Aid Management, Trust, and Development Policy Influence: New Evidence from a Survey of Public Sector Officials in Low-Income and Middle-Income Countries

Bradley C. Parks, Takaaki Masaki, Jörg Faust, Stefan Leiderer

Abstract:

Bilateral and multilateral development agencies spend a great deal of time, money, and effort trying to shape the reform priorities and processes of their counterpart countries. However, the means by which development agencies can achieve these ends are poorly understood. This article draws upon the first-hand experiences and observations of more than 1,000 public sector officials from 70 low- and middle-income countries to better understand which external sources of reform advice and assistance are most and least useful to public sector decision-makers—and why. We find that donors more effectively shape reform priorities when they choose to deliver their funding through the public financial management systems of counterpart countries, rather than using channels of aid delivery—in particular, technical assistance programs—that bypass host governments and signal a lack of trust in the motivations and capabilities of the local authorities. This finding holds true even after controlling for institutional quality, or the trustworthiness of public sector institutions, in aid-receiving countries. As such, our results call attention to the fact that development agencies can amplify their policy influence by entrusting their counterpart governments with aid management responsibilities.

Keywords: Foreign Aid, Budget Support, Technical Assistance, Paris Declaration, Reform, Trust

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AidData is a research and innovation lab located at the College of William & Mary that seeks to make development finance more transparent, accountable, and effective. Users can track over $40 trillion in funding for development including remittances, foreign direct investment, aid, and most recently US private foundation flows all on a publicly accessible data portal on AidData.org. AidData's work is made possible through funding from and partnerships with USAID, the World Bank, the Asian Development Bank, the African Development Bank, the Islamic Development Bank, the Open Aid Partnership, DFATD, the Hewlett Foundation, the Gates Foundation, Humanity United, and 20+ finance and planning ministries in Asia, Africa, and Latin America.

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1. Introduction

How can aid agencies and development banks promote policy and institutional reform? This question has both motivated and perplexed development policymakers, practitioners, and researchers for nearly four decades. Since the 1980s, bilateral and multilateral development institutions have used carrots and sticks to encourage counterpart governments to enact reforms. One of the most common and controversial strategies that donors have relied upon is conditionality—linking future aid disbursements to the adoption of specific reforms. However, this strategy of penalizing or threatening to penalize counterpart governments with insufficiently strong track records of reform has had limited success (Collier 1997; Dollar and Svensson 2000; Easterly 2005). When countries do not “own” reforms, they often renege or backtrack soon after aid is disbursed (Mosley et al. 1991; Kahler 1992; World Bank 1998; Collier 1999; Vreeland 2003). Additionally, donors often pick conditions that do not reflect local needs and priorities, demand too many conditions, and/or set arbitrary deadlines that short-circuit the domestic political processes needed to secure the buy-in of various parties with disparate interests (Boughton and Mourmouras 2004; Koeberle et al. 2006; Smets and Knack 2015).

More recently, donors have coalesced around the notion that they must engage and support country-owned reform processes. That is to say, partner countries should lead the design and implementation of reform efforts and external development partners should align their advice and assistance accordingly. This principle of ownership is based on the assumption that partner countries—including executive branch, parliament, judiciary and civil society actors responsible for formulating and implementing development policies and programs—can more legitimately and effectively initiate, implement, and institutionalize reforms (Herrling and Radelet 2006). It also implies that partner countries will strictly orient the formulation and implementation of reforms towards the common welfare of their societies (Faust 2010).

If past is prologue, the question of whether, when, and how development partners can shape upstream reform priorities and downstream outcomes is likely to be a central issue going forward. The last 15 years of experience with the Millennium Development Goals (MDGs) suggest that 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 (Acemoglu and Robinson 2000; Van de Walle 2001; North et al. 2007; Pritchett et al. 2013). Demand for reform advice and assistance is also expected to intensify during the post-2015 Sustainable Development Goals (SDGs) era, as many countries reduce their reliance upon official development assistance (ODA) and attempt to independently mobilize the revenues that they require and deliver high-quality public services without continued support from outside actors (World Bank 2013a).

In response, many bilateral and multilateral development partners are pivoting away from direct service delivery activities and ramping up their efforts to working with domestic change agents in low- and middle-income countries to reform existing laws, policies, institutions, regulations, and customary practices (Andrews 2011; World Bank 2012; USAID 2015; Parks et al. 2015).[1]

However, there is a large and growing mismatch between the stated objectives of development partners and the metrics of success that they use to judge their own performance. Bilateral and multilateral agencies have few if any credible ways of assessing their influence or impact on partner country reform processes and outcomes. Nor do they have a way of systematically capturing feedback from the public sector decision-makers whom they seek to influence and assist.

Development researchers are not much better equipped to tackle this measurement challenge; the methodological tools that they have at their disposal are not fit for the purpose of evaluating donor influence on partner country reform processes and outcomes. Existing aid effectiveness scholarship relies almost exclusively upon tangible and easily observable output and outcome measures—for example, the amount of economic output generated, the number of children vaccinated, and the number of kilometers of roads constructed or rehabilitated—as the relevant indicators of success (World Bank 2013a; Glennie and Sumner 2014).

To help close this evidence gap, we conducted the *2014 Reform Efforts Survey* to produce timely, detailed, and accurate data on the policy influence and performance of multilateral and bilateral development partners. Nearly 2,000 government officials from over 120 low- and middle-income countries and semi-autonomous territories participated in this survey and shared their firsthand experiences and observations from working with more than 100 bilateral and multilateral development partners between 2004 and 2013 (Custer et al. 2015). The data from the *2014 Reform Efforts Survey* make it possible to overcome one of the major impediments that has frustrated previous attempts to rigorously evaluate the relationship between aid and reform: many donors vie for policy influence simultaneously, making it empirically difficult to disaggregate the *individual* effect of each donor on the reform priorities, processes, and outcomes of counterpart countries.[2]

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[1] Indeed, many donors claim that their ultimate measure of success is structural transformation, when aid is no longer needed because developing countries are able to independently mobilize the revenues that they require and deliver high-quality public services without external support (World Bank 2012; USAID 2015).

[2] There are many large-*N* empirical studies of foreign aid and its impact on economic and political reforms in developing countries, but they rely mostly on aggregate measures of development outcomes at the country level (e.g. economic growth, governance, or democracy) and shed very little light on the question of how donors affect reform priorities (Minoiu and Reddy 2010; Stone 2010; Kersting & Kilby 2014). Nor do they shed much light on *how* donors can improve policies and institutions in developing countries.

In this article, we draw upon data from the *2014 Reform Efforts Survey* to explain the conditions under which aid agencies can influence reforms pursued by counterpart governments. We test the hypothesis that donors will have a greater ability to influence reform priorities when they entrust the management of their aid funds to the local authorities. Drawing on the "costly signaling" literature, we propose that aid agencies can more easily build conditions of mutual trust with counterpart government officials by channeling their funds through the public financial management systems of partner countries (a key principle enshrined in the 2005 Paris Declaration). Doing so, we argue, sends a signal of reassurance to aid-receiving governments and creates a new equilibrium whereby donors and aid-receiving governments become mutually interdependent and accountable for ensuring that external funds are used to effectively support domestic reform efforts.

Our empirical findings provide support for this hypothesis and suggest that trust-building—by granting the local authority greater oversight and management of incoming aid funds—is an important, yet underappreciated, antecedent step that donors ought to take if they seek greater development policy influence. The notion that donors cannot significantly or sustainably influence reform processes or outcomes without the endorsement and ownership of their in-country counterparts was codified in the 2005 Paris Declaration on Aid Effectiveness (Rogerson 2005), reaffirmed in the 2008 Accra Agenda for Action, and emphasized in the 2011 Busan Partnership for Effective Development Co-operation. However, this notion has always represented more of an article of faith than an established empirical fact. Our study seeks to correct this problem. We present first-of-its-kind evidence from a survey host government officials in developing countries that adherence to Paris Declaration principles does in fact increase the development policy influence of individual aid agencies. We therefore recommend that future policy deliberations about the wisdom of delegating authority and discretion to developing country counterparts should more fully account for both the costs and the benefits of doing so.

2. Theory and Hypotheses

Previous scholarship on aid allocation and aid effectiveness generally accepts the proposition that donors provide development assistance as a means to buy policy concessions (Dudley and Montmarguette 1976; Bueno de Mesquita and Smith 2007; Annen and Moers 2013); however, the extent to which donors have actually shaped reform processes and outcomes in aid-receiving countries is very much an open question. Indeed, a number of studies cast doubt on the ability of donors to effectively induce policy or institutional changes in aid-receiving countries (e.g., Killick et al. 1998; Svensson 2000).

The conventional wisdom among economists and political scientists is that bargaining power is the primary determinant of donor influence (Fearon 1998; Whitfield 2009). An aid-receiving country, for example, may possess significant bargaining power vis-à-vis a donor if it is geo-strategically important to the donor or its foreign policy support needs to be purchased (Bueno de Mesquita and Smith 2007; Finkel et al. 2007). Under such conditions, the aid-receiving country has little incentive to comply with external demands of its patron because it knows that donor conditionality is not credible (Stokke 1995; Dunning 2004; Kilby 2009). Governments that are flush with non-aid sources of revenue can also afford to ignore development partner reform preferences and advice (Vamvakidis 2007; Amin and Djankov 2009; Girod 2012). Conversely, aid-dependent governments that cannot survive without external resources have less leverage vis-à-vis their development partners and are more likely to grant domestic policy concessions (Blum 2014; Greenhill et al, 2013; Girod and Tobin 2016).

Donors also possess multiple sources of bargaining power, which vary across countries, sectors, and time. They bring money and external validation to the bargaining table, so one popular hypothesis is that donor influence will correlate positively with the degree to which the domestic authorities of a developing country relies on that particular donor for its operating revenue (Pop-Eleches 2009; Lawson 2009; Buntaine et al. 2016). Relatedly, in settings where the international development finance market is characterized by low levels of competition among donors, it is more difficult for recipients to "play donors off of each other" and evade external pressures for reform (Mosley et al. 1991; Killick et al. 1998; Hyden 2008; Pop-Eleches 2009; Gibson et al. 2015).[3] Furthermore, if aid-seeking countries covet a donor's "good housekeeping seal of approval"—either to send a signal to domestic or external audiences—they may be more responsive to its reform advice and better stewards of its reform assistance (Vreeland 2003; Mansfield and Pevehouse 2006; Andrews 2013).[4]

However, our contention in this article is that conventional explanations of bargaining power do not fully account for the rich variation in development policy influence that is observed across aid agencies, time, or aid-receiving countries. We argue that *trust* can also play an important role in amplifying or dampening the influence that donors are able to achieve with their in-country counterparts. More specifically, we argue that when donors deliver aid through the public financial management systems of partner governments, they effectively send a costly signal of reassurance (about their own trustworthiness) that

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[3] This source of bargaining power cuts both ways. When aid fragmentation is high and donors do not "speak with one voice"—that is, coordinate their policy messaging — to the host government, the authorities have more leverage and can expend less effort trying to meet the reform expectations of an individual donor (Gibson et al. 2005; Pop-Eleches 2009: 98-99).

[4] For example, Dreher et al. (2012) provide empirical support for the hypothesis that achieving eligibility for assistance the U.S. Government's Millennium Challenge Corporation (MCC) has a "positive signaling effect," whereby multilateral donors increase their financial support to a country after has become MCC-eligible. Another possibility is that governments lacking *domestic legitimacy* seek external validation by trying to meet the reform expectations of their external sponsors.

makes aid-receiving governments more willing to recalibrate their reform priorities in response to donor assistance and advice.

Trust-based explanations of donor influence differ from conventional bargaining-power based explanations in that they call attention to social factors that can facilitate or impede the contracting process (Durkheim 1933 [1893]). Trust promotes cooperation by increasing communication and information sharing, reducing uncertainty and transaction costs, fostering norms of reciprocity, and generating stable expectations about future behavior (Putnam 1993; Keohane 1984; Kydd 2000). However, in international relations, trust is in short supply because neither states nor multilateral institutions have access to third-party contract enforcement mechanisms (Keohane 1984; Oye 1986).[5] Therefore, donors and aid-receiving governments must convince each other that they will honor commitments and forge "self-enforcing" agreements (Keohane 1984).[6]

Previous research suggests that actors in a negotiation can increase trust when they send "costly signals" of reassurance to each other (Kydd 2000; Smith and Bliege Bird 2005). Such signals "serve to separate the trustworthy types from the untrustworthy types; trustworthy types will send them, [and] untrustworthy types will find them too risky to send" (Kydd 2000: 326). These signals hold greater potency when they are observable, irreversible, non-contingent, and costly to the sender (Spence 1973; Rose and Spiegel 2011). Therefore, if one accepts the proposition that donors seeking to influence the reform priorities of a counterpart government are engaging in a (policy) negotiation (Kremer and Clemens 2016), it is plausible that they will achieve larger policy concessions (influence) when they send costly signals of reassurance.

Knack (2014) argues that aid-receiving governments can signal their trustworthiness by creating strong public financial management systems that provide donors some level of reassurance that their funds will not be wasted or misused. In this article, we argue and provide evidence that donors can also send can transmit signals about their own trustworthiness by using the public financial management systems of host governments. Conversely, when donors channel aid through modalities that tax, rather than build, host government capacity, they can short-circuit this trust-building process and inadvertently undermine their own development policy influence.

Our theoretical argument rests upon several key assumptions. We assume that there are two primary actors—a donor agency and a counterpart government—and that they are engaged in a bargaining

[5] Here we rely on Andrew Kydd's definition of trust as "a belief that the other side is trustworthy, that is, willing to reciprocate cooperation, and mistrust as a belief that the other side is untrustworthy, or prefers to exploit one's cooperation" (Kydd 2007: 3).

[6] They must "decide whom to make agreements with, and on what terms, largely on the basis of their expectations about their partners' willingness and ability to keep their commitments" (Keohane 1984: 105).

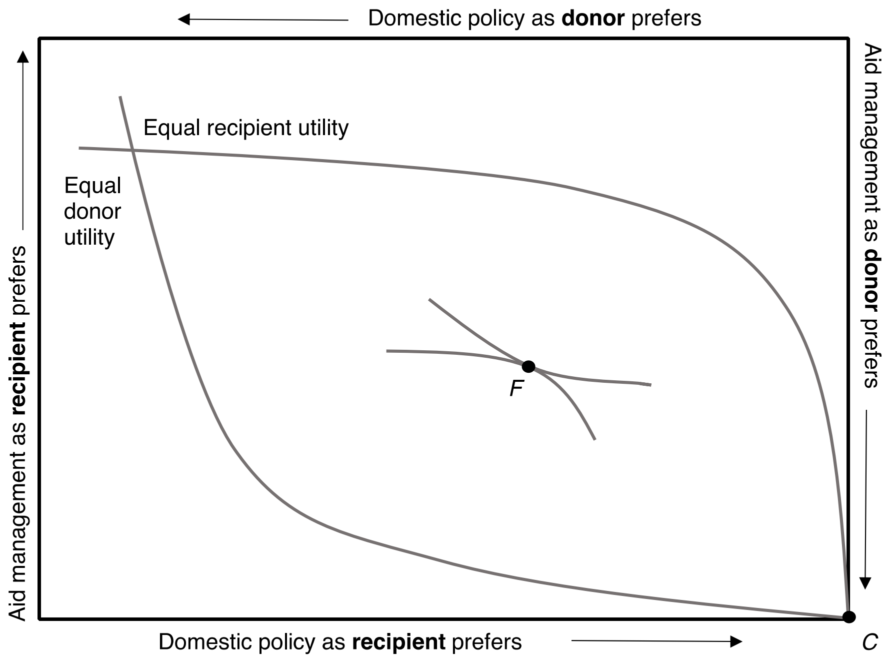
process. Each of these actors has well-defined interests and incentives and they bargain over aid management and domestic policy in the (potential) aid-receiving government. The donor wants to maximize the domestic policy concessions that it can extract from its counterpart government and limit the risk of its funds being used by the local authorities for anything other than the donor's intended purposes (i.e. minimize the fiduciary authority and oversight of the aid-receiving government).

The counterpart government wants to minimize the policy concessions that it grants to the donor and maximize its fiduciary authority and oversight over the donor's funds.[7] The level of control that the counterpart government has over a donor's funds is an important part of its utility function for three principal reasons. First, access to more discretionary and fungible sources of funding grants the counterpart government greater flexibility to pursue its own national development objectives while also using the funds to compensate potential losers of the reform efforts, which mitigate the risk of political repercussions (Robinson 2007; IOB 2012). Second, when the counterpart government can control the donor's funding, it is also better able to control the direction, pace, and sequencing of reform processes and prevent external actors from pursuing parallel objectives or engaging in activities that undermine government efforts (Koeberle et al. 2005). Third, when the donor channels its funding through the counterpart government's aid management systems, it reduces the transactions costs associated with its aid and thereby gives the recipient more time and flexibility to focus efforts on its own domestic policy priorities (Tavakoli and Smith 2013). For all of these reasons, the donor's willingness to channel its funding through the budget, procurement, and audit systems of the counterpart government increases the value of its aid offer.

The nature of this bargaining dynamic is illustrated in Figure 1, which is an Edgeworth box that we have adapted from Clemens and Kremer (2016). It highlights how the donor and its counterpart government can arrive at a Pareto-improving aid-for-policy deal. The horizontal axis represents domestic policy in the (potential) aid-receiving country. As one moves from left to right on this axis, domestic policy is more closely aligned with the counterpart government's ideal policy preferences and less closely aligned with the donor's ideal policy preferences. The vertical axis represents the way in which the donor's funding will be managed (i.e. the value of the aid offer). Higher values on this axis indicate that donor funding is more useable for the (potential) aid-receiving government's own purposes. This type of funding is also more costly to the donor because there is a higher risk that the funding will be used for purposes other than the donor's intended purposes. As such, its provision represents a more costly concession to the counterpart government. One can then draw indifference curves for both the donor and the counterpart government.

[7] Stated differently, aid-receiving governments want to maximize their policy autonomy (Whitfield 2009).

Figure 1. Pareto-improving deal between a donor and an aid-receiving government



Domestic policy as **donor** prefers
Equal recipient utility
Equal donor utility
Aid management as **recipient** prefers
Aid management as **donor** prefers
F
Domestic policy as **recipient** prefers
C

Both actors receive equal amounts of utility at each point on their respective curves, and they tradeoff policy concessions and aid values along these curves. At point C (at the counterpart government's ideal domestic policy point), the donor grants no aid management authority to the government because it is unable to achieve a policy concession. However, both parties are better off at point F where the counterpart government grants some policy concessions to the donor and the donor grants increased aid management authority to the counterpart government.

Alternatively, one can think about the vertical axis in Figure 1 as representing a measure of the donor's readiness to engage in trust-building efforts (i.e., sending a costly signal of reassurance about its own trustworthiness to the counterpart government). Thus, as one moves from south to north on the vertical axis and the donor grants more direct aid management responsibilities to the counterpart government, the donor is increasing its trustworthiness in the eyes of the counterpart government.

Use of local public financial management systems provides valuable information to the counterpart government about a donor's trustworthiness because it reflects the donor's willingness and ability to directly support and cede control to the governing authorities (Koeberle et al. 2006; Clist et al. 2012). It is a particularly effective signaling mechanism because it costly to the donor in three respects.[8]

First, it represents a willingness to provide flexible funding in support of the topline policy priorities of the partner government (e.g. the national development strategy), and a tacit acknowledgement that any efforts by the donor to influence reform priorities and processes will broadly comport with the host government's policy agenda.[9] Second, the use of country systems to manage aid implies a loss of direct control of how funds will be used, thereby elevating the risk of corruption and misuse and making aid agencies more vulnerable to domestic political criticism (Herrling and Radelet 2006; Knack 2013, 2014).[10] Third, any effort by donors to strengthen public sector institutions in counterpart countries by using (their public financial management systems represents the pursuit of a long-term development objective with diffuse, long-term benefits rather than near-term development results that can be used by the donor to shore up its own domestic political support. Knack (2013: 319) explains why this type of long-term

[8] Conversely, the suspension of such budgetary support "indicate[s] a strong signal from the donor to the recipient: it implies a breach in the trust relationship" (Molenaers et al. 2015: 63).

[9] If a counterpart government can formulate policy on the basis of a more constrained and focused negotiation with a cohort of like-minded donors that have a shared interest in long-run growth and development outcomes, the risk of promising or adopting incoherent policies declines and puts the aid-receiving government in a better position to achieve its policy goals (Koeberle et al. 2005: 77-78).

[10] Relatedly, by channeling funds through the public financial management systems of an aid-receiving government, a donor is rendering itself mutually interdependent and accountable with the aid-receiving government for ensuring that external funds are used in the service of domestic reform efforts (Rogerson 2005).

institution building is costly to donors: “If using country systems for managing aid does strengthen them, then donors' use of country systems (in the absence of coordinated action) is likely to be sub-optimal. The benefits of using country systems are mostly external (benefiting other donors) and realized only over the long term, while costs are short term and fully internalized by the donor.”

For all of these reasons, donor utility declines in Figure 1 as it delegates more aid management authority to partner countries. However, it is this willingness to sacrifice some utility (and send a costly signal of reassurance) that increases the likelihood of the aid-receiving government granting policy concessions (for the reasons previously articulated). At point F in Figure 1 the donor and aid-receiving government arrive at a mutually beneficial aid-for-policy deal (point F in Figure 1).

An important corollary of this argument is that when a donor relies on channels of aid delivery that *bypass* the counterpart government, it effectively diminishes the value of its aid offer. Technical assistance is one such aid modality. In principle, its goals include supporting government reform efforts and building government capacity (World Bank 1996).[11] However, in practice, technical assistance usually supports expatriate advisers rather than public sector institutions and employees in the aid-receiving country (Gibson et al. 2015).[12] Hudson and Mosley (2008: 2082) suggest that heavy reliance on technical assistance undermines trust between donors and recipients: “[v]olatile inflows especially in the form of technical assistance and consultancy result in high staff turnover, discontinuity of relationships within the aid donor-recipient community and, as a consequence of the resulting low levels of social capital, limited opportunities for learning on the part of both parties.”

Previous research also suggests that technical assistance can discourage partner governments from taking ownership of their reform programs and even weaken public sector institutions (Berg 1993; Morss 1984; Riddell 2007; Easterly and Williamson 2011). Indeed, when donors rely heavily upon technical assistance, it usually implies a lack of trust in the host government. Berg (2000: 295) notes that donors often rely upon technical assistance when they cannot “trust project implementation and project funds to existing government agencies.” Gibson et al. (2015: 323) also point out that “technical assistance is associated with a higher degree of donor oversight than other aid modalities.”[13] In some cases, technical

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[11] Technical assistance is defined as projects or programs “whose primary purpose is to augment the level of knowledge, skills, technical know-how or productive aptitudes of the population of developing countries” (http://www.oecd.org/investment/stats/31723929.htm#36,37,38,39).

[12] In 1993, the World Bank’s Vice President for the Africa Region noted that “most technical assistance is imposed, it is not welcome, and there is no demand for it …except on the donor side”; he also called it as a “systematic destructive force which is undermining … capacity [in] Africa” (Jaycox 1993). This point is echoed in World Bank (2001).

[13] This point is echoed in Easterly and Pfutze (2008: 17): “technical assistance is … very often tied and often … [reflects] donor rather recipient priorities.”

assistance is even used by donors as tool for monitoring counterpart government compliance with the policy provisions in conditional aid contracts (Helleiner 2000).[14]

The logic of costly signaling theory therefore suggests that a donor's decision to work either through or around the aid management systems of the counterpart government will matter *at the margin* when the local authorities are deciding whether to engage in an aid-for-policy deal. That is to say, if a government receives two comparable aid-for-policy offers from two different donors (i.e. the donors are offering equally-sized financial rewards and demanding equally costly policy concessions), the donor's decision to channel funds through the counterpart government's systems will increase the utility of its aid offer. Conversely, when a donor chooses to work around government systems, it will reduce the value of its aid offer in the eyes of the counterpart government.[15]

From a costly signaling perspective, when a donor chooses to use different aid modalities, it is (intentionally or inadvertently) signaling its "type" (i.e., trustworthy or untrustworthy) to its counterpart government.[16] Whereas aid that is channeled through the local aid management systems of the counterpart government sends a costly signal of commitment to the country ownership principle (since that funding will be aligned with the national development strategy in a *de facto* sense and it will grant the authorities maximum flexibility to achieve their reform and development objectives as they see fit), reliance upon technical assistance signals that a donor is not prepared to cede as much authority and discretion to the counterpart government.[17]

Based upon these theoretical considerations, we will test two, interrelated hypotheses, both of which are based on the idea that different aid delivery channels transmit different types of signals about the degree to which donors are willing and able to trust the local authorities:

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[14] Helleiner (2000: 84) argues that technical assistance is "little more than a device for the monitoring and enforcement of external conditions."

[15] Of course, recipient countries also demonstrate varying levels of trustworthiness, as indicated by the quality of the public financial management systems (Knack 2014). However, this is not our theoretical variable of interest. We are interested in the decisions that donors make to channel their money through or around country systems, *after controlling for the varying quality of recipient country systems*. We therefore control for the quality of recipient country systems (e.g., the level of corruption, political openness) in the empirical section of this paper.

[16] This is, of course, only one way in which donors can signal their trustworthiness to partner governments. Consistent, long-term engagement in a given country or country-sector is one example of another way that donors can signal their trustworthiness (Custer et al. 2015; Steinwand 2015).

[17] It should also be noted that aid that bypasses the counterpart government's systems (e.g. technical assistance) presents a lower fiduciary and reputational risk to the donor. It therefore sends a less costly signal to the counterpart government.

Hypothesis 1: A donor's willingness to use a counterpart government's budget, procurement, or audit systems will correlate positively with its ability to influence the counterpart government's reform priorities.

Hypothesis 2: A donor's level of reliance upon technical assistance in a given country will negatively correlate with its ability to influence the counterpart government's reform priorities.

3. Data and Methodology

To test these hypotheses, we use data from the *2014 Reform Efforts Survey*, which was conducted by the College of William and Mary's Institute for the Theory and Practice of International Relations in partnership with the National Opinion Research Center at the University of Chicago during the summer of 2014. The construction of the sampling frame used to facilitate this survey is described in Parks et al. (2015). It consisted of host government officials, development partner staff, civil society leaders, private sector representatives, and independent experts from 126 low- and middle-income countries and semi-autonomous territories.[18]

The sample used in this study consists of 1,069 host government officials from 70 different low- and middle-income countries for which we have data available. These government officials participated in the survey, reported having direct interactions with individual donors, and subsequently evaluated the policy influence of each of these donors.[19] Respondents were asked to evaluate the level of influence that individual donors exerted on their government's decision to pursue specific reforms in their own area of policy expertise.[20] They evaluated the policy influence of each donor on a scale of 0 (no influence) through 5 (maximum influence).[21]

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[18] The specific inclusion criteria and procedures employed to develop the sampling frame for the survey are described in detail in Parks et al. (2015).

[19] In total, 3,400 host government officials participated in the survey. Approximately 2,000 of those public officials had experience working directly with bilateral or multilateral donors. Respondents were only given the opportunity to answer questions about the agenda-setting influence (and reform design influence) of those donors with whom they directly interacted during a defined period of time between 2004 and 2013. The sample used in this study consists of only 1,069 of these host government respondents, as data from the Paris Declaration Monitoring Survey (PDMS)—the primary source used to measure each donor's use of in-country public financial management systems—are limited in geographical coverage.

[20] These specific reforms were identified by respondents themselves in a prior survey question that asked them to identify up to three specific problems that government reforms (in the respondent's area of policy expertise) sought to address.

[21] In this article, we use the terms "policy influence" and "agenda-setting influence" interchangeably. We define policy influence and agenda-setting influence as the extent to which a given donor influences a counterpart government's decision to pursue a legal, policy, institutional, administrative, or regulatory reform in a given country.

Our dependent variable in this study is an individual government official's evaluation of the agenda-setting influence of an individual donor. On average, each host government official in the sample evaluated 4 different bilateral or multilateral donors, yielding 4500 observations.[22] We employ a multilevel model to analyze which factors impacted the level of influence that an individual donor exerted on the reform priorities of a counterpart government, as evaluated by survey participants in the *2014 Reform Efforts Survey*. The structure of our data produces three nested levels: individuals, donors, and the counterpart countries of donors.[23] Failure to take into account the multilevel structure of a dataset such as this "violates the assumption of independent errors and so can lead to the underestimation of the standard errors associated with contextual [or higher level] variables" (Solt 2009: 53).

To account for potential bias in standard errors that may derive from the presence of contextual variables, we estimate a three-level model where random intercepts are introduced for each donor-country pair and each country. Our model of donors' policy influence can be summarized in the following equation:

where *i*, *j*, and *k* index individuals, donor, and country, respectively. is a survey-based measure of donor *j*'s influence on reforms in country *k*, as evaluated by respondent *i*.

Our key independent variable of interest is a donor's willingness to use the public financial management systems of partner countries (TRUST). Following Knack (2013), we use data from the OECD DAC's Paris Declaration Monitoring Survey (PDMS). The PDMS was designed to keep track of progress in each donor's adherence to the Paris Declaration's targeted goals and objectives. It has been conducted three times (in 2006, 2008, and 2011). We use four different indicators of the level of trust that a donor places in a partner country's public financial management systems: the percentage of its ODA disbursed through (1) national budget execution procedures (TRUST BE), (2) national financial reporting procedures (TRUST FR); (3) national auditing procedures (TRUST NA), and (4) all three of these procedures (TRUST ALL).[24] All of these variables enter our equation as shares of the total amount of ODA disbursed to the

[22] In the survey, respondents were asked to evaluate the influence of specific institutions under the same donor country (e.g., GIZ, KfW, and German Embassy for Germany) or multilateral organizations (UNDP and UNCEF for the UN). Thus, it is plausible that some respondents evaluated more than one donor agencies or organizations under the same donor country or multilateral organization. We simply take the average of survey participants' responses by donor country or multilateral organization when these instances happen.

[23] For instance, a donor's financial weight vis-à-vis other donors in a particular counterpart country is a contextual characteristic that is specific to each donor-recipient country dyad, while respondents' beliefs about which domestic political actors supported reform efforts (as well as other demographic characteristics) vary across individuals.

[24] These trust variables are generated based on question 8-11 in the PDMS questionnaire.

government sector. We also use the share of technical assistance in the total amount of gross ODA provided by donor *j* to country *k* (TRUST TA) as another proxy for trust (or lack thereof) in partner country systems, as this form of aid mostly bypasses local systems (Knack 2013).

We include a battery of control variables to address potential sources of omitted variable bias. Since we expect that the financial weight of donor *j*'s aid in country *k* likely impacts the degree to which donor *i* will exert policy influence in the country, we control for the average share of gross ODA that country *k* receives from donor *j* (log-transformed) (FINANCIAL WEIGHT). We also account for different types of donors (e.g., multilateral, DAC bilateral, and non-DAC bilaterals). Existing research suggests that states delegate policy surveillance and advisory responsibilities to multilateral institutions because they are more credible and neutral actors in the eyes of aid-recipient countries (e.g., Rodrik 1995; Milner 2004; Clemens and Kremer 2016). Thus, we include a binary variable that assumes a value of 1 if donor *j* is a multilateral donor (MULTILATERAL) and zero otherwise. We also include a binary variable that takes a value of 1 if donor *j* is a DAC bilateral donor (DAC), and zero otherwise, since Western donors are more actively engaged in the provision of reform advice and assistance than non-Western donors (Custer et al. 2015).

A set of country-level control variables are also included to account for the political and economic attributes of countries, as these are also likely to be correlated with the extent to which donors wield policy influence. These variables include the share of net ODA in total Gross National Income (GNI) (log-transformed) (AID DEPENDENCY), Gross Domestic Product (GDP) per capita (log-transformed) (INCOME), population size (log-transformed) (POPULATION), the level of democracy as captured by the POLITY rating (DEMOCRACY), and the level of corruption control (CONTROL OF CORRUPTION) as measured by the World Bank's *Worldwide Governance Indicators* (WGI).

The final set of control variables account for the individual characteristics of respondents. These include sex (SEX), level of education (POSTGRADUATE and PHD), the length of time for which a given respondent worked for the government of his or her country (EXPERIENCE), as well as his or her area of policy expertise (POLICY AREA). Additionally, to account for the possibility that each respondent held different beliefs about the extent to which various domestic groups supported reform efforts (in his or her area of policy expertise), which may in turn have impacted their beliefs about the level of each donor's policy influence, we also control for the reported level of domestic support for reforms among different groups: the executive body (EXECUTIVE SUPPORT), the legislature (LEGISLATIVE SUPPORT), the judiciary (JUDICIAL SUPPORT), and civil society groups (CIVIL SUPPORT). Table A-1 provides descriptions of the variables included in our regression models.

4. Results

Figure 2 presents the main results from our multilevel models.[25] We find strong support for both *Hypotheses 1* and *2*. In Models 1-4, a donor's use of the public financial management systems of its counterpart countries is employed as a measure of trust, while in Model 5 we use a donor's level of reliance on technical assistance (TRUST TA) as a proxy for a lack of trust. The effects of TRUST BE, TRUST FR, TRUST NA, and TRUST ALL have the expected positive signs and are all statistically significant (p-value<0.01), which accords with *Hypothesis 1*. On average, a one-percent increase in the share of aid disbursed through a counterpart country's public financial management systems is associated with an increase of 0.35-0.37 (with a standard error of 0.011-0.013) on our development policy influence scale.

Consistent with *Hypothesis 2*, we also find that the degree to which a donor relies upon the modality of technical assistance (TRUST TA) is negatively correlated with its influence at the agenda-setting stage of the development policymaking process. Our models predict that a one-percent increase in the share of a donor's aid provided via technical assistance will result, on average, in 0.06 decline in development policy influence (with a standard error of 0.01). These findings accord with our main argument that donors more effectively shape reform priorities when they choose to channel their funding through the public financial management systems of counterpart governments, rather than relying on channels of aid delivery—in particular, technical assistance—that signal a lack of trust in the motivations and capabilities of the authorities.

Aside from the TRUST variables, there are other interesting findings. We find a strong positive correlation between donor's financial weight in a given counterpart country (vis-à-vis other donors) and its level of agenda-setting influence.[26] The effects of FINANCIAL WEIGHT are positive and significant (p<0.01) across Models 1-6. These findings lend credence to the bargaining power argument that donors with greater financial leverage enjoy higher levels of development policy influence. Our analysis also suggests that multilateral donors are considerably more influential than DAC bilateral or non-DAC bilateral donors.

[25] In light of our relatively low response rate and imperfect information about the representativeness of our sample vis-à-vis the sampling frame (i.e. the population of interest), we employ inverse-probability weights to account for unit non-response (or survey non-response) and generate unbiased and comprehensive aggregate statistics based on the individual respondent-level data. See Appendix B for details on how these non-response weights are constructed.

[26] These findings are broadly consistent with those reported in AidData's *Listening to Leaders* report (Custer et al. 2015). The present study and Custer et al. (2015) find that a donor's financial weight has a positive and statistically significant effect on its agenda-setting influence. However, it is important to note that, unlike Custer et al. (2015) where the unit of analysis is a donor (which yields only 46 observations), the present study uses richer variation in the relative financial weight (and reliance upon technical assistance) of each donor in each aid-receiving country. It does so by keeping the unit of analysis at the individual level and adopting multilevel models to capture the hierarchical structure of the data. Thus, this present analysis offers a more rigorous and robust test of the effects of donor bargaining power and donor reliance upon technical assistance.

The effects of MULTILATERAL are positive and statistically significant across all the models (p-value<0.01). On average, multilateral donors are rated 1-1.5 points higher on our measure of development policy influence than non-DAC bilateral donors and 0.6-0.7 points higher than DAC bilateral donors.

Our findings also point to a potential “pass-through effect”, whereby domestic political support for reform amplifies or dampens the degree to which any donor is able to influence counterpart country reform priorities. We find that sector-level reform support from the Office of the President or Prime Minister (EXECUTIVE SUPPORT) has a statistically significant and positive effect on the (sector-specific) agenda-setting influence of donors (p-value<0.01). These findings attest to the centrality of the executive branch in leading and shepherding domestic reform processes. However, they also call attention to the fact that the presence or absence of a reform-oriented chief executive conditions the degree to which donors can exert development policy.[27] In this regard, our findings corroborate those of Chwieroth (2013: 267), who finds that external actors who seek to promote reform must identify and ally themselves with “sympathetic domestic interlocutors” who share their policy goals.

We subject these findings to a number of different robustness tests. We first test whether our findings are sensitive to the inclusion of country fixed effects to account for the possibility that some unobservable characteristics specific to individual countries (e.g., legitimacy, willingness to cooperate with external donors) may potentially be omitted variables—or confounders—which are correlated with both levels of donor influence and levels of donor trust in the public financial management systems of counterpart countries.[28] Fixed-effects models allow us to control for such country-specific omitted variables.

Our main findings do not change if we introduce country fixed effects (See Table A-2 in the Appendix). Since our key variables of concern are measured at the donor-recipient dyad level, we can also replicate Models 1-5 in Table 1 using collapsed data by each donor-recipient dyad. In this collapsed data structure, the dependent variable is now defined as the average development policy influence score of donor *j* in country *k*. Using this collapsed dataset may reduce noise in our data by averaging out respondents' ratings of each donor and thus simplifying our models. Our results remain robust when these collapsed country-donor dyad data are used (See Table A-3 in the Appendix).

[27] 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: 9; United Nations 2006: 128).

[28] Knack (2013) shows that a donor's decision to channel its aid through government systems is directly linked to “the trustworthiness or quality of those systems.”

We can also test whether our results remain robust if a subset of the sample is used. We can examine, for instance, if our findings are an artifact of skewed regional representation in our sample. The largest group of respondents in the survey comes from sub-Saharan Africa (approximately 40% of the 14,343 respondent-donor interactions/evaluations). We replicate Models 1-6 in Table 1 using the subsample of respondents only from sub-Saharan Africa and another subsample of respondents from the rest of the world. The effects of the TRUST variables remain statistically significant across all of the different model specifications (Model 1-6) within the Africa subsample (See Table A-4). Our findings remain somewhat robust if applied to the non-Africa subsample, as the effects of the TRUST variables are all in the expected directions; however, some of these effects are not statistically significant at conventional levels (See Table A-5).[29]

[29] This result also corroborates a key finding from AidData's *Listening to Leaders* report: that when donors align their funding with the development priorities of counterpart governments, they usually reap a development policy influence dividend (Custer et al. 2015: 76).

Table 1. Determinants of development policy influence

Model	(1)	(2)	(3)	(4)	(5)
TRUST BE	0.037				
	(0.011)***				
TRUST FR		0.036			
		(0.011)***			
TRUST NA			0.035		
			(0.013)***		
TRUST ALL				0.039	
				(0.013)***	
TRUST (TA)					-0.063
					(0.014)***
Respondent-Level					
Controls					
SEX	-0.053	-0.053	-0.053	-0.052	0.007
	(0.094)	(0.094)	(0.094)	(0.094)	(0.090)
POSTGRADUATE	-0.068	-0.066	-0.067	-0.060	-0.050
	(0.102)	(0.102)	(0.103)	(0.103)	(0.081)
PHD	-0.243	-0.242	-0.243	-0.233	-0.323
	(0.121)**	(0.122)**	(0.122)**	(0.123)*	(0.103)***
EXECUTIVE	0.250	0.249	0.247	0.249	0.153
SUPPORT	(0.079)***	(0.079)***	(0.079)***	(0.079)***	(0.073)**
LEGISLATIVE	0.135	0.134	0.135	0.136	0.204
SUPPORT	(0.070)*	(0.070)*	(0.070)*	(0.070)*	(0.065)***
JUDICIAL	-0.031	-0.032	-0.031	-0.031	-0.030
SUPPORT	(0.090)	(0.090)	(0.090)	(0.089)	(0.084)
CIVIL SUPPORT	0.168	0.168	0.169	0.168	0.198
	(0.088)*	(0.088)*	(0.088)*	(0.088)*	(0.081)**
Donor-Country-Level Controls					

FINANCIAL	0.096	0.095	0.099	0.093	0.224
WEIGHT	(0.035)***	(0.035)***	(0.035)***	(0.035)***	(0.022)***
MULTILATERAL	1.448	1.521	1.495	1.525	0.951
	(0.203)***	(0.202)***	(0.208)***	(0.194)***	(0.151)***
DAC	0.679	0.725	0.708	0.736	0.342
	(0.206)***	(0.208)***	(0.213)***	(0.200)***	(0.139)**
Country-Level					
Controls					
AID	0.053	0.050	0.053	0.055	0.072
DEPENDENCY	(0.098)	(0.096)	(0.096)	(0.097)	(0.075)
INCOME	0.013	0.026	0.028	0.028	0.010
	(0.136)	(0.133)	(0.134)	(0.136)	(0.113)
POPULATION	-0.055	-0.057	-0.052	-0.056	-0.036
	(0.064)	(0.064)	(0.065)	(0.064)	(0.051)
DEMOCRACY	-0.001	-0.001	0.000	0.000	0.006
	(0.010)	(0.010)	(0.010)	(0.010)	(0.009)
CONTROL OF	-0.048	-0.068	-0.053	-0.058	-0.068
CORRUPTION	(0.111)	(0.111)	(0.114)	(0.113)	(0.097)
Level 3. Countries	0.286	0.279	0.282	0.279	0.348
(Intercept Variance)	(0.042)***	(0.041)***	(0.041)***	(0.041)***	(0.034)***
Level 2. Donor-	0.483	0.484	0.486	0.487	0.397
Country Dyads	(0.033)***	(0.032)***	(0.033)***	(0.033)***	(0.029)***
(Intercept Variance)					
Level 1. Individuals	1.245	1.246	1.245	1.245	1.271
(Residual Variance)	(0.023)***	(0.023)***	(0.023)***	(0.023)***	(0.022)***
N of Countries	70	70	70	70	98
N of Donor-Country Dyads	697	697	697	696	1348

N of Individuals	4500	4500	4500	4488	7576

Notes: All these regressions include controls for each respondent's primary area of policy focus and length of service to the government. All analyses use inverse-probability weights to account for variation in unit non-response rate. * p<0.1; ** p<0.05; *** p<0.01

5. Conclusion

As developing countries have become less dependent upon official development assistance (ODA), many multilateral and bilateral donors have gravitated towards the idea that their future success should be judged according to whether they help to promote and facilitate policy and institutional reform in the countries where they work (Altenburg 2007; World Bank 2012; MCC 2013; House of Commons 2015; USAID 2015). However, the means by which aid agencies and development finance institutions can achieve this end remain dimly understood.

DFID provides a case in point. It harbors aspirations to achieve outsized influence as a trusted provider of development policy analysis and advice. However, it has recently decided to discontinue the practice of providing budget support to all partner countries (HM Treasury and DFID 2015).[30] Multiple factors have likely contributed to this gap between DFID's organizational rhetoric and its action (e.g. the difficulty of claiming credit for results achieved through budget support, outside pressure from the Independent Commission on Aid Impact), but one wonders whether this apparent inconsistency would have ever emerged in the first place if DFID and its authorizers and overseers had understood the development policy influence implications of clawing back aid management responsibilities from their counterpart governments.[31]

We have attempted in this study to help close this knowledge gap. Our empirical findings demonstrate that one of the strongest predictors of whether donors will influence the reform priorities of counterpart countries *relates to levers that are directly within the control of bilateral and multilateral aid agencies*. When donors route their funding through government systems, they face a well-documented and well-understood set of costs and risks (Knack 2013), but our analysis also suggests that they also stand to achieve a less well-documented and well-understood benefit: expanded development policy influence with the local authorities who are responsible for initiating, implementing, and institutionalizing reforms.

[30] The very same strategy document that DFID released to announce the end of general budget support called for UK aid to "[contribute] to the UK's soft power and our ability to project our influence across the globe" (HM Treasury and DFID 2015: 18).

[31] The policy decision was likely influenced by careful consideration of the *costs* and *risks* associated with channeling money through host country budget, procurement, and audit systems, but not the full range of *benefits* associated with this approach.

The Paris Declaration urged donors to take a series of costly actions— e.g. reduced use of parallel project implementation units, greater use of the public expenditure management systems of counterpart countries, heavier reliance upon budget support and sector-wide approaches (SWAPs), and increased coordination in the production, dissemination, and use of analytical and advisory products—on the basis of a public good provision argument: that if all or most donors would agree to respect the principles of ownership, alignment, and harmonization, the overall development impact of their collective efforts would increase. However, as with other public goods, each individual actor (donor) has an incentive to free ride on the efforts of others. It is therefore no surprise that adherence to the principles outlined in the Paris Declaration has been uneven at best (Knack 2014).

By contrast, our study calls attention to the *direct* and *private* benefits that individual donors can achieve when they implement one of the most important— and costly—trust-building measures described in the Paris Declaration: channeling their funds through the budget, procurement, and audit systems of counterpart countries.[32] Given that many donors covet development policy influence and these benefits were not previously understood, it is tempting to contemplate the counterfactual of whether donor compliance with Paris Declaration principles might have looked somewhat different over the last ten years if donors had known what we now know—that adherence to the Paris Declaration principles enables individual donors to reap a development policy influence dividend that they would not otherwise achieve. This is ultimately unknowable, but it certainly does seem that, because of heightened competition in the aid market, donors are more acutely aware of their development policy influence (or lack thereof) than ever before (Steinwand 2015; Hernandez 2016).

We have also presented preliminary evidence in this study that as a donor increases its levels of reliance upon technical assistance as a modality of aid delivery, it increases the probability (risk) that it will incur an upstream policy influence penalty. However, our findings do not demonstrate that technical assistance is ineffective at achieving all or even most of its *intended* purposes. The purposes of technical assistance are varied; they include training of government officials, support for the design and implementations of reforms (after reform priorities have been established), and the provision of data, evidence, and analysis that can inform public sector decision-making.[33] Our argument is that heavy reliance on technical

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[32] In this regard, our results support the claim that "it can be said with some confidence that the achievement of higher levels of mutual trust between aid donors and recipients would be good for aid effectiveness and poverty reduction" (Mosley and Abrar 2006: 324).

[33] Technical assistance can, in certain circumstances, be a useful and effective way of transferring skills and technical know-how to partner countries (Annen & Kosempel 2009; Mikami and Furukawa 2016). However, as a general matter, the global development community has coalesced around the notion that heavy reliance upon technical assistance impairs aid effectiveness, particularly when it is fragmented and uncoordinated (Berg 1993; Devarajan et al. 2001). This is evident in the Paris Declaration, which calls for donors to "work together to reduce the number of separate, duplicative, missions to the field and diagnostic reviews."

assistance has an *unintended* effect: it sends a signal to the counterpart government that the donor cannot be trusted because it is not committed to providing aid in a manner that respects and advances country ownership, which in turn has the knock-on effect of reducing that counterpart government's willingness to grant concessions to the donor at the priority-setting stage of the policymaking process.[34]

This is an important nuance in our theoretical and empirical argument. Our argument is that, *irrespective of what donors want to achieve by using different aid modalities*, aid modality decisions function as signaling devices. That is to say, aid-receiving governments use aid modality decisions as signals that help them differentiate between trustworthy and untrustworthy donors (or, alternatively, donors that provide "high value" aid and "low value" aid). In the parlance of signaling theory, heavy reliance on budget support sends a costly signal of reassurance and heavy reliance on technical assistance transmits the opposite signal. The decision to rely on budget support increases the utility of a donor's offer to an aid-receiving government and thereby makes the aid-receiving government more willing to grant policy concessions to that donor, while the decision to rely on technical assistance diminishes the utility of a donor's offer to an aid-receiving government and makes the aid-receiving government less willing to grant policy concessions to that donor.

We think this assumption—that aid modality decisions function as signaling devices—is a defensible one. It rests on the notion that aid-receiving governments perceive budget support to be "high value" aid (that supports host government priorities and processes) and technical assistance to be "low value" aid (that is less focused on host government priorities and processes and more focused on donor priorities and processes). This idea enjoys reasonably broad support within the development community. Indeed, as early as fifteen years ago (well before our 2004-2013 period of analysis), the World Bank acknowledged in its flagship *World Development Report* that "technical assistance …has a spotty record at best, particularly in countries where capacity is already weak," and that "[t]he main reason is that has often not been demand driven — it has often been tied aid and designed to develop capacity only in donor-supported activities (World Bank 2001: 200).[35]

An open, empirical question is whether and to what extent donors can manage and mitigate this risk of an unintended policy influence penalty if they actively coordinate and harmonize their technical assistance efforts. This is another core principle articulated in the Paris Declaration and there are some encouraging examples of donors delivering budget support (and/or policy-based lending) in ways that complement and

[34] By contrast, one of the primary objectives of budget support is to buy policy concessions at the agenda-setting stage of the policymaking process (Koeberle et al. 2005; Molenaers 2012; Molenaers et al. 2015). Therefore, the evidence presented in this article *can* be interpreted as evidence that budget support is achieving one of its intended effects.

[35] The same report called for a fundamental restructuring of technical assistance, such that it would be "incorporated into a national [development] strategy and expenditure plan, with the recipient government deciding what assistance it needs and who should produce it" (World Bank 2001: 200)

are coordinated with technical assistance.[36] In Tanzania, for example, the government has for many years been a major recipient of budget support from multiple donors and faced a related barrage of uncoordinated public expenditure management assessments. However, in 2004, the authorities requested that the donors harmonize their efforts and engage in "one process—one assessment" (World Bank 2006).[37] The World Bank's Independent Evaluation Group (IEG) notes that "Tanzania's reform agenda suffered in the early years because [this] uncoordinated approach by donors resulted in conflicting advice and multiple agendas" but that "the situation changed when the government successfully demanded better coordination among donors" (IEG 2008: 56-57). Therefore, the question of whether and how donors can escape the policy influence penalty that uncoordinated, bilateral technical assistance efforts produce is one that merits further empirical scrutiny.

Finally, it should be noted that the evidence from this study indicates not only that levers within the direct control of aid agencies (e.g. use of technical assistance and country systems) determine the degree to which they can exert in-country development policy influence, but also that many factors which are outside the control of donors (e.g. regime type, country size, per capita income) have little bearing on whether they can exert influence on the reform priorities of counterpart countries. This finding should be a source of encouragement to aid agencies that may worry that exogenous, country-level factors are the primary impediments that stand in the way of them expanding their development policy influence vis-à-vis the authorities. However, one important exception to this finding is country ownership of domestic reform processes. The breadth of support for and opposition to reform within partner countries is a key factor that either amplifies or constrains the development policy influence of donors.

Taken together, our results suggest donors seeking greater development policy influence would be wise to not only exercise greater selectivity in where they target their reform assistance and advice, but also grant expanded authority and discretion over the use and management of aid funds to reform-oriented counterpart governments.

[36] One of the key indicators put forward to monitor compliance with Paris Declaration principles is whether "50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies."

Appendix A

Table A-1. Descriptions of variables

Model	Definition	N	Mean	Std. Error	Min	Max	Sources
TRUST BE	Log of the share of aid disbursed through national budget execution procedures	4500	1.454	3.005	-3.807	4.938	OECD-DAC
TRUST FR	Log of the share of aid disbursed through national financial reporting procedures	4500	0.871	3.111	-3.807	4.605	OECD-DAC
TRUST NA	Log of the share of aid disbursed through national auditing procedures	4500	1.193	2.730	-2.791	4.605	OECD-DAC
TRUST ALL	Log of the share of aid disbursed through all three national procedures	4488	1.193	2.663	-2.597	4.893	OECD-DAC
TRUST TA	Log of the share of aid disbursed as technical assistance	4379	0.701	3.890	-6.869	4.605	OECD-DAC
Respondent-Level Controls							
SEX	A dummy variable coded 0 if male; 1 if female	4500	0.212	0.409	0	1	AidData (2015)
POSTGRADUATE	A dummy variable coded 1 if a given respondent received a postgraduate degree (e.g., master's degree); 0 otherwise	4500	0.634	0.482	0	1	AidData (2015)

PHD	A dummy variable coded 1 if a given respondent received a doctoral degree; 0 otherwise	4500	0.196	0.397	0	1	AidData (2015)
EXECUTIVE SUPPORT	A dummy variable coded 1 if a given respondent believed the executive body to have supported policy reforms; 0 otherwise	4500	0.597	0.491	0	1	AidData (2015)
LEGISLATIVE SUPPORT	A dummy variable coded 1 if a given respondent believed the legislature to have supported policy reforms; 0 otherwise	4500	0.426	0.495	0	1	AidData (2015)
JUDICIAL SUPPORT	A dummy variable coded 1 if a given respondent believed the legislature to have supported policy reforms; 0 otherwise	4500	0.199	0.399	0	1	AidData (2015)
CIVIL SUPPORT	A dummy variable coded 1 if a given respondent believed civil society groups to have supported policy reforms; 0 otherwise	4500	0.778	0.416	0	1	AidData (2015)
Donor-Country-Level Controls							
FINANCIAL WEIGHT	Log of the share of aid country *k* receives from donor *j*.	4500	1.310	1.613	-5.803	4.347	OECD-DAC
MULTILATERAL	A dummy variable coded 1 if donor *j* being evaluated by respondent *i* is a multilateral; 0 otherwise	4500	0.565	0.496	0	1	OECD-DAC

DAC	A dummy variable coded 1 if donor *j* being evaluated by respondent *i* is a DAC bilateral; 0 otherwise	4500	0.429	0.495	0	1	OECD-DAC
Country-Level Controls							
AID DEPENDENCY	Log of net ODA/GNI	4500	1.439	1.565	-2.206	4.295	WDI
INCOME	Log of GDP per capita	4500	6.642	0.890	5.009	8.703	WDI
POPULATION	Log of population	4500	16.506	1.312	13.094	19.277	WDI
DEMOCRACY	Polity IV ratings of democracy	4500	3.891	4.411	-9	10	Polity IV
CONTROL OF CORRUPTION	WGI indicators of Control of Corruption	4500	-0.647	0.405	-1.360	0.958	WGI

Table A-2. Determinants of development policy influence (country fixed effects)

Model	(1)	(2)	(3)	(4)	(5)
TRUST BE	0.046				
	(0.010)***				
TRUST FR		0.041			
		(0.010)***			
TRUST NA			0.043		
			(0.012)***		
TRUST ALL				0.044	
				(0.013)***	
TRUST TA					-0.061
					(0.011)***
Respondent-Level Controls					
SEX	-0.028	-0.030	-0.031	-0.029	0.018
	(0.054)	(0.055)	(0.055)	(0.055)	(0.043)
POSTGRADUATE	-0.028	-0.026	-0.029	-0.022	-0.029
	(0.058)	(0.058)	(0.058)	(0.058)	(0.045)
PHD	-0.202	-0.202	-0.204	-0.195	-0.292
	(0.073)***	(0.073)***	(0.073)***	(0.073)***	(0.056)***
EXECUTIVE	0.232	0.232	0.229	0.231	0.152
SUPPORT	(0.048)***	(0.048)***	(0.048)***	(0.048)***	(0.038)***
LEGISLATIVE	0.125	0.124	0.125	0.126	0.221
SUPPORT	(0.048)***	(0.048)**	(0.048)***	(0.048)***	(0.036)***
JUDICIAL	-0.042	-0.044	-0.043	-0.045	-0.044
SUPPORT	(0.056)	(0.056)	(0.056)	(0.056)	(0.045)
CIVIL SUPPORT	0.168	0.170	0.172	0.171	0.202
	(0.056)***	(0.056)***	(0.056)***	(0.056)***	(0.041)***
Donor-Country-Level Controls					
FINANCIAL	0.088	0.086	0.090	0.083	0.234

WEIGHT	(0.031)***	(0.032)***	(0.032)***	(0.033)**	(0.018)***
MULTILATERAL	1.461	1.550	1.516	1.558	1.026
	(0.216)***	(0.219)***	(0.214)***	(0.209)***	(0.152)***
DAC	0.639	0.699	0.673	0.713	0.407
	(0.214)***	(0.218)***	(0.212)***	(0.208)***	(0.150)***
N of Observations	4500	4,500	4,500	4,488	7,567

Notes: * $p<0.1$; ** $p<0.05$; *** $p<0.01$

Table A-3. Determinants of development policy influence (collapsed data with country fixed effects)

Model	(1)	(2)	(3)	(4)	(5)
TRUST BE	0.057				
	(0.012)***				
TRUST FR		0.037			
		(0.012)***			
TRUST NA			0.044		
			(0.014)***		
TRUST ALL				0.043	
				(0.015)***	
TRUST TA					-0.134
					(0.017)***
N of Observations	760	760	760	759	1,578

Notes: * p<0.1; ** p<0.05; *** p<0.01

Table A-4. Determinants of development policy influence (Africa sample)

Model	(1)	(2)	(3)	(4)	(5)
TRUST (QD8)	0.047				
	(0.018)***				
TRUST (QD9)		0.051			
		(0.016)***			
TRUST (QD10)			0.063		
			(0.021)***		
TRUST (QD11)				0.063	
				(0.020)***	
TRUST (TA)					-0.078
					(0.024)***
Respondent-Level					
Controls					
SEX	-0.092	-0.094	-0.096	-0.096	-0.049
	(0.117)	(0.117)	(0.117)	(0.117)	(0.110)
POSTGRADUATE	0.098	0.099	0.097	0.100	0.164
	(0.136)	(0.136)	(0.137)	(0.137)	(0.117)
PHD	-0.217	-0.219	-0.219	-0.217	-0.239
	(0.161)	(0.161)	(0.162)	(0.161)	(0.157)
EXECUTIVE	0.261	0.261	0.260	0.259	0.124
SUPPORT	(0.108)**	(0.107)**	(0.107)**	(0.107)**	(0.115)
LEGISLATIVE	0.063	0.064	0.064	0.064	0.192
SUPPORT	(0.093)	(0.093)	(0.093)	(0.093)	(0.097)**
JUDICIAL	0.027	0.024	0.023	0.027	0.057
SUPPORT	(0.100)	(0.100)	(0.100)	(0.100)	(0.104)
CIVIL SUPPORT	-0.061	-0.061	-0.059	-0.060	0.037
	(0.132)	(0.132)	(0.132)	(0.132)	(0.132)
Donor-Country-Level Controls					

FINANCIAL	0.190	0.188	0.195	0.185	0.234
WEIGHT	(0.066)***	(0.066)***	(0.060)***	(0.065)***	(0.050)***
MULTILATERAL	1.266	1.258	1.219	1.350	0.584
	(0.403)***	(0.399)***	(0.416)***	(0.361)***	(0.291)**
DAC	0.617	0.593	0.585	0.707	0.032
	(0.416)	(0.413)	(0.431)	(0.380)*	(0.256)
Country-Level Controls					
AID	0.049	0.031	0.031	0.062	0.119
DEPENDENCY	(0.165)	(0.167)	(0.168)	(0.164)	(0.154)
INCOME	0.042	0.024	0.026	0.053	0.114
	(0.198)	(0.193)	(0.195)	(0.195)	(0.184)
POPULATION	-0.040	-0.053	-0.053	-0.051	0.011
	(0.061)	(0.062)	(0.061)	(0.059)	(0.078)
DEMOCRACY	0.009	0.009	0.010	0.009	0.016
	(0.011)	(0.011)	(0.012)	(0.012)	(0.013)
CONTROL OF	-0.069	-0.094	-0.093	-0.098	-0.002
CORRUPTION	(0.157)	(0.154)	(0.154)	(0.156)	(0.133)
Level 3. Countries	0.223	0.224	0.221	0.219	0.316
(Intercept Variance)	(0.038)***	(0.037)***	(0.039)***	(0.038)***	(0.040)***
Level 2. Donor-	0.495	0.494	0.486	0.492	0.446
Country Dyads	(0.043)***	(0.044)***	(0.044)***	(0.043)***	(0.050)***
(Intercept Variance)					
Level 1. Individuals	1.222	1.221	1.223	1.222	1.229
(Residual Variance)	(0.032)***	(0.032)***	(0.032)***	(0.031)***	(0.030)***
N of Countries	36	36	36	36	41
N of Donor-Country Dyads	361	361	361	361	581

N of Individuals	2177	2177	2177	2177	3182

Notes: All these regressions include controls for each respondent's primary area of policy focus and length of service to the government. * *p*<0.1; ** *p*<0.05; *** *p*<0.01

Table A-5. Determinants of development policy influence (non-Africa sample)

Model	(1)	(2)	(3)	(4)	(5)
TRUST (QD8)	0.029				
	(0.012)**				
TRUST (QD9)		0.021			
		(0.013)			
TRUST (QD10)			0.013		
			(0.014)		
TRUST (QD11)				0.018	
				(0.014)	
TRUST (TA)					-0.052
					(0.016)***
Respondent-Level					
Controls					
SEX	0.055	0.054	0.053	0.056	0.113
	(0.139)	(0.139)	(0.139)	(0.140)	(0.126)
POSTGRADUATE	-0.351	-0.350	-0.351	-0.338	-0.271
	(0.110)***	(0.110)***	(0.111)***	(0.115)***	(0.085)***
PHD	-0.395	-0.396	-0.398	-0.380	-0.448
	(0.141)***	(0.141)***	(0.141)***	(0.148)**	(0.100)***
EXECUTIVE	0.210	0.210	0.207	0.210	0.169
SUPPORT	(0.117)*	(0.117)*	(0.117)*	(0.118)*	(0.099)*
LEGISLATIVE	0.200	0.200	0.202	0.201	0.210
SUPPORT	(0.095)**	(0.095)**	(0.095)**	(0.096)**	(0.080)***
JUDICIAL	-0.035	-0.035	-0.034	-0.036	-0.040
SUPPORT	(0.162)	(0.162)	(0.162)	(0.163)	(0.125)

CIVIL SUPPORT	0.361	0.362	0.363	0.360	0.309
	(0.092)***	(0.092)***	(0.092)***	(0.093)***	(0.092)***
Donor-Country-Level Controls					
FINANCIAL	0.057	0.059	0.064	0.060	0.229
WEIGHT	(0.037)	(0.039)	(0.039)	(0.040)	(0.020)***
MULTILATERAL	1.508	1.612	1.608	1.599	1.245
	(0.168)***	(0.167)***	(0.158)***	(0.157)***	(0.177)***
DAC	0.631	0.699	0.691	0.684	0.595
	(0.153)***	(0.162)***	(0.149)***	(0.149)***	(0.166)***
Country-Level					
Controls					
AID	0.050	0.057	0.059	0.057	0.048
DEPENDENCY	(0.153)	(0.150)	(0.152)	(0.151)	(0.092)
INCOME	0.068	0.086	0.079	0.075	0.000
	(0.263)	(0.256)	(0.255)	(0.257)	(0.176)
POPULATION	-0.066	-0.058	-0.053	-0.058	-0.064
	(0.123)	(0.121)	(0.122)	(0.121)	(0.068)
DEMOCRACY	-0.012	-0.011	-0.012	-0.011	-0.002
	(0.016)	(0.016)	(0.016)	(0.016)	(0.012)
CONTROL OF	-0.208	-0.206	-0.186	-0.187	-0.230
CORRUPTION	(0.230)	(0.222)	(0.222)	(0.228)	(0.169)
Level 3. Countries	0.318	0.308	0.308	0.307	0.350
(Intercept Variance)	(0.077)***	(0.075)***	(0.076)***	(0.075)***	(0.052)***
Level 2. Donor-	0.442	0.443	0.449	0.449	0.364
Country Dyads	(0.053)***	(0.051)***	(0.052)***	(0.052)***	(0.034)***
(Intercept Variance)					
Level 1. Individuals	1.230	1.231	1.230	1.230	1.272

(Residual Variance)	(0.033)***	(0.033)***	(0.033)***	(0.033)***	(0.032)***
N of Countries	34	34	34	34	57
N of Donor-Country Dyads	336	336	336	335	767
N of Individuals	2323	2323	2323	2311	4385

Notes: All these regressions include controls for each respondent's primary area of policy focus and length of service to the government. * $p<0.1$; ** $p<0.05$; *** $p<0.01$

Appendix B: Inverse-Probability Weights

To construct non-response weights, a multivariate logistic regression is estimated to calculate predicted response rate for each member of the sampling frame. In the 2014 Reform Efforts Survey, we take the following steps to calculate non-response weights. First, to select a set of variables to be included in the model, we follow other major surveys in eliminating variables that turn out to be insignificant ($p>0.30$) and keep the variables that significantly improve the model fit. The final set of variables included in the logistic regression are sex, institutional type, country, and stakeholder group, which all turn out to be statistically significant ($p<0.05$). Second, we compute the predicted rate of response based on the estimated logistic regression for each member of the sampling frame and take its inverse to arrive at non-response weights, which are then rescaled to add up to the total number of respondents. To eliminate extreme weights, we follow other surveys in replacing all weights above 2.5 with 2.5, which affect only 66 respondents out of 6,731 respondents.

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