK's Department for International Development (DFID).** While DFID performs better on agenda-setting influence, it is striking that in-country stakeholders view British embassies as providing more useful advice and being more helpful in reform implementation. This is counterintuitive, since we would expect that the specialized technical expertise of the UK's lead development agency to be particularly important in providing useful advice and tangible support in implementing reforms. However, the perceptions of decision-makers in low- and middle-income countries appear to tell a different story.

87. We determined the top five largest DAC bilateral development partners based upon the total amounts of their ODA commitments between 2004 and 2013.

88. Each dot corresponds to the estimated average scores of advice usefulness, agenda-setting influence, and helpfulness for the five largest DAC bilateral donors. The horizontal bars correspond to the 95% confidence intervals around each point estimate.

89. In later chapters we report the results of econometric analysis of the characteristics of development partners and the country-level drivers that appear to explain variations in development partner performance. Unfortunately, since this analysis draws from the Center for Global Development's QuODA dataset and Palagashvili and Williamson (2015), which both treat donor countries as their unit of analysis, we are unable to conduct an agency-level statistical analysis.

Japanese, French and German technical agencies perform relatively better than their embassies. At the agency-level, the Japan Bank for International Cooperation (JBIC) performs best on agenda-setting influence and helpfulness in implementation, while the Japan International Cooperation Agency (JICA) is seen as providing more useful advice than other Japanese actors. Among German agencies, GIZ is perceived most favorably on all performance metrics. French embassies lag behind the French Development Agency (AFD) on all three performance metrics, while German and Japanese technical agencies also outperform their own embassies. Since embassies serve many functions, they likely have comparatively less institutional capacity than specialized development agencies to provide useful technical advice to partner countries or bring to bear concrete support for reform implementation.

The relative performance of U.S. agencies appears to be fairly even across the board. U.S. embassies perform surprisingly well in both agenda-setting influence and helpfulness in reform implementation, holding their own in comparison to more specialized agencies such as USAID and the MCC.[90] U.S. embassies also appear to be doing relatively better their counterpart embassies from Japan, Germany, the UK and France on two out of three performance measures. The fact that host government officials view the advice of U.S. embassies as generally less useful than that from USAID or MCC may be explained by the fact that U.S. embassies function primarily as a general diplomatic liaison with partner countries, rather than a provider of specific technical expertise.

When agency performance is evaluated at the policy domain level, the picture becomes more nuanced and revealing. Tables E.15-E.37 in Appendix E provide agency-level performance ratings for 23 different policy domains. Some development partners clearly specialize in one sector and engage at various stages of the policymaking process. For example, UNDP, the Global Environmental Facility (GEF), and GIZ dominate the environmental reform market, receiving high marks by in-country decision makers at the both upstream and downstream stages of the reform process.

Other development partners with a particular sector focus and expertise seem to double down at either the front-end or the backend of the reform process: the UK's DFID, for example, has less anti-corruption agenda-setting influence but its involvement in the execution of anti-corruption reforms is held in high regard by host government counterparts. The MCC mirrors this pattern of performance in the infrastructure policy domain.

In other cases, two agencies or institutions flying under the same flag work in the same policy domain but at different stages of the reform process. The U.S., for example, seems to have established a de facto division of labor 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 to be most helpful during the reform implementation stage. Similarly, Belgium exerts high levels of agenda-setting influence in the health sector through its global network of embassies, but it follows through at the reform implementation stage through with assistance from the Belgian Development Agency (which in-country stakeholders view very favorably).

90. USAID performs slightly better on agenda-setting influence and helpfulness in reform implementation, whereas host government officials appear to view the MCC's advice as marginally more useful.

At the policy domain level, we also observe a number of standout performers who would otherwise be difficult to identify. One of the few times that we see a non-DAC development partner enter the top 15 list of performers in any policy domain is in the area of trade policy. Government decision-makers in low-income and lower-middle income countries evidently receive and appreciate the trade policy advice that they receive from China's network of embassies around the world.

China also appears to exert significant influence on the trade policy priorities of its counterpart governments (see Table E.17 in Appendix E). This implies that Chinese embassies are actively engaged in efforts to encourage their host government to adopt Beijing's preferred trade policies. China claims that it adheres to a strict policy of non-interference in the internal affairs of its partner countries; however, this finding of Chinese agenda-setting influence on the trade policy priorities of counterpart countries is broadly consistent with new research by Dreher *et al*. (2015), which suggests that China uses its international development finance program to cement trade relationships.[91]

3.5 Tying Things Together: "Ground Game", Engagement, Receptivity, and Performance

In chapter 2, we documented widely varying levels of "ground game" among development partners—that is, local presence and the ability to regularly communicate with host government decision-makers. In this chapter, we examined how host government officials evaluate the bilateral and multilateral development partners with whom they regularly interacted between 2004 and 2013 along three dimensions of performance: the usefulness of their advice, their influence in shaping reform priorities, and their helpfulness during reform implementation.

Putting all of these data points together, **two big-picture trends are clear: (1) some countries are clearly more engaged with and receptive to the advice and influence of development partners; and (2) multilaterals have a performance edge versus DAC and non-DAC bilaterals across all three performance metrics.**

3.5.1. Some countries are not only more engaged, but more receptive to external advice

Of all the countries participating in the *2014 Reform Efforts Survey*, **Lesotho is arguably the most consistently receptive to external sources of advice and assistance, giving development partners high marks across the board on usefulness of their advice, their influence at the agenda-setting stage of the policymaking process, and their helpfulness during reform implementation** (see Table 9).[92]

91. Brautigam (2009: 114, emphasis added) notes that "China ... asks countries who wish to qualify for a concessional loan to grant some kind of preferential treatment to the project: tax-free repatriation of the payments on the loan; relief on import tariffs for inputs; lower income tax."
92. We report corroborating evidence in Parks *et al*. (2015) that Lesotho is among the countries most likely to draw upon external sources of analysis and advice when reform priorities are being established and design features of reforms are being selected.

Host government officials in Tanzania, Kurdistan, and Kazakhstan also expressed particularly sanguine views about the roles of development partners; these three countries and territories appear among the ten countries that provided high marks to development partners on at least two of three performance metrics. There is also a notable regional trend of high engagement with development partners among East and Central African countries (e.g., Tanzania, Rwanda, Kenya, and the DRC).

Table 9: A Snapshot of Country Engagement and Receptivity to Development Partners[93]

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

Conversely, among the 126 low- and middle-income countries included in the *2014 Reform Efforts Survey*, **Micronesia is apparently the least receptive to external reform advice and assistance, giving development partners low marks across the board on usefulness of advice, agenda-setting influence and helpfulness in reform implementation** (see Box 3). Congo-Brazzaville, Turkey, and Bolivia also appear among the ten countries that gave low marks to development partners on at least two of three performance metrics.

93. The full distributions of country scores on these four metrics are included in Appendix E.
94. Engagement is equal to the average percentile rank of a country on two dimensions, rescaled from 0 to 10: (1) the number of development partners with which an average host government survey participant interacted; and (2) the average frequency of communication between a host government official and a development partner. This procedure allows us to put equal weight on both the breadth of interaction and the frequency of communication between host government officials and development partners.

BOX 3: Counterintuitive Findings from the Federated States of Micronesia

The logic of bargaining power (see section 4.2 for a discussion of bargaining power) would suggest that development partners should exert outsized influence in the highly aid-dependent Federated States of Micronesia (FSM). Yet, we observe the exact opposite: the FSM was less influenced by development partner policy advice than any other country or territory that participated in the *2014 Reform Efforts Survey*.

Why might this be the case? There are several possible explanations. First, it is possible that when the Compact of Free Association between the FSM and the United States was amended and signed into law in 2004 (the Compact was first entered into force in 1986), the infusion of guaranteed grant funding over a twenty-year period created less pressure on the domestic authorities to continue pushing through the difficult reforms necessary to become more financially stable and autonomous (ADB 2009). The scale and structure of this external support provides the FSM with significant flexibility; in Fiscal Year 2013, grants from the U.S. Government disbursed under the Compact represented 25% of the FSM's GDP and more than 40% of government revenue, and the lion's share of this funding comes in the form of general budget support (IMF 2015). Another possibility is that reform is more difficult to implement in the FSM because each of its four states has an executive and legislative body and these state governments have authority that is "significantly larger than the national authority" (IMF 2012). Indeed, a recent IMF report notes that "a number of reform agendas are experiencing protracted delays" due to the decentralized nature of governance in the FSM (IMF 2015: 3). Both of these explanations are based on the idea of a "pass-through effect"; that is to say, they are premised on the notion that the FSM's low propensity to undertake reform limits the development policy influence that external actors can exert.

However, it's also possible that the limited resonance and influence of development partner advice has little to do with a "pass-through effect". It may be the case that the FSM actually possesses significant bargaining power vis-a-vis its largest donor (the United States) — due to its geostrategic importance as a country that allows the U.S. Government to station troops and conduct various military activities within its borders (Moyo 1988) — and has little incentive to comply with external demands of its principal patron because it knows that conditional U.S. aid policies and programs are not credible (Stokke 1995; Underwood 2003; Brazys 2010). Another potential explanation is that the views FSM officials hold about development partners have soured after multiple decades of experience with a "lead donor" (Steinwand 2015) that plays a relatively intrusive role in the government's policymaking process. Three of the five members of the so-called Joint Economic Management Committee (JEMCO), which decides on how Compact funding is disbursed and used, are appointed by the U.S. Government, and it is widely perceived that the U.S. Government seeks to foist its policy preferences upon the FSM through JEMCO. A final possibility is that the decentralized structure of FSM's political administration constrains the ability of development partners to cultivate relationships with government officials, resulting in weaker and more diffuse influence (OECD 2009; ADB 2014).

This snapshot of country-level variation is interesting, but incomplete. While we know that countries differ in their level of engagement and receptivity to development partners and have explored in this chapter some ideas as to why that might be the case, we still lack a systematic explanation of why countries are more or less open to reform advice and assistance from development partners.

In chapter 5, we will empirically test several possible explanations of why countries vary in their engagement and receptivity to development partner advice and influence. Using a multivariate regression model, we will determine which country characteristics are good predictors of how host government officials evaluate an average development partner's performance.

Our analysis suggests that there are limits to external influence – related to the political and socio-economic conditions of counterpart countries – that are beyond a development partner's control. It also sheds light on the domestic political economy conditions that enable and constrain the activities of development partners, and thus the need for bilateral and multilateral agencies to "think and work politically" if they wish to successfully work with host government counterparts to instigate, implement, and institutionalize reforms (Faustino and Booth 2014).

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

When one compares development partner communication with host government officials and their performance as assessed by participants in the *2014 Reform Efforts Survey,* some patterns emerge. **Survey participants from host government institutions consistently interact with multilaterals more frequently and rate multilaterals as higher-performing than other development partners across three dimensions:** usefulness of advice, agenda-setting influence, and helpfulness in reform implementation (see Table 9).

Three multilateral organizations stand out: the Global Fund to Fight AIDS, Tuberculosis and Malaria; the GAVI Alliance; and the World Bank. Each of these organizations ranked among the top ten development partners on all three performance metrics (see Table 10). Notably, these three multilateral organizations were also in the top ten most frequent communicators with their host government counterparts.

91. Brautigam (2009: 114, emphasis added) notes that "China ... asks countries who wish to qualify for a concessional loan to grant some kind of preferential treatment to the project: tax-free repatriation of the payments on the loan; relief on import tariffs for inputs; lower income tax."
92. We report corroborating evidence in Parks *et al.* (2015) that Lesotho is among the countries most likely to draw upon external sources of analysis and advice when reform priorities are being established and design features of reforms are being selected.

Table 10: A Snapshot of Development Partner Communication and Performance

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

A handful of DAC bilaterals also received high marks from host government survey participants on at least one or more performance dimensions. They include Finland, Luxembourg, Austria, Ireland, and New Zealand (see Table 9). Two DAC bilaterals – Greece and France – fared substantially less well, receiving low marks from survey participants on at least one performance metric. (Box 4 provides a deeper look at the ups and downs of DAC bilateral performance.)

BOX 4: The Ups and Downs of DAC Bilateral Performance

Several of highest-performing DAC bilaterals are not geo-strategically powerful, but rather "middle powers" or so-called "developmental donors" that may be less self-interested and more committed to poverty reduction and good governance aims (Schraeder *et al*. 1998; Gates and Hoeffler 2004). The fact that host government officials hold these development partners in particularly high regard is consistent with new research that suggests aid from developmentally-oriented donors has a substantially greater impact on economic and social outcomes (Girod 2012; Minoui and Reddy 2010).

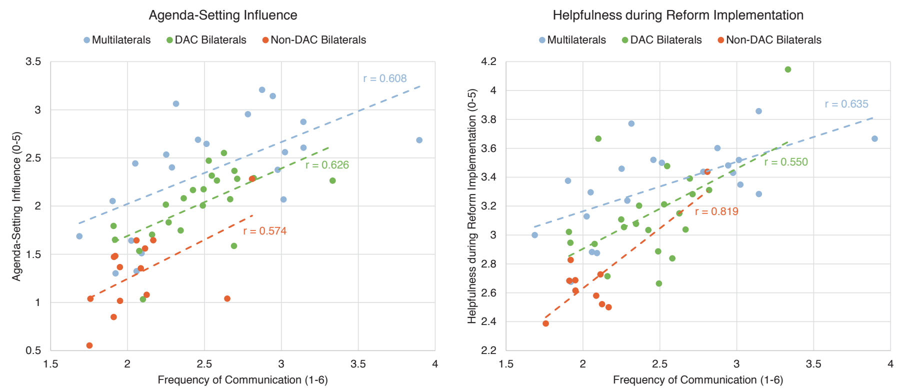
On the flip side, DAC bilaterals such as Greece and France performed substantially less well. In its latest peer review of Greece's foreign aid program, the OECD-DAC notes that, "Greece's aid is allocated to many beneficiary countries, through many implementing partners, and to many small projects, including a large number of scholarships. This reduces the impact and focus of Greek development aid. Greece can improve on that by allocating a larger share of its aid budget directly to a limited number of partners, priority countries and [programs], in line with aid effectiveness principles" (OECD 2011).

With respect to France, the OECD-DAC points out that the government's "objectives regarding fighting poverty and inequality are jeopardized by the low level of bilateral resources earmarked for priority [poor] countries, and French aid is still widely scattered in geographic and sectoral terms" (OECD 2013).

As a group, **DAC bilaterals perform slightly worse than multilaterals, but they outperform non-DAC bilaterals and multilateral organizations with predominately non-DAC membership by a significant margin (see Table 9**). Two development partners – the OFID[95] and Kuwait – have the unenviable distinction of receiving low marks from host government survey participants across all three performance metrics. Venezuela, the BADEA, the UAE, Iran, Libya, India, and Saudi Arabia also received low marks on two out of three performance measures.[96] While there are likely many factors that contribute to the relatively poor performance of non-DAC development partners, ground game appears to be particularly important (see Figure 9).[97] As a group, non-DAC bilaterals communicate less often with host government officials than other development partners.

95. According to its official website, OFID is the development finance institution established by the Member States of OPEC in 1976 and is a collective channel of aid to developing countries". Member states of OFID include: Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela. http://www.ofid.org/ABOUT-US
96. Established in March 1975, the Arab Bank for Economic Development in Africa (BADEA) is a financial institution owned by the eighteen member countries of the League of Arab States.
97. On the surface, this snapshot of development partner performance suggests some relationship between patterns of development partner interaction with host government officials and perceptions of their performance. However, it is difficult to identify the presence and direction of a causal relationship between interaction and influence.

Fig. 9: Frequent Communication is Associated with Improved Perceptions of Development Partner Performance

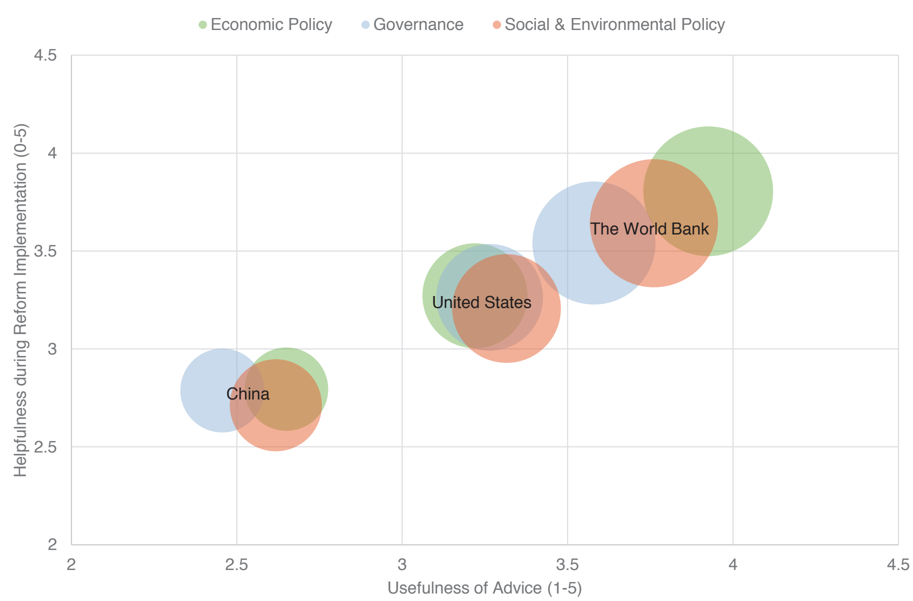


Notes: *Frequency in communication is on an ordinal scale of 1 to 6, where 1 = "Once a year or less", 2 = "2 or 3 times a year", 3 = "About once a month", 4 = "2 or 3 times a month", 5 = "About once a week", and 6 = "Almost daily". Agenda-setting influence is on a scale of 0 to 5, where 0 means "No influence at all" and 5 means "Maximum influence." Helpfulness during reform implementation is on a scale of 0 to 5, where 0 means "Not at all helpful" and 5 means "Extremely helpful."*

The general patterns described above also hold true in a comparison of the three largest DAC bilateral, non-DAC bilateral, and multilateral development partners: the World Bank, the United States, and China. The World Bank, a multilateral development bank, provides more useful advice, is more influential at the agenda-setting stage of the policymaking process, and proves more helpful during reform implementation than either the United States or China. China, a non-DAC bilateral development partner, performs the worst on all of these metrics. The United States, a DAC bilateral development partner, performs somewhere in between the two, but is closer to the World Bank than it is to China.

This pattern generally holds up across the three broad policy areas of economic policy, governance, and social and environmental policy (see Figure 10). However, the World Bank and China apparently exert relatively less influence on governance reforms in low- and middle-income countries, which may reflect China's policy of non-interference in the internal affairs of partner countries and the World Bank's 1944 Articles of Agreement which forbid it from interfering in "the political affairs of any member [state]."

Fig. 10: Performance of the World Bank, the United States, and China Across Three Performance Measures and Policy Areas



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

3.6 Final Insights

In chapter one, we posed the question: how do decision-makers in low- and middle-income countries assess the relative performance of the development partners who seek to inform their reform efforts? In this chapter, we answered this question by analyzing how participants in the *2014 Reform Efforts Survey* assessed the development partners with whom they work along three performance dimensions: usefulness of advice, agenda-setting influence, and helpfulness in reform implementation.

We find that multilaterals and small DAC bilaterals have a performance edge versus other development partners on all three dimensions of performance. Non-DAC bilaterals lag behind, operating on the periphery of the market for policy advice and are less communicative with host government counterparts than other development partners. They are also less engaged in reform implementation efforts, and when they do engage, their efforts are generally regarded as less helpful than the efforts of other development partners.

We therefore find little evidence that non-DAC development partners are immediately poised to overtake multilateral and DAC bilateral institutions and quickly gain outsized influence vis-à-vis decision-makers in low- and middle-income countries. Nor do the data from the *2014 Reform Efforts Survey* support the popular myth that Chinese soft power is rapidly eclipsing Western sources of influence in the developing world.

Another key takeaway from this chapter is that a development partner's past performance, present favorability in the eyes of decision-makers, and future capacity to shape policy change seem to be interlinked and mutually reinforcing. When development partners are seen as providing useful advice, they generally reap an agenda-setting influence dividend. When development partners are influential in setting the reform agenda, they are also more likely to be involved in implementing reforms. We also find that domestic authorities are more receptive to advice from those development partners who they believe have been helpful in past implementation of reforms.

These patterns in the data raise the deeper question of which development partner attributes account for the wide variation that we observe in their perceived performance. In chapter 4, we examine how the relative financial weight (or size) of a development partner affects its perceived performance among decision-makers in low- and middle-income countries. In other words, do larger financial commitments yield more favorable performance ratings? And who punches above and below their financial weight?

Money Versus Performance

Development partners use both money and ideas to shape reform efforts in low- and middle-income countries. But what is the interplay between these two resources? Does money buy greater influence and a seat at the table in policymaking discussions?

Money Versus Performance: Who Punches Above and Below Their Weight?

Development partners use both money and ideas to shape reform efforts in low- and middle-income countries. But what is the interplay between these two resources? Does money buy greater influence and a seat at the table in policymaking discussions?

In chapters 2 and 3 we examined the extent to which a development partner's "ground game" helps account for how partner countries perceive their performance along three dimensions: the usefulness of their advice, their agenda-setting influence and their helpfulness in implementation.

In this chapter, we analyze how the performance of development partners compares with their overall "weight" in the global development finance market. In addition, we assess the extent to which development partners are "punching above" or "punching below" their weight based upon what one might expect to see if money buys influence.

Our analysis calls attention to four findings, which we will discuss at length in this section:

1. A development partner's financial weight is seemingly unrelated to the usefulness of its policy advice
2. Money may buy development partners a modicum of agenda-setting influence
3. Multilaterals and small DAC bilaterals exert larger-than-expected agenda-setting influence on the basis of their financial contributions
4. Larger DAC bilaterals and non-DAC bilaterals punch at or below their weight in agenda-setting influence per committed dollar

4.1 Financial Weight and Development Partner Performance

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

Money does not seem to influence whether decision-makers will view a development partner's advice as useful. Table 11 shows how participants in the *2014 Reform Efforts Survey* rate the performance of the top and bottom ten development partners by the size of their annual international development finance commitments..[99]

98. Commitments are measured in 2009 US dollars and reflect the average annual international development finance commitments provided from 2004 to 2010 globally by a single development partner (Tierney et al, 2011).

Table 11. The Performance of the Top and Bottom 10 Development Partners by Financial Weight

Rank	Development Partner	Average Annual Commitments, Development Finance	Usefulness of Advice	Rank[99]	Agenda-Setting Influence	Rank[100]	Helpfulness in Implementation	Rank[101]
Top Ten Development Partners by Average Annual Commitments (2004-2010)								
1	World Bank	$35,900,000,000	3.697	5	3.207	1	3.602	5
2	United States	$29,200,000,000	3.221	24	2.472	13	3.212	23
3	IMF	$21,400,000,000	3.638	7	3.063	3	3.771	3
4	Japan	$17,000,000,000	3.036	31	1.832	32	3.054	29
5	EU	$16,800,000,000	3.332	19	2.955	4	3.438	12
6	Germany	$11,100,000,000	3.139	28	2.082	26	3.203	24
7	AsDB	$10,500,000,000	3.394	17	2.689	6	3.520	6
8	France	$10,200,000,000	2.625	42	1.704	35	2.714	42
9	CAF	$9,860,000,000	2.299	52	2.052	29	3.375	16
10	IADB	$9,320,000,000	3.332	20	3.143	2	3.482	9
Mean: Top 10		$17,128,000,000	3.171		2.520		3.337	
Bottom Ten Development Partners by Average Annual Commitments (2004-2010)[102]								
37	Portugal	$451,000,000	2.853	34	2.265	22	2.838	39
38	Saudi Arabia	$373,000,000	2.568	44	1.079	51	2.521	49
39	New Zealand	$269,000,000	3.320	21	2.317	18	3.477	10
40	Luxembourg	$265,000,000	3.683	6	2.551	11	3.150	25
41	Greece	$251,000,000	1.690	57	1.032	54		
42	CDB	$194,000,000	3.958	2	2.534	12	3.458	11
43	BADEA	$189,000,000	2.437	49	1.324	49	2.882	37
44	South Africa	$44,000,000	2.967	32	1.646	38	2.500	50
45	Taiwan	$37,300,000	3.185	26	2.282	21	3.438	13
46	Brazil	$23,400,000	2.601	43	1.483	45	2.827	40
Mean: Bottom 10		$209,670,000	2.926		1.851		3.010	

99. Out of 57 development partners evaluated using this measure.
100. Out of 57 development partners evaluated using this measure.
101. Out of 51 development partners evaluated using this measure.

The ten largest contributors of international development finance vary substantially in how they rank on the perceived usefulness of their advice (see Table 11). Multilaterals such as the IMF and World Bank provide large amounts of international development finance and garner high marks on this performance measure. By contrast, large DAC bilaterals such as the United States, Japan, and Germany are middling performers in terms of how participants view the usefulness of their policy advice. Nor does the power of the purse seem to have helped France or the Development Bank of Latin America (CAF) in making their policy advice appear more useful; these two development partners lag far behind on this performance measure.

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

As shown in Table 12, development partners with deeper pockets were not seen as providing significantly more useful policy advice than other development partners with less "weight" in the international development finance market.

Table 12: The Bivariate Impact of Financial Weight on Development Partner Influence

	Usefulness of Advice	Agenda-Setting Influence
Average Annual Commitments (ln)	0.053 (0.042); N=46	0.129*** (0.044); N=46

Notes: Robust standard errors are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.10

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

While money does not make development partner advice seem more useful, it does appear to buy a modicum of agenda-setting influence. Larger contributors of international development finance are perceived to be significantly more influential at the agenda-setting stage of the policymaking process than smaller international development finance suppliers (see Table 12).

As shown in Table 11, the IMF and the World Bank have the unique distinction of ranking in the top 10 on all three measures of development partner performance and contributing substantial amounts of international development finance. It is also notable that several other development partners with deep pockets such as the United States, EU, France, and IADB perform better on agenda-setting influence than the other performance measures.

Interestingly, Table 11 also reveals that several actors with relatively little weight in the international development finance market (including Luxembourg, the CDB, New Zealand, Taiwan and Portugal) have proven to be particularly adept at influencing the reform agendas of their counterpart governments.

In summary, it seems to be the case money may purchase a measure of agenda-setting influence, but the power of the purse does not extend to other aspects of development partner performance such as the usefulness of policy advice. One potential explanation that merits further scrutiny is whether these latter two performance measures is based more upon affinity (i.e., shared values, experiences, interests) and less subject to financial considerations.

102. It should be noted that these relationships are not robust to the use of OECD DAC financial data on commitments or disbursements, as compared to Tierney *et al*. (2011).

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

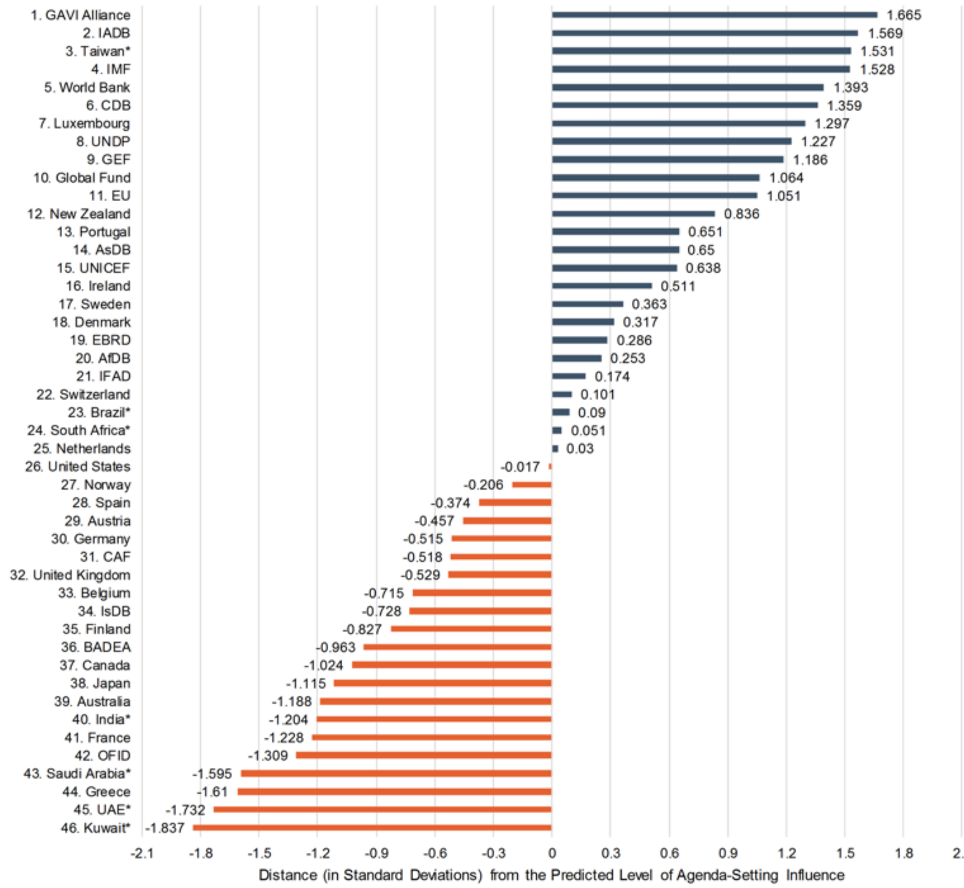
In order to more systematically assess which development partners are punching above or below their financial weight, we compared their actual agenda-setting influence to their predicted agenda-setting influence on the basis of their average annual spending on international development.[103]

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

Figure 11 visualizes the results of this rough-and-ready "value for money" index. The top half of the diagram includes those development partners that appear to be punching above their weight – garnering higher actual agenda-setting influence than we would predict based upon their financial contributions alone. Some of these development partners, such as IADB, the IMF, and the World Bank, are efficiently converting large international development budgets into even greater-than-expected influence on the reform agendas of partner countries. Several bilaterals with relatively modest budgets – Taiwan, Luxembourg, New Zealand, and Portugal – also seem to be adept at achieving outsized agenda-setting influence.

103. After running simple, bivariate regressions between average annual international development finance commitments (from Tierney et al. 2011) and our three measures of DP performance, we determined that we should only include Agenda-Setting Influence as the dependent variable in our "punching above one's weight" index. Average annual international development finance commitments have a significant ($p<0.01$) impact on Agenda-Setting Influence, but not on Usefulness of Advice. The relationship between average annual international development finance commitments and Helpfulness in Implementation is murky, with a lower level of significance ($p<0.10$), and has been excluded from this report. See Table 12.
104. This report has unearthed some initial findings that are revealing, but imperfect. We hope that this inspires further research seeking to understand more fully the nuances of the relationship between money and development partner performance.

Fig. 11. Value for Money: Who Punches Above and Below Their Weight?



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

4.2.2. Larger DAC bilaterals and non-DAC bilaterals are punching at or below their weight in agenda-setting influence per committed dollar[105]

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

105. It should be noted that tracking international development finance commitments for non-DAC development partners, and by extension approximating their "value for money", is particularly difficult and prone to gaps in coverage. This analysis draws upon the best data that is publicly available at this time.

4.3 Final Insights

Clearly, a development partner's financial weight does not provide a fully satisfying explanation for why some development partners are viewed more favorably by in-country stakeholders than others. In chapter 5, we rely on statistical modeling tools to systematically examine the extent to which development partner performance is limited or enhanced by various country characteristics, including: aid dependence, aid fragmentation, government effectiveness, and regime type.

Chapter 5

Country Characteristics

Why are some development partners seen as more effective at shaping and implementing reform efforts in some countries than in others? Partner countries demonstrate widely varying levels of receptivity to external sources' advice and assistance (Parks *et al.* 2015).

The Demand-Side Drivers of External Influence: Country Characteristics

Why are some development partners seen as more effective at shaping and implementing reform efforts in some countries than in others? Partner countries demonstrate widely varying levels of receptivity to external sources' advice and assistance (Parks *et al*. 2015). As such, it is critical that development partners seeking to encourage the adoption and implementation of status-quo-altering policy changes better understand which country-level factors might facilitate or undermine their efforts to influence government-led reforms.

Scholars and policy analysts have proposed many potential country-level determinants of a development partner's ability to influence reform efforts in low- and middle-income countries. However, few of these hypotheses have been subjected to empirical scrutiny.

Varying levels of development partner performance could be related to a country's regime type, wealth, state capacity, press freedom, reliance on foreign aid revenue, need for domestic or external legitimacy, and bargaining power vis-à-vis donors, creditors, and investors.[106] Others point to a range of potentially important domestic political economy factors, such as the presence or absence of sympathetic, reform-minded technocrats within the government, the political commitment of the chief executive to reform, and the presence and strength of reform opponents and veto players.[107]

In this chapter, we utilize country-level data from the *2014 Reform Efforts Survey* to empirically test four possible explanations of the variation in development partner performance across countries: (1) a country's "reform readiness"; (2) its relative bargaining power vis-à-vis development partners; (3) its economic and political openness; and (4) the affinity of its government staff and officials for development partners.

Using regression analysis, we estimate the effect of several country characteristics[108] on the three different measures of perceived development partner performance discussed in chapter 3, including the usefulness of the policy advice they provide, their influence at the agenda-setting stage of the policy process, and their helpfulness during reform implementation.[109] The results from our econometric models are reported in Appendix E.

106. See Vreeland 2003; Montinola 2010; and Girod and Tobin 2011.
107. Chwieroth 2007; Andrews 2013; and Faustino and Booth 2014.
108. To explore factors associated with bargaining power, we employ several proxies of need, aid dependence, and country size, including GDP per capita (Thousands), Fragmentation, and log-transformed measures of Population, Net ODA (% of GNI), CPA (% of ODA), and Natural Resources Rents (% of GDP). We use two variables: Polity2 and Trade (% of GDP) to capture a country's political and economic openness, and two others to measure the affinity of host government officials for development partner organizations: the percentage of host government survey participants who obtained their high degree in an OECD country (OECD Education) and the percentage of host government survey participants with full time work history at any development partner (DP Work History).
109. As explained in chapter 3, the two measures of development partner performance most strongly related to the affinity of survey participants for particular development partners, usefulness of advice and helpfulness during reform implementation, are based on the responses of host government officials only. By contrast, agenda-setting influence incorporates responses from five groups of survey participants: host government officials, development partner staff, civil society and non-governmental organization leadership, private sector representatives, and independent country experts.

Our analysis calls attention to five findings, which we will discuss at length in this chapter:

1. Breadth of support matters: development partners are more influential when there is broad domestic political support for reform
2. High-level champions are still important: development partners are less influential when the chief executive opposes reform
3. Host government officials from wealthier countries consider development partners to be less helpful
4. Countries with open economies view DAC bilateral development partners as more helpful during reform implementation
5. Host government officials with previous experience working full time for at least one development partner express less positive views of non-DAC bilateral performance.

5.1 Reform Readiness and Development Partner Performance

Scholars and practitioners of public sector reform often emphasize the importance of "reform champions" and "reform teams" – a small number of politically-insulated technocrats who have the resources and authority needed to execute difficult policy changes.[110] Development partners are also frequently eager to ally themselves with a small number of "sympathetic interlocutors" in the executive branch who share their development policy preferences (ADB 2007; World Bank 2012). Yet, there is a growing appreciation for the fact that a narrow focus on individual reformers and reform units is often not enough to ensure the long-run success and sustainability of policy change.[111]

In fact, broad support among domestic political actors (e.g., trade unions, business associations, line ministries, the military) for specific reforms may help development partners by making reform "the business of a wider range of insiders" (Jacoby 2006, p. 638) and by generating public pressure for the authorities to follow-through on their reform commitments (Abiad and Mody, 2005; Andrews 2015).

At the same time, political leadership may still be an important element of "reform readiness" in that the opposition of a powerful, veto-wielding decision maker within the government can override even the broadest base of support and impede the adoption of reforms, including those promoted by development partner institutions. [112]

110. See Harberger 1993; Criscuolo and Palmade 2006; and Chwieroth 2007.
111. "Policy engagement and [the] agreement of multiple partners" have been identified as critical to USAID's effectiveness and continued relevance in education system reform (Gillies 2010, p. 9). See also Andrews, 2012 and de Gramont, 2014.
112. See Grindle 1989; Tsebelis 2002; and Kay 1999.

In this section, we analyze the extent to which a country's reform readiness is predictive of a development partner's influence in shaping the reform agenda and helpfulness in implementing reforms in low- and middle-income countries.[113] We evaluate two dimensions of reform readiness, including: (1) the breadth of domestic support for reforms;[114] and (2) the presence or absence of executive opposition to reforms.[115]

5.1.1. Breadth of support matters: development partners are more influential when there is broad support for reform

A broader base of support for reform seems to enhance the agenda-setting influence of an average development partner.[116] In countries with broad support for reform outside of the most central executive bodies (i.e., Offices of the President and/or Prime Minister), development partners have a higher degree of agenda-setting influence.

For each additional group—outside of the Office of the President and/or Prime Minister and out of a total of ten possible groups—that supports reform in a given country,[117] our econometric models predict that the agenda-setting influence of a development partner will increase by 0.224 (out of a total possible score of 5). A score increase of this magnitude would be equivalent to a country like Yemen moving from 48th to 28th (out of 69) in terms of its overall receptivity to development partner influence at the agenda-setting stage (see Box 5).[118]

113. To estimate the concept of reform readiness, we use two survey-based measures of non-executive reform support (Non-Executive Reform Support) and executive reform opposition (Executive Opposition), as well as a normalized measure of Government Effectiveness found in the 2014 World Governance Indicators (WGI) dataset.

114. We use a survey-based measure of Non-Executive Reform Support that counts the average number of groups outside of the head of state and/or government reported by a survey participant as having expended significant time, effort, or resources to promote reform in a given country. The ten groups available for selection included the legislature; the judiciary; specific government ministries, offices, or agencies; think tanks, policy institutes, or research institutions; non-governmental or civil society organizations; specific businesses; private sector councils, chambers, or associations; labor unions or workers associations; the military; and specific political parties.

115. We use a survey-based measure of Executive Opposition to estimate the share of reforms in a given country that the head of state and/or government sought to actively obstruct. Executive Opposition is equal to the percentage of survey participants from a given country, weighted by broad policy area, who indicated that either (a) the Office of the President, King, etc. or (b) the Office of the Prime Minister expended significant time, effort, or resources to obstruct reform.

116. We find a positive and significant relationship ($p<0.05$) between Non-Executive Reform Support and development partner influence at the agenda-setting stage of the policy process. See Appendix E for the full regression output table.

117. Survey participants were asked which of the following 10 groups expended substantial time, effort and resources to promote reform within their domain of policy expertise in their country, including: the legislature; the judiciary; specific government ministries, offices, or agencies; think tanks, policy institutes, or research institutions; non-governmental or civil society organizations; specific businesses; private sector councils, chambers or associations; labor unions or workers associations; the military; specific political parties.

118. A similar increase in the average breadth of support for reform in Zimbabwe -- from 4.13 to 5.13 -- would move Zimbabwe from the 18th to the 9th most influenced country.

BOX 5: The Relationship Between Broadening Coalitions of Support and Development Partner Influence in Yemen

In Yemen, development partners have historically sought to influence reform efforts through negotiation and dialogue with the executive branch. By way of example, consider Yemen's interactions with the development partner community from 2005-2008 on issues related to eligibility for the U.S. Government's performance-based Millennium Challenge Account (MCA). According to a U.S. Embassy cable made available through Wikileaks, Yemen's then Minister of Planning "[Ahmed] Sofan, his subordinates, and several interlocutors [saw] MCC threshold [eligibility] as a way to encourage the [government] to make what they characterize as long overdue reforms" (Khoury 2005). The U.S. Embassy in Sana'a also reported in October 2005 that "[m]any of Yemen's key reformers have pinned their reputations on the MCC" (Krajeski 2005).

In November 2005, however, the US Government suspended Yemen from the MCC program for slippage on 9 of its 17 eligibility indicators, including: Control of Corruption, Trade Policy, and Fiscal Policy. Yemeni President Ali Abdullah Saleh was reportedly "very upset" by the suspension (Phillips 2007). The local development partner community in Sana'a rallied around the MCA suspension, and Saleh eventually reversed course in February 2006, announcing a cabinet shuffle that eliminated ministers viewed as corrupt and ineffective and replacing them with reform-minded officials.

The Yemeni Government also established a "Presidential MCC and National Reform Committee" and tasked it with the design and implementation of governance reforms that would pave the way for MCA reinstatement (MCC 2007a; Seche 2008). This Committee consisted of a mix of political insiders and technocratic reform champions (Seche 2008). With support and oversight from the Committee, Yemeni authorities passed landmark anti-corruption legislation, sanctioned and prosecuted dozens of corrupt judges, removed the President from the Supreme Judicial Council, and cracked down on government payments to "ghost workers" (MOPIC 2006; Krajeski 2006a, 2006b; MCC 2007a). The US Government responded by reinstating Yemen's MCA eligibility (Phillips 2007). However, domestic political support for the work of the Committee was weak and in the absence of continuing external pressure, the momentum for reform eventually waned.

This lack of broad-based domestic political support for reform in Yemen is evident in the data from the *2014 Reform Efforts Survey*. On average, only two out of ten non-executive groups actively promoted reform in Yemen between 2004 and 2013. This lack of broad reform support limited the agenda-setting influence of the development partners working in Yemen. Despite the complementary pro-reform efforts of several line ministries and domestic CSOs—such as the National Organization or Defending Rights and Freedoms (HOOD) and the Human Rights Information and Training Center (HRITC)—external development partners were largely excluded from the Yemen's policymaking process.

The data from the *2014 Reform Efforts Survey* make it possible to model a number of "what if" scenarios related to development partner influence and the political economy of reform in Yemen. With only two out of ten non-executive groups supporting reform in Yemen, the observation data indicate that a typical development partner in Yemen had relatively limited agenda-setting influence between 2004 and 2013, scoring 1.846 on a scale of 0 to 5. Yemen ranks 48th out of 69 modeled countries on this indicator, and 89th overall (out of 125).

However, if Yemeni reform proponents had been able to secure the support of a third group, such as a private sector association like the Sana'a Chamber of Commerce, then our econometric models predict that the upstream policy influence of an average development partner in Yemen would have increased to 2.076 (roughly the level of in-country influence held by Kuwait, the United Nations, and the United States), propelling Yemen to the 28th most influenced country (out of 69).

5.1.2. Development partners are less influential when reforms face executive opposition

Opposition to reform by the head of state and/or the head of government has a negative effect on the agenda-setting influence of an average development partner.[119] Development partners are less influential in shaping the reform agenda in countries where the Offices of the President and/or Prime Minister are actively working to obstruct policy reforms.[120]

Our econometric models suggest that the presence of executive opposition to reform, or veto power, results in a 1.355 point decrease in an average development partner's influence (out of total possible score of 5) on the reform agenda in a given country.[121] Thus, if the President were to suddenly oppose any and all reform in a country like Honduras, the agenda-setting influence of development partners would plummet from 30th to 69th (out of 69) place in our ranking of countries. See Box 6 for the illustrative example of Malawi.

BOX 6: The Impact of Executive Veto Power on Agenda-Setting Influence in Malawi

The impact of executive opposition on the average development partner's agenda-setting influence can be seen in the case of Malawi, which is the 45th most influenced modeled country (out of 69) at the agenda-setting stage with a score of 1.889. Approximately 13% of Malawian participants in the *2014 Reform Efforts Survey* cited the executive leadership as obstructing reform over some period of time between 2004-2013. Had this figure increased by 10 percent, our econometric models predict that the agenda-setting influence of an average development partner in Malawi would have declined to 1.753, pulling Malawi down to the 51st most influenced country (out of 69).

In fact, over this period of time in Malawi, development partners like the Millennium Challenge Corporation did rely heavily on the support of a reform-minded chief executive. When Bingu wa Mutharika assumed the Presidency in 2004, he was widely regarded as a reformer and his administration worked closely with the MCC, USAID, and other development partners to, among other things, put in place an integrated financial management system, pass anti-money laundering legislation, and make it easier for new businesses and small businesses to enter the formal economy (MITPSD 2007; World Bank 2007; MSI 2009).

However, by 2010, Mutharika's close relationship with development partners began to unravel (Kalinga and Crosby 2011). Mutharika initially drew criticism when he purchased a $12 million dollar presidential jet (Cammack and Kelsall 2011; Cook 2013). A series of events in 2010 and 2011, including public censorship and a violent crackdown on public protesters,

119. We find a negative and significant relationship ($p<0.01$) between Executive Opposition and development partner influence at the agenda-setting stage of the policy process. See Appendix E for the full regression output table. Complete executive opposition to any and all reform—as opposed to no opposition at all—results in a 1.346 point decrease in an average development partner's agenda-setting influence on a scale of 0 to 5.
120. Even in many African, Asian, and Latin American countries with strong constitutional authority given to the legislative branch, executive policy preferences dominate public sector decision-making (Hyden 2003, p. 9; United Nations 2006, p. 128).
121. Survey participants were asked which of the following groups expended substantial time, effort and resources to obstruct reform within their domain of policy expertise in their country, including: office of the President, King, etc; and office of the Prime Minister.

BOX 6: The Impact of Executive Veto Power on Agenda-Setting Influence in Malawi cont.

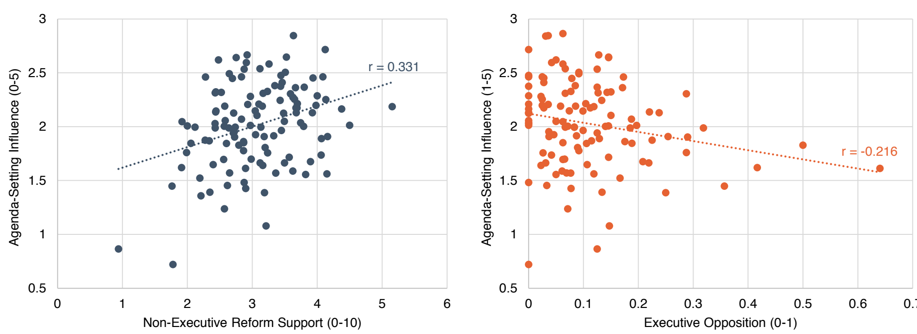
led to a steady deterioration in relations with the international community. By mid-2011, several development partners began to withdraw their support (Sonani 2011; Resnick 2012). The MCC, for example, halted all programmatic operations related to its USD $350 million Compact in Malawi.

In April 2012, President Mutharika died of a heart attack, and his Vice President and political rival, Joyce Banda, assumed the Presidency. Banda moved quickly to restore the confidence of the the country's development partners (Shryock 2012). She addressed a key IMF demand by devaluing the country's currency. She suspended an anti-homosexuality law and backed parliament's repeal of media censorship legislation (Cook 2013). Additionally, in a move steeped in symbolism, she directed her administration to sell the presidential jet and a large fleet of Mercedes limousines (Laing and McElroy 2012). Soon thereafter, external money, ideas, and influences rushed back into the country (BTI 2014).

The case of Malawi (from 2004-2013) highlights the far-reaching impact that a chief executive's reform orientation can have on development partner interactions and influence.

In summary, while breadth of support for reform enhances agenda-setting influence of development partners, the opposition of just one top-level decision-maker cuts in the opposite direction.[122] Figure 12 visualizes these countervailing forces.

Fig. 12: The Countervailing Effects of Broad Domestic Support for Reform and Executive Opposition to Reform



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

122. Interestingly, while opposition seems to matter, we do not find a significant relationship between executive reform support and development partner agenda-setting influence. See Appendix E.

5.2 Bargaining Power and Development Partner Performance

Bargaining power is rooted in the idea that leverage matters. The more leverage that a host government has with other countries and international institutions, the less influence an average development partner will have in shaping the reform agenda in that country.[123]

There are many ways in which a host government might gain or lose bargaining power vis-à-vis development partners.

Countries with higher levels of income (i.e., GDP per capita) generally have more access to revenue sources other than aid, which may increase a government's leverage with development partners (Buch *et al*. 2014). Similarly, government officials in countries with more access to natural resource revenues have softer budget constraints, which may insulate them from the domestic consequences of delaying reform and the external consequences of ignoring development partner reform preferences and advice.[124]

Conversely, aid-dependent countries lack the domestic sources of revenue necessary for the government to perform its essential functions without external resources, which should in principle weaken their leverage vis-à-vis development partners.[125] However, if development partners provide a larger percentage of total ODA in the form of "country programmable aid" (CPA), the host government may have a weaker bargaining position.[126] CPA is more valuable to host governments than non-CPA, so a larger CPA-to-ODA ratio indicates weaker host government leverage and stronger development partner leverage.

Finally, a potential source of bargaining power is choice and competition. Fragmentation[127] among development partners provides partner countries with more choice with regard to which agencies they work with and listen to, thereby endowing the domestic authorities with increased leverage.[128]

In this section, we analyze the extent to which a country's **bargaining power** is predictive of the development partner's agenda-setting influence and helpfulness in implementing reforms in low- and middle-income countries. Using responses from the *2014 Reform Efforts Survey* and supplemental data from other sources, we evaluated several possible dimensions of bargaining power, including: (1) GDP per capita;[129] (2) natural resource rents;[130] (3) aid dependence;[131] and (4) donor fragmentation.

123. See Fraser and Whitfield, 2008; Desai and Kharas, 2010; and Greenhill *et al*, 2013.
124. See Rodrik 1996; Vamvakidis 2007; Girod and Tobin 2011; Andrews 2011; Morrison (2009); Amin and Djankov (2009); Bueno de Mesquita and Smith (2009, 2010).
125. See Girod and Tobin, 2011; Blum 2014; and Greenhill *et al*, 2013.
126. Country programmable aid (CPA) is "the portion of aid that providers can program for individual countries or regions, and over which partner countries can have a significant say." http://www.oecd.org/dac/aid-architecture/cpa.htm
127. The OECD defines fragmentation as process of "aid splintering" whereby "too many donors giving too little aid to too many countries". http://www.oecd.org/dac/aid-architecture/fragmentation-orphans.htm
128. Competitive development partners may also have a perverse incentive to show short-term results at the expense of long-term development gains (Knack 2006; Knack and Rahman 2007; Burcky, 2011; Steinwand 2015).
129. We used GDP per capita to capture the need of partner countries for external development assistance. For other sources that use GDP per capita as a proxy for aid dependence, see Alesina & Dollar, 2000 and Neumayer, 2003.
130. The World Bank defines Total Natural Resource Rents as "the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents, and forest rents. For this measure, we use natural resource rents as a percentage of GDP, drawing data from WDI.
131. We use two measures of aid dependence: (1) net ODA as a percentage of GNI to measure the extent to which a partner country is dependent on aid; and (2) CPA as a percentage of ODA to measure the share of aid over which a partner country government has at least some control. The World Bank defines net ODA as "disbursements of loans made on concessional terms and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in countries and territories in the DAC list of ODA recipients. It includes loans with a grant element of at least 25 percent (calculated at a rate of discount of 10 percent)."

5.2.1. Development partners are viewed as less helpful as a country's GDP per capita increases[132]

An increase in a country's GDP per capita negatively affects the perceived helpfulness of an average development partner during reform implementation.[133] A $1,000 increase in GDP per capita is associated with a decrease of 0.139 points (out of a possible score of 5) in the perceived helpfulness of an average development partner in reform implementation. For example, our statistical models (see Box 7) predict that a $1,000 increase in Georgia's GDP per capita would result in in-country decision-makers downgrading their assessment of the reform implementation helpfulness of the average development partner from 25th to 30th place (out of 69 countries).

BOX 7: The Impact of GDP Per Capita on Perceived Development Partner Helpfulness in Georgia

If Georgia's GDP per capita were to increase from $1,789 to $2,789, then our econometric models predict that the perceived reform implementation helpfulness of an average development partner working in Georgia to fall from a score of 3.418 (on a scale of 0 to 5) to a score of 3.285. This would substantially downgrade the predicted helpfulness of Georgia's development partners from 25th to 30th place (out of 69 modeled countries).

We find a similar, negative relationship between the agenda-setting influence (and advice usefulness) of development partners and a country's GDP per capita.[134] Taken together, these findings provide preliminary evidence that bargaining power and need matter. Another potential interpretation is that development partner missions expend greater effort to work with host government counterparts in poorer countries.[135]

132. When viewed in a simple bivariate context, this does not at first appear to be the case. As shown in Figure E.2 in Appendix E, the helpfulness of an average development partner in reform implementation is positively correlated with GDP per capita. However, research suggests that this may be due to the improvements in government effectiveness that come with higher per capita income and a larger tax base (Lee and Whitford 2009). Once we partial out the variation in government effectiveness attributable to GDP per capita, the negative relationship between GDP per capita and development partner helpfulness in reform implementation begins to emerge.

133. We find a negative and significant relationship ($p<0.05$) between GDP per capita and development partner helpfulness in reform implementation. See Appendix E for the full regression output table.

134. Interestingly, when we run separate model specifications for DAC bilateral, non-DAC bilateral, and multilateral development partners (see Appendix E), we find a negative relationship between the per capita income of host governments and the agenda-setting influence of multilateral development partners. This finding merits additional scrutiny. It may relate to new research on the voting power of low-income and middle-income countries in multilateral institutions (Lyne *et al*. 2009; Dreher *et al*. 2013).

135. Governments of wealthier countries, on the other hand, have less need of foreign assistance and are likely to focus reforms on more complex problems (Parks *et al*. 2015). This may raise the standard of performance necessary for a development partner to be seen as helpful in reform implementation, while at the same time reduce the ability of external organizations to actually aid in reform implementation. See also UNDP 2005; Easterly and Williamson 2011 and DFID 2013.

5.2.2. Aid dependence, natural resource rents, and donor fragmentation have no discernible effects

Notably, we find no significant effect of aid dependence, natural resource rents, or donor fragmentation on host government official perceptions of the *average* development partner's agenda-setting influence or helpfulness in reform implementation.[136] Net ODA as a percentage of GNI appears to have no apparent effect on the influence or the perceived helpfulness of an average development partner. Likewise, CPA as a share of ODA – that is the share of aid over which a partner country has control, which should in principle endow low- and middle-income countries with greater bargaining power vis-à-vis development partners – has no discernible effect.

However, it is important to note that these results are specific to the average development partner. The bargaining power that partner countries possess vis-à-vis *individual* development partners may in fact be consequential. For example, in a forthcoming study on the determinants of Germany's perceived influence and performance in low- and middle-income countries, we provide evidence that bargaining power does in fact affect Germany's agenda-setting influence (Masaki *et al*. 2015).

Additionally, our statistical models suggest that host government access to natural resource revenues (natural resources rents as a percentage of GDP) has no effect on the perceived influence or performance of the average development partner. We find no evidence that access to non-aid revenues weakens the incentive for host governments to pay attention to the advice and policy preferences of development partners.

Nor does donor fragmentation appear to have an effect on the perceived influence or performance of an average development partner. Fragmentation is widely believed to not only weaken the bargaining power of development partners (by granting host governments more choice), but also to erode the administrative capacity of host governments by incentivizing the pursuit of short-term results at the expense of long-term development needs and outcomes (Knack 2006; Knack and Rahman 2007).

Our econometric models provide no evidence of any effect of fragmentation on the perceived influence or performance of the average development partner; however, we do find elsewhere that donor fragmentation chips away at the influence of individual development partners (Masaki *et al*. 2015). Explaining why this phenomenon of donor fragmentation influences the competitiveness of some development partners but not others is an important research frontier with far-reaching policy implications.

136. See Appendix E for the full regression output table.

5.3 Openness, Affinity and Development Partner Performance

Previous research suggests that more politically and economically open countries may be more inclined to draw upon the reform ideas and assistance of development partners. The leaders of democratic countries should, in principle, share policy preferences with their (mostly) democratic development partner counterparts (Kersting and Kilby 2014).[137] Similarly, economically open countries may have similar policy preferences to those of their development partners for reasons related to economic interdependence (Simmons and Elkins 2004; Gassebner *et al*. 2008).[138]

Sachs and Warner (1995: 2) explain that "[m]ost programs of economic reform now underway in the developing world ... have as their strategic aim the integration of the national economy with the world economy. Integration means not only increased market-based trade and financial flows, but also institutional harmonization with regard to trade policy, legal codes, tax systems, ownership patterns, and other regulatory arrangements. In each of these areas, international norms play a large and often decisive role in defining the terms of the reform policy."

Additionally, the likelihood of a country's enacting reforms may depend on the ability of external actors to find and work with government officials who share their development policy beliefs and preferences.[139] Shared professional and educational training experiences are thought to create a common set of causal and principled beliefs and strengthen affinities, thereby rendering host government officials more receptive to advice and assistance from development partners (Kahler 1992; Flores and Nooruddin 2012).

Using responses from the *2014 Reform Efforts Survey* and supplemental data from other sources, we analyze the extent to which a country's **political and economic openness** and **development partner affinity** is predictive of how its host government officials evaluate development partner influence and performance.

137. The leaders of democratic countries also face the pressure of the ballot box and thus should have stronger incentives to respond to the reform demands of their citizens (Alesina and Dollar, 2000; Leeds, 1999; Charron, 2009). The opposing argument is that autocracies are more able to resist public opposition to reform, providing development partners with fewer barriers to influence and impact policymaking in autocratic countries. As Wintrobe (1998: 338) puts it, autocratic regimes "have a greater capacity for action, good or bad."
138. The external-influence-enhancing effects of trade are not seen as limited to trade reform. Sachs and Warner (1995) argue that trade liberalization not only establishes powerful direct linkages between the national economy and the global economy, but also introduces international competition pressures that force governments to adopt a broader package of reforms.
139. Chwieroth (2008) argues that the presence of a "sympathetic interlocutor" facilitates cooperation between a development partner and a host government by (a) sending a credibility signal to external actors, and (b) aligning expectations about the appropriateness and likely impact of a given policy choice. See also Parks 2014; Weymouth and Macpherson 2012; and Kahler 1992.

5.3.1. Countries with open economies find DAC bilateral development partners more helpful during reform implementation

We find no evidence that trade openness affects the agenda-setting influence and reform implementation helpfulness of the average development partner. However, there is one important exception: **trade openness is positively correlated with the perceived helpfulness of the average DAC bilateral development partner during reform implementation.**[140] One potential explanation for this pattern is that DAC bilaterals are often important trading partners of low- and middle-income countries, which may result in strong ties between host government officials and this particular cohort of development partners.

5.3.2. There is no apparent relationship between a country's political openness and development partner performance

We find no strong evidence of a relationship between a country's political openness and the performance of an average development partner in that country.[141] This finding will likely disappoint those who argue that the aid provided by development partners should be more effective in countries with open and democratic governments.[142]

Political openness does not necessarily result in a more reform-minded citizenry or reform-oriented government. The absence of a clear relationship between political openness and the perceived influence (and usefulness) of external reform advice and assistance is likely a reflection of the complexities of an open society in which both reform advocates and opponents have more say.[143]

5.3.2. Shared work experience undercuts performance of non-DAC bilaterals

With respect to all development partners as an undifferentiated group, we find no evidence that a common set of development policy values and beliefs – forged through shared education training experiences and professional socialization processes – makes host government officials more sympathetic and responsive to the views of development partners.[144]

140. A 1% increase in trade as a percentage of GDP results in a 0.009 point increase in the reported helpfulness of an average DAC bilateral. As an example, from 2004 to 2013, trade as a % of GDP rose 22% in the reform-minded Georgia, from 80% to 102%. In 2014, trade increased again to 103% of GDP (World Bank 2015). Our models predict that even this slight increase in trade openness would improve the helpfulness of an average DAC bilateral during reform implementation from a score of 3.121 (33rd of 63) to 3.130 (31st of 63).
141. We only find evidence of a weak relationship between political openness and the helpfulness of an average development partner during reform implementation (see Model 7 in Table 3.1), and even this finding is not robust.
142. See Svensson 1999; Easterly and Williamson 2011; Montinola 2010; Dollar and Levin 2005; Blum 2014; and Kosack 2002.
143. Woo-Cumings (1999), Haggard (1990), and Devarajan *et al*. (2001) argue that autocracies are more able to resist public opposition to reform, providing creates fewer barriers for development partners to influence policymaking in autocratic countries.
144. We find no robustly significant effect of host government officials being educated in an OECD country or employed by a development partner on perceptions of an average development partner's influence of policy performance.

However, we do find that prior, full-time work experience with at least one bilateral or multilateral development partner negatively influences host government officials' subsequent perceptions of the utility of a non-DAC bilateral development partner's advice. A 100% [1%] increase in the share of host government officials with prior employment at a bilateral or multilateral aid agency results in a 2.545 [0.025] point decrease in the reported usefulness of an average non-DAC bilateral development partner's advice (see Box 8).

BOX 8: Development Partner Work History and the Usefulness of Non-DAC Advice in Peru

In the *2014 Reform Efforts Survey*, only 2% host government survey participants from Peru reported having worked full time for at least one development partner. If this proportion were to increase by 10 percentage points, then our econometric models would predict that the reported usefulness of the advice provided by an average non-DAC bilateral in Peru would fall from a score of 2.361 (on a scale of 1 to 5) to a score of 2.107. This would downgrade the predicted usefulness of non-DAC bilateral advice in Peru from 24th to 33rd place (out of 49 modeled countries).

One possible explanation for this finding is that as host government officials gain exposure to (primarily) multilateral and DAC bilateral development partners through direct employment, they internalize their policy views and become less sympathetic to non-DAC perspectives and practices.[145] Parks *et al*. (2015) note that Western development partners may exert significantly greater "soft power" than non-Western development partners in low- and middle-income countries because they have trained a disproportionate number of in-country policymakers over a period of many decades.

If this is true, it implies that the "legacy effect" of Western development partners may constrain the policy influence of non-DAC development partners until they themselves begin to employ and socialize host governmental officials to their own policy values and beliefs. It is also important to note that we cannot rule out the alternative explanation that host government officials consider non-DAC bilaterals to be "rivals" of multilaterals and DAC bilaterals and, as such, are more critical of or biased against non-DAC bilateral development partner advice.

145. See Table B.10 in Appendix B for a breakdown of host government officials' work history by development partner.

5.4 Final Insights

To what extent is the performance of development partners enhanced or constrained by characteristics inherent to the country they seek to influence? In answering this question, we constructed an econometric model to examine the extent to which development partner performance is limited or amplified by several country-specific factors, including: region, aid dependence, government effectiveness, and regime type.

Of the many factors we examined, one finding is probably the most notable and worthy of a postscript. External pressure and assistance may be useful for civil servants to justify the need for particular reforms, but it is ultimately the presence or absence of broad domestic support that conditions the ability of development partners to shape reform efforts. Development partners are generally less successful in instigating reforms if they are in opposition to the chief executive's vision for his or her country. However, if development partners are serious about supporting durable reforms in low- and middle-income countries, it behooves them to build broad coalitions with domestic actors at various levels, including, but not limited to, those in the executive branch.

In chapter 6, we will empirically test several possible explanations of why development partners vary along the three dimensions of performance discussed in this chapter. Using a multivariate regression model, we will assess which characteristics of development partners are good predictors of how host government officials assess their performance.

Development Partner Attributes

Why do some development partners perform better than others in shaping the trajectory of reforms undertaken by low- and middle-income countries? Despite sharing a common objective in channeling assistance and advice to support reform efforts in partner countries, development partners have widely varying levels of success in translating this aspiration into policy changes that substantially disrupt and displace the status quo (see Chapter 3).

The Supply-Side Drivers of External Influence: Development Partner Attributes

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Previous research suggests that the characteristics of development partners themselves likely also affect the probability of policy change in partner countries.[146] Development agencies have different objectives, incentives, and interests.[147] They also vary in their financial and operational capacity, bureaucratic structure and substantive areas of specialization, as well as the ways in which they engage with policymakers in low- and middle-income countries (Easterly and Williamson 2011; Williamson and Palagashvili 2015). This heterogeneity may affect the way in which development partners contribute to the reform process pursued by partner countries and their relative success in providing useful, influential, and helpful reform advice and assistance.

Over the past decade, there have been concerted efforts by international donors to improve the quality of aid and its impact on development outcomes. The 2005 Paris Declaration on Aid Effectiveness, the 2008 Accra Agenda for Action, and the 2011 Busan Partnership for Effective Development Co-operation identified a common set of principles, commitments and actions, calling for greater selectivity, alignment with partner countries' development goals, harmonization, and specialization. Adherence to these common aid effectiveness principles varies dramatically among development partners (Knack 2014).[148] Yet there is relatively limited evidence about the downstream effects of these so-called "aid effectiveness" principles when they are put into practice (Stern *et al*., 2008).

In this chapter, we utilize data from the *2014 Reform Efforts Survey* to empirically account for variation in the perceived performance across development partners. We focus on three development partner characteristics in particular: (1) their level of alignment with partner country priorities; (2) their use of so-called "ineffective aid channels", and (3) the degree to which they embrace the Paris Declaration principle of "specialization".

146. See Wane 2004; Kilby 2009; and Girod 2011.
147. See Alesina and Dollar 2000; Younas 2008; and Neumayer 2003.
148. Also see Roodman, 2006 & 2009; Easterly and Pfutze 2008; Easterly and Williamson 2011; Palagashvili & Williamson, 2015

Using regression analysis,[149] we estimate the influence of these development partner characteristics on the three different measures[150] of perceived performance discussed in Chapter 3, including: the usefulness of the policy advice they provide, their influence at the agenda-setting stage of the policy process, and their helpfulness during reform implementation.[151]

Our analysis calls attention to two main findings, which we will discuss at length in this section:

1. Aligning reforms with country priorities increases development partner influence
2. Reliance upon technical assistance undermines a development partner's ability to shape and implement host government reform efforts

6.1 Alignment with Country Priorities

Reform is a complex, time-consuming, and often non-linear process. Bilateral and multilateral development institutions tried for several decades to impose reforms through conditionality — that is, by first agreeing to an aid package with a counterpart government, and then linking future financial disbursements to specific reforms. However, this approach of punishing or threatening to punish counterpart governments for a lack of reform through negative incentives has had limited success.[152]

When countries do not "own" reforms, they often renege or backtrack soon after aid is disbursed.[153] Additionally, development partners 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.[154]

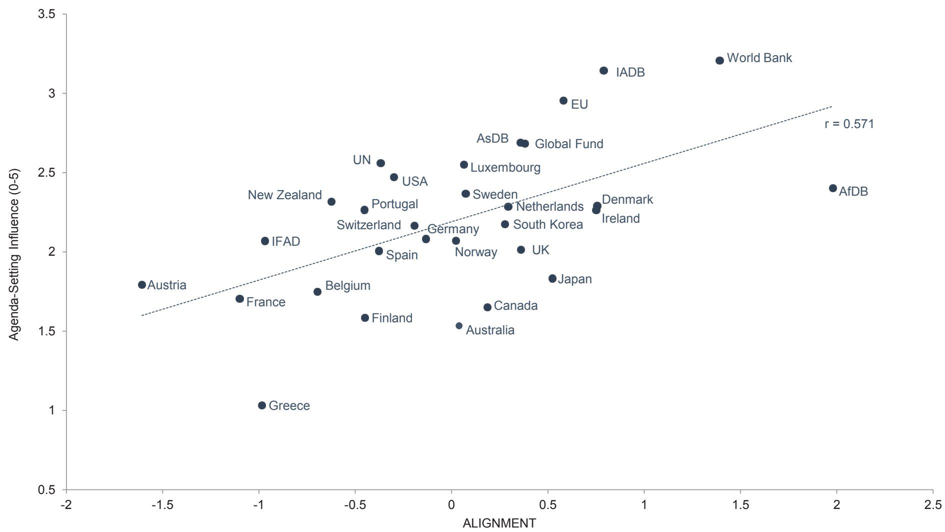
To address this problem, the 2005 Paris Declaration urged bilateral and multilateral development partners to "base their overall support on partner countries' national development strategies, institutions and procedures" (OECD 2005 and 2008: 3). Aligning the policy priorities of development partners with those of partner countries is a way to strengthen country ownership by focusing external advice and assistance on reform programs deemed necessary by both parties. Based on this logic, we expect that alignment with a partner country's national development strategy will improve a development partner's ability to help the domestic authorities initiate and implement reforms.

149. We first estimate simple bivariate regressions to show how development partner performance in reform efforts is correlated with each of the key independent variables of our concern: ALIGNMENT, TIED AID, TECHNICAL, and SPECIALIZATION. Table E.11 in Appendix E summarizes the results from these bivariate regressions. Our findings are robust across multiple multivariate model specifications with additional control variables. For more information about these models and the results, see Appendix E.
150. These indicators capture subjective evaluations of development partners' performance in providing useful advice (on a scale of 1 to 5), initiating reform agendas (on a scale of 0 to 5), and helping to implement reform efforts (on a scale of 0 to 5), all based on the perspectives of survey participants in host countries. In all of these indicators, higher numbers denote better performance.
151. As explained in Chapter 2, the two measures of development partner performance most strongly related to the affinity of survey participants for particular development partners, usefulness of advice and helpfulness during reform implementation, are based on the responses of host government officials only. By contrast, agenda-setting influence incorporates responses from five groups of survey participants: host government officials, development partner staff, civil society and non-governmental organization leadership, private sector representatives, and independent country experts.
152. See Collier 1997; Dollar and Svensson 1998; and Easterly 2005.
153. See World Bank 1998; Collier 1999; and Johnson 2005.
154. See Boughton and Mourmouras 2004; Koeberle *et al*. 2005; Smets and Knack 2015.

6.1.1. Alignment with partner country priorities increases development partner influence

Alignment[155] with partner country priorities is positively correlated with the extent to which development partners influence government reforms.[156] (see Figure 13). This finding suggests that when development partners put the country ownership principle into practice, they usually reap an influence dividend.

Figure 13: Alignment with Country Priorities is Associated with Higher Levels of Influence



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

Large international organizations, such as the World Bank, Inter-American Development Bank (IADB), and the EU, align their reform efforts closely with the stated developmental objectives of partner countries and demonstrate a relatively high level of agenda-setting influence (see Box 9). Previous research suggests that multilateral donors may be better positioned to pursue the developmental priorities of partner countries than bilateral donors whose development policies are more subject to domestic politics and geopolitical interests.[157]

155. Data on the characteristics of development partners are taken from the Center for Global Developments's QuODA dataset on ODA quality and Palagashvili and Williamson (2015). QuODA is an initiative undertaken by the CGD to measure/monitor progress in the degree to which major aid agencies have adopted the "best" practices of aid effectiveness along four dimensions: maximizing efficiency, fostering institutions, reducing burden, and transparency and learning. We use a z-score based on the share of ODA allocated to partner countries' top development priorities (ALIGNMENT) as a proxy for policy alignment.
156. The effect of alignment is strongly positive and significant (p<0.01) for agenda setting influence.
157. See Alesina & Dollar 2000; Neumayer 2003; and Stone 2004.

BOX 9: Putting the Alignment Principle Into Practice: The World Bank Versus France

There are several reasons why multilateral development partners may be better positioned to align their efforts with the local priorities of host governments. Unlike bilateral agencies, multilateral development institutions do not have to contend with special interest groups that bring to bear aid allocation pressures which may diverge from the local priorities of host governments (Milner 2006; Martens *et al*., 2002). Additionally, multilateral institutions are generally governed by executive boards that are themselves comprised of developed and developing country governments; thus, they provide a formal decision-making channel through which low- and middle-income countries can advance their interests (Lyne *et al*. 2009; Morrison 2013).

The World Bank and France provide an illustrative comparison. While both publicly espouse the principle that aid should be aligned with counterpart country priorities, these two development partners vary widely in the extent to which they practice what they preach.

The World Bank ranks first and second in its level of agenda-setting influence and its alignment with partner countries' development priorities, respectively (see Figure 13). The World Bank has also gained a strong reputation for promoting country ownership by explicitly aligning its funding efforts with the policy priorities of partner countries (Koebarle 2003; World Bank 2004). Its poverty reduction support credits (PRSC) are one example of how the Bank promotes policy dialogue between Bank staff and partner country officials, while at the same time encouraging partner countries to take ownership of the design and implementation of reform efforts. As Factora (2006: 52) explains, "strong country ownership can derive from a negotiated process [between the World Bank and its partner countries]," whereby both parties collaboratively shape the contours of the reform process.

By contrast, France has achieved limited success in aligning its development programs with the policy priorities of their partner countries. The French government has put in place some mechanisms (e.g., framework documents) to establish tighter cooperation and coordination with partner countries; however, policy dialogue with the host government authorities remains limited, with all key decisions "taken in Paris" (OECD DAC 2008: 60). Figure 13 calls attention to one potential consequence of this approach: lower agenda-setting influence in the countries where French aid agencies are engaged.

By contrast, Austria, France, and Greece pay less attention to the alignment of their aid activities with host government priorities and they register lower levels of agenda-setting influence. It therefore appears that the price of admission to get a seat at the table when reform priorities are being set is a willingness (and ability) on the part of a development partner to align their efforts with national development priorities.

While we only have national strategy alignment data for DAC and multilateral development partners (see Figure 13), this factor may also limit the influence of non-DAC development partners. Davies and Pickering (2015) provide evidence that host government officials consider non-DAC development programs to be less well aligned with national priorities than DAC and multilateral development programs.

6.2 Technical Assistance, Tied Aid and Reform Support

The channels through which development partners choose to provide assistance to partner countries may also influence their ability to shape and assist host government reform efforts.[158] The global development community has coalesced around the idea that two channels of aid delivery, in particular, may impair aid effectiveness: tied aid and technical assistance.[159]

When foreign aid is tied to the purchase of goods and services in the country where a development partner is based, partner countries have little discretion over how those financial resources should be invested (Knack and Smets 2013). On the other hand, "untying [aid] is about transferring responsibility for planning and managing funds from donors to recipients," which may, in turn, enhance country ownership and commitment from partner countries to reform programs (Clay *et al*. 2009: viii).

Technical assistance is another form of aid that is generally considered to be an ineffective channel through which development assistance is delivered (Riddell 2007). While technical assistance can be useful and effective in some cases, such as in the transferring of knowledge and skills to partner countries (Annen & Kosempel 2009), the transaction costs associated with this channel of delivery tend to be high and technical assistance can sap the incentive for partner countries to address broader structural problems and build their own institutional capacities.[160]

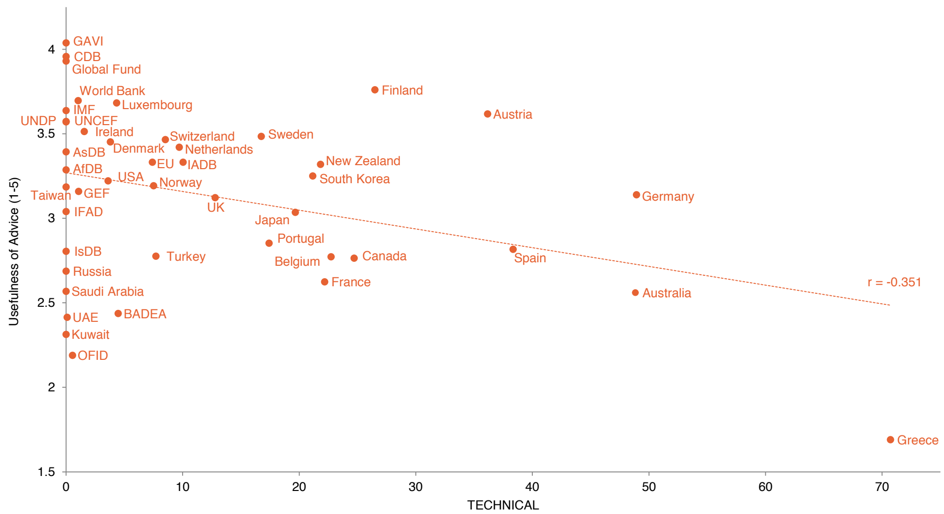
Therefore, we set out to evaluate whether reliance upon these two channels of aid delivery: (1) undermines country ownership; and (2) delays, disrupts, or distorts reform efforts, thereby undermining donor performance.

6.2.1. Development partners that heavily rely upon technical assistance incur an "influence penalty"

The share of ODA allocated to technical assistance is negatively correlated with all three indicators of development partner performance.[161] These findings lend strong support to the emerging consensus in the donor community that technical assistance is an ineffective form of aid delivery, which discourages host governments from taking ownership of their reform programs (Riddell 2007).

158. See Dietrich 2011; Gibson *et al*. 2015; and Acht 2015.
159. See The Paris Declaration on Aid Effectiveness 2005; The Accra Agenda for Action 2008; and The Busan Partnership for Effective Development Co-Operation 2011.
160. See Easterly and Williamson 2011; Riddell 2007; Australian National Audit Office 2009.
161. To measure the degree to which development partners use (in)effective aid channels, we use the shares of aid provided as tied aid and technical assistance (TIED AID and TECHNICAL, respectively) as measures of ineffective channels, which are both taken from Palagashvili and Williamson's (2015) dataset.

Fig. 14: More Technical Assistance is Associated with Less Useful Development Partner Advice



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

Note: *The red line corresponds to the bivariate regression line that captures a linear relationship between policy advice usefulness and the level of technical assistance.*

Figure 14 shows the relationship between the reported level of policy advice usefulness for each development partner and the relative importance of technical assistance in its aid portfolio. It is notable that none of the countries in the lower-right quadrant are multilateral organizations, which, on average, put much less weight on technical assistance than their bilateral counterparts (see Box 10). This pattern likely reflects the fact that many international financial institutions (IFIs), such as the World Bank or African Development Bank, are focused on making loans and grants to support country-led reform programs (Smets and Knack 2014).

BOX 10: Technical Assistance and the Case of Australia

Australia provides a higher proportion of its aid in the form of technical assistance than any other development partner in our sample, with the exception of Germany. Australia's technical assistance accounts for roughly 50% of total aid provided, twice the DAC average share of technical assistance (21%). Much of Australia's aid is mostly focused in countries that have constrained institutional capacities to design and administer development programs on their own. Australia also has one of the lowest policy advice usefulness scores (2.561) of any DAC bilateral development partner (see Figure 13).

An evaluation undertaken by the Australian National Audit Office (2009: 88) warns that while technical assistance provides a short-term solution to cover a shortage of qualified staff in fragile states, it does not address longer-term, structural issues facing these partner countries. The report also states that "technical assistance is unlikely to be an effective strategy in situations where people do not have the physical resources, and access to the funds required to do their jobs". Similarly, an OECD DAC peer review (2005: 73) of Australia's foreign aid program warns that: "the significant volume and scope of technical assistance [in the Australian aid program] provided to support the health as well as the law and justice sectors could contribute to undermining capacity building and inhibiting local ownership if continued for the long term."

162. The average share of technical assistance for bilateral development partners is 17.1% while the corresponding number for multilaterals is merely 1.4%.

Among the development partners that are least reliant on technical assistance and also perceived by partner countries to provide particularly useful policy advice are multilateral institutions in the health sector, such as GAVI and the Global Fund to Fight AIDS, Tuberculosis and Malaria. GAVI, for instance, does not have significant field presence to provide direct technical assistance unlike other major DAC bilateral donors; however, the agency works through the existing health systems of a given partner country to provide much-needed technical advice and support, thereby supporting durable reform efforts without compromising country ownership (Parks *et al*., 2015; GAVI, 2011).

These findings should not be interpreted as indicating that technical assistance is necessarily detrimental to reform efforts. Technical assistance can serve as a useful tool to achieve development outcomes if it improves the productive capacity of a partner country through the actual transfer of knowledge and skills to local actors (Annen & Kosempell, 2009).

Instead, our findings reflect a persistent gap between the technical assistance provided by development partners and the actual needs and demands of policymakers in low- and middle-income countries. The effective provision of technical assistance requires understanding and careful navigation of local contexts where politicians, civil servants, and citizens sometimes have weak incentives to acquire new technical knowledge or skills (Faustino & Booth, 2014). However, technical assistance is often delivered in a way that lacks the flexibility and responsive design needed to effectively solve problems on the ground (World Bank 2012).

Conversely, we do not find that heavy reliance upon tied aid imposes the same "influence penalty" on development partners that technical assistance brings.[163] One potential explanation for this null finding is that tied aid does not necessarily sap the incentive for partner countries to initiate or implement reform efforts.[164]

6.3 Development Partner Specialization

Sector and country specialization is another commonly cited factor that purportedly enhances the quality and effectiveness of development cooperation.[165] It is said that when development partners spread their assistance too thinly across different sectors and countries, their ability to provide tailored advice and assistance in support of reform programs is often compromised (Archarya *et al*. 2006; Knack *et al*. 2010).

In principle, sector and country specialization should facilitate an effective division of labor that allows development partners to focus their resources on places and sectors where they have particular expertise and knowledge (Archarya *et al*. 2006; Kharas 2009). Host government officials may also be more likely to heed policy advice from development partners whose specialized skills and knowledge are deemed essential for the successful reform implementation. As such, one would expect that higher levels of sector and country specialization to make reform advice and assistance from development partners more influential and effective.

163. We do not find the effects of tied aid to be significant for most of our estimated models (Tables E.10 and E.11 in Appendix E).
164. Svensson (2000, p. 63-4) argues that tied aid introduces "a third party, i.e., private firms, into the game between the donor and the recipients," which could serve to constrain donors' discretionary power to dictate the process of reform efforts and provides "the necessary incentives for the recipient governments to induce [reform] effort."
165. See Ungar 2010; Kharas 2009; Easterly & Pfutze 2008; and Archarya *et al*. 2006.

6.3.1. It is unclear whether specialization improves perceptions of development partner performance

Unfortunately, we do not find conclusive evidence[166] on this issue of whether sector or country specialization improves development partner performance.[167] The absence of strong evidence does not necessarily mean that these factors do not matter. Given the relatively small size of our sample, our findings should be interpreted cautiously and used as a point of reference for future research.[168]

6.4 Final Insights

We began this chapter by asking whether certain attributes of the development partners make them more or less influential at the agenda-setting stage and more or less helpful in implementing reforms. Of the attributes evaluated in this chapter, one stands out most prominently: alignment of development partner efforts with national priorities.

After years of failed attempts to achieve their intended development outcomes, development partners are increasingly aware of the need for locally-owned reform programs where partner countries take the initiative to plan and implement their own development strategies and international donors align their funding efforts with those domestic strategies.[169]

In chapter 5, we found that country ownership – in the form of a broad coalition of domestic support for reform and including buy-in from the chief executive – is an important country-level driver of development partner performance. We go a step further in this chapter, uncovering new evidence that development partners exert greater influence on host government reform priorities when they align their funding with their partner country's development strategy.

While there are certainly many obstacles (e.g., domestic politics, geostrategic and commercial interests) that stand in the way of development partners aligning their efforts and funding with partner country priorities, this finding should prompt introspection among bilateral and multilateral agencies that seek greater influence with their in-country counterparts.

Our findings also suggest that the use of technical assistance—which is generally considered to be an ineffective channel of aid delivery that weakens country ownership and saps the incentive for host governments to pursue broader structural reforms—undermines the influence and perceived performance of development partners. Therefore, development partners should think more carefully about the instruments that they employ to support reform and capacity building programs in low- and middle-income countries.

166. To measure the degree to which development partners specialize in sectors or countries, we turn to Palagashvili and Williamson's (2015) dataset. The level of specialization is measured based on the degree to which a given development partner's ODA is concentrated in certain countries or sectors (SPECIALIZATION). The descriptive statistics of each of the variables used in our analysis are reported in Table E.12 in the Appendix.
167. The effects of SPECIALIZATION are not significant across all the model specifications tested in our analysis.
168. Most of non-DAC development partners are excluded from our DP-level analysis because data are largely not available on the aid effectiveness of non-DAC development partners in QuODA or Palagashvili and Williamson's (2015) dataset,
169. See Johnson 2005; Johnson & Wasty 1993; and Smets and Knack 2014.

Shifting Sand

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

Shifting Sand: Advice and Assistance in the Post-2015 Era

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If the last 15 years of experience with the MDGs foreshadow what lies ahead, the international community will soon encounter a stubborn reality as the ink dries on the newly adopted SDGs. Throwing more resources at complex development challenges is often insufficient or counterproductive when the problems that must be solved require challenging vested interests, changing ingrained behaviors, or otherwise disrupting the status quo. Without a credible data and evidence base, zeroing in on the optimal combination of resources and reforms to tackle entrenched socio-economic, governance, and environmental problems requires alchemy rather than science.

For in-country decision-makers, the rubber meets the road when money and ideas are brought to bear in support of their domestic reform efforts. And they now have vastly more sources of advice and types of assistance to choose from. Western and non-Western development partners offer policy advice and financial support in various forms[170] to help decision-makers prioritize, design, and institutionalize reforms in virtually all sectors and policy domains.[171]

Yet, the development partners who jockey for position in this crowded bazaar have no credible way of measuring their influence or impact. Nor do they have a way of systematically capturing feedback from the individuals and institutions they are seeking to assist or influence. The question of whether, when, how and why development partners are able to shape upstream reform priorities and downstream outcomes is, therefore, a critical one and will gain importance during the post-2015 era as countries seek to create strong domestic institutions that are capable of functioning without continued external support.

We launched the *2014 Reform Efforts Survey* to help close this evidence gap and help development partners get a better handle on their influence and performance from the perspective of in-country decision-makers. Despite the extraordinary amount of time, money and effort that development partners expend to influence policy and institutional change in developing countries, there is a continued lack of understanding about how they can most effectively influence reform efforts on the ground.

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

170. These varying forms of advice and assistance include technical experts who embed within line ministries, South-South training and twinning programs, "just-in-time" analytical and advisory services, and traditional technical assistance programs.
171. In Parks *et al.* (2015), we do not find much evidence that senior-level, government decision-makers are cajoled or coerced into pursuing reforms that align with development partner priorities, but rather that governments pick and choose external sources of analysis and advice based on whether they advance domestic priorities

7.1 How Do Development Partners Stack Up: A Synthesis of Lessons Learned

How do decision-makers in low-income and middle-income countries assess the relative performance of the development partners who seek to influence and assist their reform efforts? We examined the responses of participants in the *2014 Reform Efforts Survey* to understand the frequency with which development partners communicate with host government counterparts, as well as how their performance is perceived along three dimensions: the usefulness of their advice, their influence at the agenda-setting stage of the policymaking process, and their helpfulness during reform implementation efforts.

From upstream reform prioritization to downstream reform implementation, we find that multilaterals and small DAC bilaterals have an edge over other development partners on these three dimensions of performance. Survey participants reported that non-DAC bilaterals lag furthest behind, though it is not clear if this pattern will persist or break down over time as non-DAC bilaterals shore up their technical capabilities, expand their ground game and communication bandwidth, and establish a longer track record of performance.

The evidence presented in this report suggests that non-DAC partners currently operate on the periphery of the market for policy advice and are less communicative with host government counterparts than other development partners. Non-DAC partners also appear to be less engaged in reform implementation efforts, and when the do engage, their efforts are generally regarded as less helpful than the efforts of other development partners.

We do not find support for the popular claim that non-DAC development partners are immediately poised to overtake multilateral and DAC bilateral institutions and quickly gain outsized influence vis-à-vis decision-makers in low- and middle-income countries. The data from the *2014 Reform Efforts Survey* also punctures the popular myth that Chinese soft power is rapidly eclipsing Western sources of influence in the developing world.[172]

Additionally, we find that, while the strength of a development partner's "ground game" may help it achieve a measure of influence with individual decision-makers, it is not necessarily deterministic of how development partner performance is perceived. Getting a seat at the table during policy deliberations is likely also contingent upon a development partner's track record of helping governments solve their highest priority problems (Parks *et al*. 2015).

A separate, but related, takeaway from this report is that a development partner's past performance, present favorability in the eyes of decision-makers, and future capacity to shape policy change seem to be interlinked and mutually reinforcing. When development partners are seen as providing useful advice, they generally reap an agenda-setting influence dividend. When development partners are influential in setting the reform agenda, they are also more likely to be involved in implementing reforms. We also find that domestic authorities are more receptive to advice from those development partners who they believe have been helpful in implementation of reforms in the past.

172. On our measure of the usefulness of policy advice, China Development Bank, China Ex-IM Bank, and Chinese Embassies ranked 75th, 59th, and 70th, respectively, out of 86 bilateral and multilateral development finance institutions.

These patterns in the data raise the deeper question of which development partner attributes account for such wide variation in their perceived performance. Among other factors, we examined how the relative financial weight (or size) of a development partner affects its perceived performance among decision-makers in low- and middle-income countries. In other words, do larger financial commitments yield more favorable performance ratings?

We find that money can purchase greater agenda-setting influence, but it is also clear that some development partners do a much better job than others of reaping a policy influence dividend on their financial investment. Whereas New Zealand, Taiwan, Luxembourg, and the Caribbean Development Bank punch above their weight, several of the largest DAC bilateral development partners (e.g., the United Kingdom, Japan, France, Germany) punch below their weight.[173]

Another key question we explored in this report is whether and how performance of development partners is enhanced or constrained by characteristics of the countries they seek to influence and assist. We constructed an econometric model to examine the extent to which development partner performance is affected by several country-specific characteristics, including: region, aid dependence, government effectiveness, and regime type.

We find that country ownership – in the form of a broad coalition of domestic political support for reform, including buy-in from the chief executive – is an important country-level driver of development partner performance. External pressure and assistance may be useful for civil servants to justify the need for particular reforms, but it is ultimately the presence or absence of broad domestic support that conditions the ability of development partners to shape reform efforts. Development partners are generally less successful in instigating reforms if they are in opposition to the chief executive's vision for his or her country. However, if development partners are serious about supporting durable reforms in low- and middle-income countries, it behooves them to build broad coalitions with domestic actors at various levels, including, but not limited to, those in the executive branch.

Finally, we explored whether certain attributes of the development partners themselves may make them more or less influential at the agenda-setting stage and helpful in implementing reforms. We find that alignment with partner country priorities is a key driver of development partner influence.

While development partners face many obstacles (e.g., domestic politics, geostrategic and commercial interests) that stand in the way of alignment with partner country priorities, their willingness and ability to do so seems to yield an influence dividend. Our findings also suggest that the use of technical assistance—generally considered to be an ineffective channel of aid delivery that weakens country ownership and saps the incentive for host governments to pursue broader structural reforms—undermines the influence and perceived performance of development partners.

173. The power of the purse does not appear to extend to other areas of performance, such as the usefulness of development partner advice or helpfulness in reform implementation. It is possible that these latter two performance measures are based more upon affinity (i.e., shared values, experiences, interests) and less subject to financial considerations.

7.2 A Look Ahead to 2016

Building upon the successful first wave of our *Reform Efforts Survey* in 2014, AidData is getting ready to design and field the second wave of the survey in 2016 in the hope of creating a sustainable feedback loop that enables learning from the observations, experiences, priorities and perspectives of decision-makers on the ground. AidData's work is guided by a simple goal: understanding how the international community can more effectively support deep and durable reform efforts in low- and middle-income countries that can improve long-run development outcomes.

In 2016, we will expand the survey to include a broader range of domestic and external providers of data, evidence and policy advice, as well as leverage this mechanism to listen and learn from in-country decision-makers regarding their priorities, progress and challenges in advancing the SDGs. We look forward to reporting back on the new insights we glean from the next wave of the survey in 2016.