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**DANIDA** | INTERNATIONAL  
DEVELOPMENT COOPERATION

# Danish Development Cooperation from a Partner Country Perspective



**EVALUATION STUDY**

SEPTEMBER 2016

## Evaluation Study

### Danish Development Cooperation from a Partner Country Perspective

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## **List of abbreviations**

CGD	Center for Global Development
CSO	Civil Society Organisation
Danida	Danish Development Agency
DAC	Development Assistance Committee
EVAL	Evaluation Department, Ministry of Foreign Affairs of Denmark
GDP	Gross Domestic Product
GNI	Gross National Income
LDC	Least Developed Countries
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
PPP	Public-Private Partnership
UNDP	United Nations Development Program

## Executive Summary

As one of only six countries to achieve the UN official development assistance target, Denmark has consistently contributed at or above 0.7% of its gross national income (GNI) to foreign aid since 1978 (Development Initiatives 2013). This financial support, while essential, is only one of the several ways through which Denmark seeks to make an impact in its partner countries. Other forms of engagement can be equally if not more influential: providing advice on policy decisions and assisting governments with designing and implementing reforms.

With fewer funds available for overseas development efforts, this question is significant for Denmark. In this report, we systematically take into account the first-hand experiences and observations of those who Denmark seeks to advise and assist. In doing so, we shed light on whether, when, and how Denmark informs or influences the policy priorities, processes, and outcomes of its counterpart countries. In particular, we seek to answer the following questions:

- Which leaders and institutions have experience working with Denmark?
- How communicative is Denmark compared with other donors?
- How does Denmark measure up on the three dimensions of performance?
- With whom and where does Denmark enjoy influence?
- Under what circumstances is Denmark most influential?

We draw upon the responses from the *2014 Reform Efforts Survey* of policymakers and practitioners that held leadership positions in 126 low- and middle-income countries between 2004 and 2013. Participants provided first-hand insights into their experiences working with a variety of development partners and feedback on three aspects of performance: influence in setting the policy priorities, usefulness of advice in informing policy decisions, and helpfulness in reform implementation (i.e., translating ideas into action).

i.

To evaluate Denmark's performance from a partner country perspective, we use insights from public, private, and civil society sector leaders in 40 low- and middle-income countries that participated in the *2014 Reform Efforts Survey* and worked directly with Denmark. Of the 6731 individuals who responded to the survey, 179 reported working directly with Denmark.

Participants who reported working with Denmark had the following attributes:

- **Constituents:** The composition of survey participants who reported working with Denmark is consistent with Danida's strategic focus on partnerships with civil society and the private sector, as well as close coordination with other development partners. In contrast, a smaller-than-expected proportion of host government officials indicated working with Denmark.
- **Regions:** Denmark's longstanding emphasis on assistance to sub-Saharan Africa is evident in the higher-than-expected number of survey participants who indicated that they had experience working with Denmark.
- **Sectors:** Survey participants who worked with Denmark indicated that they specialised in governance and social sectors, which is in line with Danida's own perceived comparative advantages.
- **Seniority:** Middle management and programmatic staff within government were more likely to have worked with Denmark than senior leaders

Caveats to our findings: The number of respondents is relatively small, hence their views may not accurately represent the actual scope and influence of Danish development cooperation which puts into the question the generalisability of the findings, particularly at the country and sector levels. While findings based on a small number of responses are not necessarily generalisable across all of the diverse contexts where Denmark operates, they nevertheless shed important light on the experiences of individuals who reported working with Denmark and their perception of Danish performance.

ii.

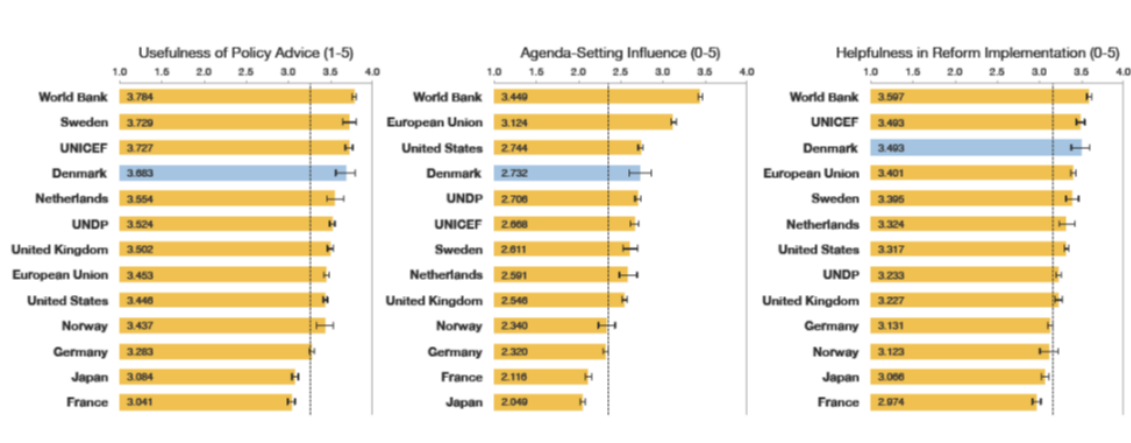
Development cooperation involves the use of both money and ideas to spur changes in institutions, rules, norms, and practices. A key component of this process is communication with stakeholders in partner countries. Survey participants rated how frequently in-country development partners communicate with them on a scale of 1 to 6, with 1 indicating once a year or less and 6 indicating almost daily communication.

Denmark appears to be more communicative relative to other development partners. Compared to 12 other major multilateral and bilateral development partners, Denmark ranks the third highest in terms of the frequency of communication. Notably, Denmark's relatively high frequency of communication with partner countries is more akin to the reported communication practices of large multilateral actors such as the UNDP and the World Bank, than to some other major DAC bilateral donors such as Germany, France, and Japan, which exhibited a lower frequency of communication compared to multilateral organisations.

iii.

We use the responses to the *2014 Reform Efforts Survey* to construct three perceptions-based indicators of Denmark’s performance: (i) influence in shaping a counterpart government’s development policy priorities; (ii) the usefulness of Danish policy advice in designing reforms; and (iii) the helpfulness of Danish development cooperation in implementing reforms. 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. Similarly, participants were asked to rate the influence of development partners on their country’s decision to pursue reforms and their helpfulness in reform implementation on a scale of 0 to 5, with 0 signifying no influence or not helpful at all and 5 indicating maximum influence or extremely helpful.

**Figure i: Denmark performs relatively well on all performance measures**



*Notes: The dashed vertical line corresponds to average scores for an average DAC bilateral (excluding Denmark). Error bars indicate +/- one standard error. The usefulness of policy advice is measured on a scale of 1 through 5, with 1 indicating “almost never”, 2 “less than half the time”, 3 “about half the time”, 4 “more than half the time”, and 5 “almost always.” Agenda-setting influence and helpfulness in reform implementation are both measured based on a scale of 0 to 5, with 0 indicating the least influence/helpfulness and 5 the utmost influence/helpfulness.*

Whereas other development partners fluctuate across these three dimensions of performance, Denmark performs consistently well across the board. Compared with a cohort of major bilateral and multilateral development partners, Denmark ranked third in helpfulness in reform implementation and fourth in the usefulness of its policy advice and agenda-setting influence (Figure i). Denmark’s relatively even performance may signal an equal emphasis in engaging with partner countries at various stages of the policymaking process from shaping upstream policy priorities



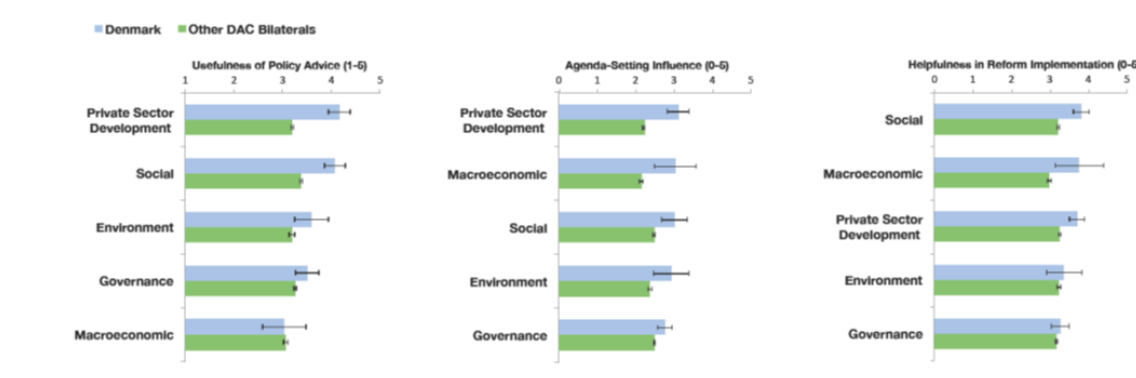
and informing the design of specific reforms, to providing downstream financial and technical assistance during implementation.

We analyse the unique characteristics and attributes of those groups where Denmark appears to enjoy the greatest favourability and influence, and identify three patterns on this comparative advantage.

Host governments view Denmark’s performance more favourably than do CSOs and development partners. Even though host government officials overall were less familiar with Danish development partners than anticipated, those that have worked with Denmark perceive it as performing relatively better than the average DAC bilateral development partner on all three measures of performance. This favourability rating is not unique to Denmark, however, but seems to hold for other European bilateral development partners such as Finland, Luxembourg, Austria, and Ireland as well (Custer et al 2015).

Engagement does not necessarily translate into favourability. While survey participants from CSO, private sector, and development partners were on average more likely to work directly with Denmark than expected, they rate Denmark’s performance on par or only slightly better than the average DAC bilateral partner. With Denmark’s more recent emphasis on engagement with CSOs/NGOs around issues of democracy and human rights, and the private sector in efforts for development and poverty reduction, it will be instructive to see whether and how these reported experiences and perceptions change overtime.

**Figure ii: Denmark is perceived as most useful by respondents in private sector development and social sectors**



Notes: Error bars indicate +/- one standard error. The usefulness of policy advice is measured on a scale of 1 through 5, with 1 indicating “almost never”, 2 “less than half the time”, 3 “about half the time”, 4 “more than half the time”, and 5 “almost always.” Agenda-setting influence and helpfulness in reform implementation are both measured based on a scale of 0 to 5, with 0 indicating the least influence/helpfulness and 5 the utmost influence/helpfulness.



Denmark's policy advice is seen as particularly useful to those working in private sector development and the social sectors. Survey participants belonged to one of five policy clusters: macroeconomic, social, private sector development, environment, and governance. Overall, Denmark did better than the average DAC bilateral partner on each of the three measures of development partner performance, across all policy clusters (Figure ii).

However, survey participants with a specialisation in private sector development and social policy perceived Denmark to be particularly useful, influential and helpful. This finding appears to be somewhat consistent with Denmark's development cooperation strategy: a strategic shift in 2009 towards greater emphasis on private sector development, and supporting social progress.

In contrast, while democracy, transparency, and anti-corruption are explicit foci in Denmark's development cooperation strategy, survey participants working in governance found Denmark to be relatively less influential and helpful than their counterparts in other policy clusters such as: private sector development, macroeconomic, and social. This relative lack of comparative advantage in the governance space merits further research.

Denmark is perceived most favourably in sub-Saharan Africa, but has less clout in Latin America and the Caribbean. The geographical variation in Denmark's performance in effecting reform seems to mimic the regional emphases of the Danish development strategy. Given the intensity of Danish development cooperation in the region, it is unsurprising that participants from sub-Saharan Africa rated Danish development partners as performing substantially better than the average DAC bilateral partner on all three measures of influence. In contrast, Latin America has received less financial support from and direct engagement with Danish development agencies. The perceptions of participants from Latin America and the Caribbean appear to reflect this, as Denmark scored below an average DAC bilateral development partner in the region across all three indicators of development partner performance.

iv.

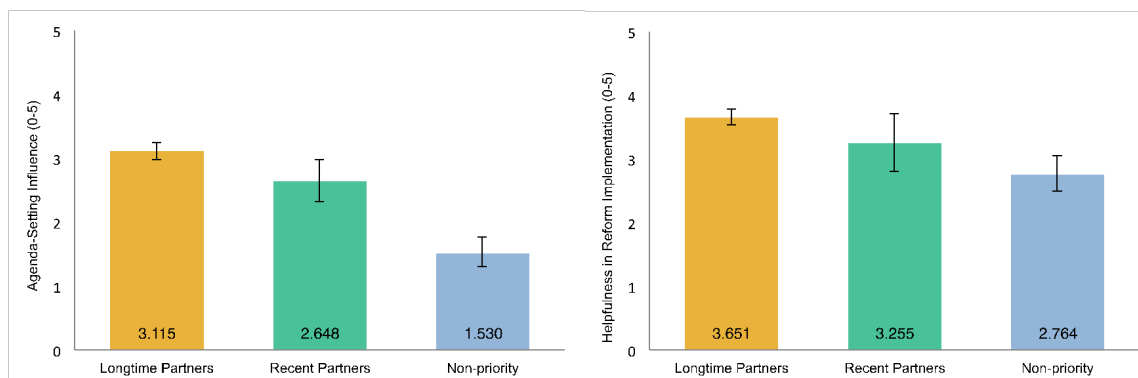
Why is it that Denmark is more influential in some countries than others? To what extent does context matter in determining whether countries view Danish development cooperation more or less favourably? Below, we identify six driving factors for variations in Denmark's perceived performance by country.

The intensity of Danish aid investments may yield an influence dividend. Survey participants from countries that received higher levels of aid from Denmark found

Danish development partners to be more influential in shaping policy priorities and helpful in implementing related reforms. In this respect, Denmark’s financial contributions appear to add “weight” to its policy advice as it attempts to influence and support reforms in partner countries.

Partnership ties grow stronger over time and translate into more favourable perceptions of performance. Denmark’s priority countries see Danish development partners as particularly influential in shaping their reform decisions and helpful in implementing reform efforts, compared to non-priority countries (see Figure iii). This dynamic appears to become more pronounced over time: long-time partner countries rate Denmark the highest on agenda-setting influence and helpfulness in reform implementation, followed by more recent partner countries. Non-priority countries view Danish development cooperation less favourably in terms of influence and helpfulness. These findings suggest that Denmark’s strategy of building long-term partnerships is working well and is likely to generate even greater influence over time with counterparts in its priority countries.

**Figure iii: Long-term priority countries perceive Denmark as most influential and helpful**



*Notes: This shows the average scores of agenda-setting influence (left) and helpfulness in reform implementation (right) for three different groups of countries: long-time partners, recent partners, and non-priority countries. (See Table A-4 for how countries are classified in terms of their partnership with Denmark). The country-level scores of agenda-setting influence and helpfulness in reform implementation are computed based on averaging survey participants’ responses for each partnership group (with non-response weights). Error bars indicate +/- one standard error.*

Denmark is perceived to be particularly influential in shaping reform efforts in the least developed countries (LDCs). A large share of Danish development finance is invested in low-income countries such as Mozambique and Uganda, and a majority of Denmark’s partner countries are also LDCs (OECD-DAC 2011). Since LDCs rely heavily on external development finance to keep themselves afloat,

development partners may enjoy greater bargaining power to shape their policy priorities and reform agendas (e.g., through aid conditionality). Our finding appears to capture this dynamic.

Denmark does not seem to be perceived to be more influential in fragile states. The growing number of fragile states in partnership with Denmark reflects the latter's growing interest in supporting stabilisation and reconstruction in these states. Nonetheless, we find that there is a weak relationship between the level of state fragility and how survey participants rated Denmark's performance on all three measures of influence, usefulness, and helpfulness. This by no means suggests that Denmark did not play an important role in the reform process in fragile states. Deep-rooted political and economic issues in fragile states coupled with Denmark's recent focus imply that perceived impact may occur with a lag. Our findings may reflect this dynamic and explain why Denmark's agenda-setting influence may be curtailed.

Denmark's frequent communication appears to yield an influence dividend. In line with our earlier finding, we find that Denmark is perceived to be more useful in providing policy advice and also influential in shaping reform agendas in countries where survey participants communicated more frequently with Denmark. This is perhaps indicative of the quality and usefulness of interactions between Denmark and in-country stakeholders, which helps translate the communication into more tangible outcomes in terms of policy influence.

Denmark's perceived influence does not depend on partner countries' level of democracy, corruption, or the amount of Danish aid to local civil society organisations. Democracy promotion has been a core element of Danish development policy. However, we do not find a relationship between perceptions of Denmark's performance and the level of a country's democracy or corruption. Moreover, there seems to be no effect of the amount of Danish aid given specifically to local civil society groups on perceptions of Denmark's performance. While consistent with our earlier finding that CSOs rank Denmark at par with the average DAC bilateral partner in terms of policy influence, this raises questions around Denmark's current emphasis on strengthening CSOs in its development cooperation strategy.

v.

Danish development cooperation is entering a critical period. Aid budgets are shrinking, priority partners are shifting, all while the marketplace of ideas for policy change is teeming with an ever growing number of actors jockeying for the attention

of developing world leaders (Parks et al, 2015; Custer et al, 2015). How well is Denmark breaking through the noise to provide useful policy advice, influence policy priorities, and support key counterparts in implementing critical reforms?

Three insights emerge from this study as Denmark seeks to advance its development cooperation strategy, “The Right to a Better Life”, and maximise its influence and impact in its partner countries with fewer kroner (Danida, 2012):

- Denmark’s current practice of frequently communicating with in-country stakeholders seems to be paying off in terms of downstream influence. As Denmark shifts focus towards new partnerships with fragile states, this approach may be even more crucial.
- Denmark’s favourability ratings appear to grow over time with its priority countries. Even as Denmark adds new priority countries, sustaining long-term partnerships is more likely to pay an influence dividend.
- Denmark’s strategy of focusing its investments on a bounded number of priority countries is generating a positive return. As Denmark looks to stretch its aid budget farther, increasing the intensity of Danish aid to a given country appears to amplify Denmark’s influence and improve favourability in the eyes of key counterparts.

## 1. Introduction

Denmark has a long history of strong financial support for development cooperation. One of only six countries to achieve the UN official development assistance (ODA) target, Denmark has consistently contributed at or above 0.7% of its gross national income (GNI) to foreign aid since 1978 (Development Initiatives, 2013). Yet, development cooperation is about more than financial support. Development partners with outsized influence and impact are those that also provide high-quality advice and help countries design and implement reforms (Altenburg 2007; Custer *et al.* 2015; Kremer and Clemens 2016). Therefore, with fewer funds available for overseas development efforts, it is increasingly important for Denmark to understand the influence of its development cooperation, exerted not only through the discrete projects and programs that it supports but also through directly engaging in policy dialogue with its partner countries.<sup>1</sup>

The Danish International Development Agency (Danida) regularly undertakes evaluations of its development strategies and programs; however, these are generally not focused on the question of development policy influence. Past efforts to evaluate the performance of Danish development cooperation have relied on cross-country econometric evidence (e.g. Minoiu and Reddy 2010) or on qualitative country case studies conducted by the Evaluation Department in Danida (EVAL). While useful in their own right, such studies do not shed light on whether, when, and how Denmark informs or otherwise influences the policy priorities, processes, and outcomes of its counterpart countries. Nor do they systematically take into account the first-hand experiences and observations of those who Denmark seeks to advise and assist.<sup>2</sup> In this study, we seek to address this knowledge gap.

This study evaluates Denmark's performance from a partner country perspective. It does so by drawing upon the insights from public, private, and civil society sector leaders in 40 low-income and middle-income countries who participated in the 2014 Reform Efforts Survey and worked directly with Denmark. We use the data from

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<sup>1</sup> By way of illustration, a 2015 report by the International Development Committee of the U.K. House of Commons notes that for DFID to remain relevant in the post-2015 era it needs “the capacity to broker partnerships, understand how to support and promote enabling environments for private sector-led growth, tackle market failures, and bring knowledge of emerging approaches around the world to policy areas ranging from social protection to green growth and climate resilience.” (House of Commons 2015: 42).

<sup>2</sup> For example, Danida's evaluation program for 2015 and 2016 includes: Evaluation of the Strategy for Danish Humanitarian Action 2010-2015; Evaluation of the Danish Engagement in Palestine; Evaluation of the Danish Climate Change Funding for Developing Countries, among others (Danida 2015). See also the Danish Ministry of Foreign Affairs' Evaluation of Development Assistance 2012 for a summary of the six evaluations and four evaluation studies conducted in 2012.

this survey to evaluate Denmark's performance as a development partner along three dimensions: its influence in shaping the development policy agenda, the usefulness of its policy advice, and the helpfulness of its assistance during the implementation of reforms.

This report has six additional sections. In Section 2, we examine the characteristics of survey participants that do and do not work with Danish development partners. Section 3 assesses the frequency of Denmark's communication compared to development partner peers and Section 4 compares Denmark's performance, as reported by survey participants, with development partner peers. In Section 5, we examine Denmark's areas of comparative advantage in supporting policy change. In Section 6, we dig deeper and examine the circumstances under which Denmark exerts higher and lower levels of development policy influence. Section 7 concludes with a discussion of some of the key themes that emerge from our analysis of the experiences and perspectives of development policymakers and practitioners in Denmark's partner countries.

## 2. Engagement: Which Leaders and Institutions Have Experience Working with Denmark?

Engagement is a necessary, though not sufficient, precursor to influence (Parks et al, 2015; Custer et al, 2015). It is unlikely that a policymaker would pay much heed to a development partner with whom they have neither interacted nor heard of previously. Therefore, the starting point for a study of Danish influence is to pinpoint those policymakers that have experience working with Danish development partners. Which countries do they call home, what are their areas of specialisation, and what roles do they play in the policymaking process?

To answer these questions, we utilise responses from the *2014 Reform Efforts Survey* of policymakers and practitioners that held leadership positions in 126 low- and middle-income countries between 2004 and 2013.<sup>3</sup> Participants provided first-hand insights into their experiences working with a variety of development partners and feedback on three aspects of performance: influence in setting the policy priorities, usefulness of advice in informing policy decisions, and helpfulness in reform implementation (i.e., translating ideas into action). The survey participants are broadly representative of the population of interest on four key dimensions: sex, country, stakeholder group, and institution type.<sup>4</sup> See Figure 1 for a comparison of the full *2014 Reform Efforts Survey* sample (those who responded to the survey) versus the population of interest (those who are in the sampling frame). Additional information on the representativeness of the *2014 Reform Efforts Survey* sampling frame and participants is available in Appendix A.

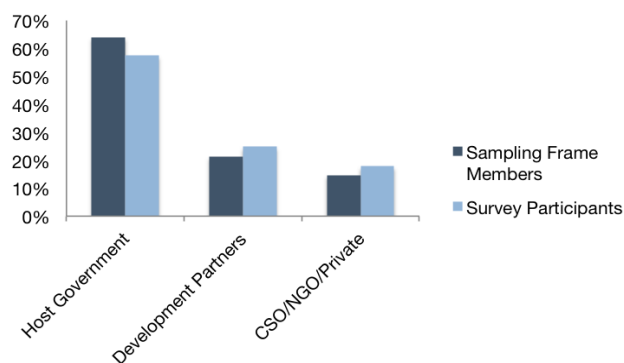
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<sup>3</sup> The *2014 Reform Efforts Survey* leveraged a sampling frame of 55,010 individuals constructed using a rigorous institution-mapping process to identify country-specific institutions and leadership positions of relevance to a study of reform efforts. Of the 55,010 individuals originally included in the sampling frame, we successfully sent a survey invitation to the email inbox of over 44,055 people. From this cohort of survey recipients, 6,731 participated. Throughout this report, we have attempted to correct for potential biases that may result from variation in contact availability, country sample size, and participation rates by employing non-response weights, which adjust for survey non-response.

<sup>4</sup> We identified our population of interest by first mapping country-specific public sector institutions (and leadership positions within those institutions) back to an ideal-typical developing country government. This ideal-typical government consisted of 33 institution types (e.g., Ministry of Finance, a Supreme Audit Institution, and a National Statistical Office). We then identified functionally equivalent leadership positions within these institutions, and the specific individuals who held these positions between 2004 and 2013. For the four other stakeholder groups, we undertook a similar process of first mapping country-specific institutions and positions, and then identifying the individuals who held those positions between 2004 and 2013. Identifying functional equivalents at the institution- and leadership position-level resulted in a sampling frame that enables comparison across countries. See the [Appendix of the Marketplace of Ideas for Policy Change](#) (Parks *et al.* 2015) report for more details.



**Figure 1: Distribution of 2014 Reform Efforts Survey Participants**



Of the 6,731 individuals who responded to the survey, 179 reported working directly with Denmark. They include representatives from five stakeholder groups, including: (1) senior and mid-level executive branch government officials who formulate and execute policies and programs in a variety of policy domains; (2) representatives of bilateral and multilateral aid agencies and foreign embassies who dialogue with government authorities regarding policy choices and program priorities; (3) leaders of domestic civil society organisations who advocate for reforms; (4) leaders and members of business associations who are knowledgeable about government programs and the domestic policy-making process; and (5) independent country experts who monitor reform patterns and processes and donor relationships with host governments.

Survey participant responses shed light on the role development partners such as Denmark play in a given area of policy specialisation and at different phases of reform process, from upstream agenda setting to downstream reform implementation.<sup>5</sup> While not provided with a specific definition of "reforms", each survey participant was asked to evaluate the performance of individual development agencies in assisting government efforts to solve specific, self-identified problems related to his or her particular area of policy expertise. For the purposes of our data analysis, we define reforms as these government efforts to solve specific policy problems.

There are several caveats to our findings in this study. First, our evaluation relies on a relatively small sample of survey participants who worked directly with Denmark ( $N=179$ ). Their views may not accurately represent the actual scope and influence of

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<sup>5</sup> Survey participants were first asked to identify their areas of policy specialisation and then select all development partners with whom they had worked directly at any point between 2004 and 2013. Survey participants were then asked to evaluate how frequently those development partners provided useful policy advice and the degree to which they influenced the government's decision to pursue specific reforms within their primary areas of policy specialisation. Each participant was also asked to identify the development partners involved in the implementation of specific partner-government reform efforts, and evaluate the extent to which each development partner was helpful in supporting those reform implementation efforts.

Danish development cooperation in its entirety, which puts into question the generalisability of our findings. Second, the survey participants' evaluations of Danish development partners are experiential in nature, meaning that their evaluations are based on their experience working directly with Denmark. These experiential evaluations of survey participants are not necessarily correlated with the *de facto* influence of Danish development partners on the reform process in their respective countries. Lastly, our study is based on survey participants' experiences for a specific time period of 2004-2013, which means that recent changes in the strategy of Danish development cooperation (e.g., increasing focus on fragile states, public and private partnerships) may not be reflected fully in participants' views of Danish influence in reform efforts.

While findings based on a small number of responses are not necessarily generalisable across all of the diverse contexts in which Denmark operates, they nonetheless shed light on the experiences those individuals who reported working with Denmark on specific reform efforts. As such, the data from the *2014 Reform Efforts Survey* represent a rich source of information to analyse partner country perceptions of Danish performance – including its policy influence, advice usefulness, and helpfulness during reform implementation – across sectors and geographical regions.

In the remainder of this section, we analyse the unique characteristics and attributes of the key audiences for Danish development cooperation, based upon responses to the *2014 Reform Efforts Survey*.<sup>6</sup> We identify four patterns about who is, and is not, familiar with Danish development partners through a comparison of those individuals who reported working with Denmark versus those that did not.

### **2.1 The composition of survey participants who reported working with Denmark is consistent with Danida's strategic focus on partnerships with civil society and the private sector, as well as close coordination with other development partners.**

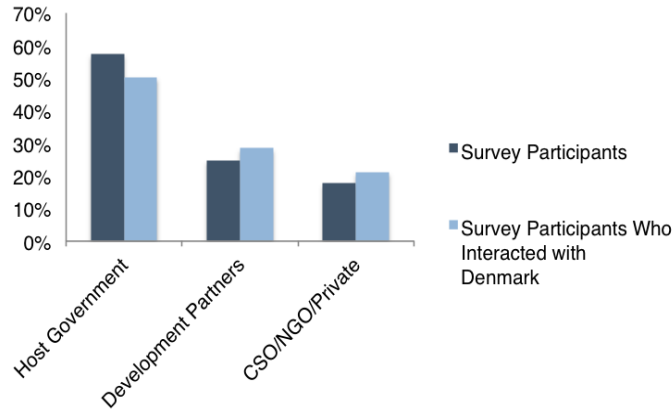
While the group of individuals who reported working with Denmark appears to be largely representative, we do find that a smaller-than-expected proportion of host government officials indicated working with Denmark (57.4% of survey participants as compared to 50.3% of participants who worked with Denmark). In turn, individuals from civil society organisations and non-governmental organisations were proportionally over-represented (17.8% of total survey participants as

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<sup>6</sup> Due to the representative nature of survey participants, vis-à-vis the broader sampling frame, in the following sections we compare survey participants with the sub-group of survey participants who indicated working with Denmark. Tables with all four sub-groups: (1) the sampling frame, (2) survey participants, (3) survey participants who worked with Denmark, and (4) survey participants who indicated Denmark's involvement in the implementation of reforms are available in the Appendix.

compared to 21.2% of participants who worked with Denmark), as were participants who worked for development partners (24.8% compared to 28.5%).

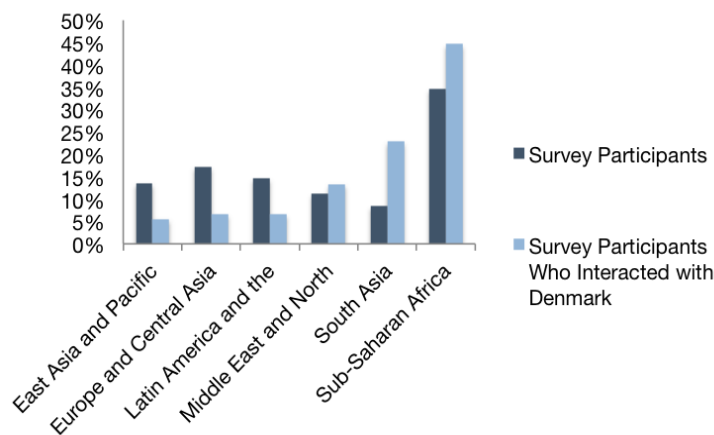
**Figure 2: Distribution of Survey Participants, by Stakeholder Group**



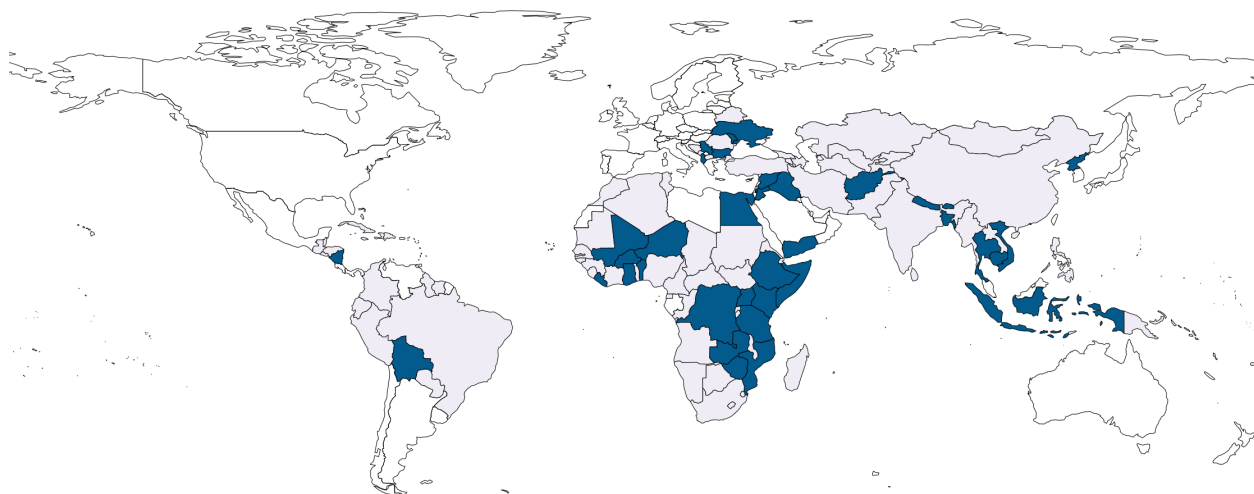
**2.2 Denmark’s longstanding emphasis on assistance to sub-Saharan Africa is evident in the higher-than-expected number of survey participants who indicated that they had experience working with Denmark (see Figure 3).**

This relatively high degree of engagement with Denmark within sub-Saharan Africa (44.7% of survey participants who worked with Denmark) makes intuitive sense, given that Africa has been the largest recipient of Danish development aid (with approximately 60% of Danish bilateral ODA disbursed to the region in 2009) (OECD-DAC 2011b). As we will discuss in Section 5, further analysis reveals that Denmark, as evaluated by these survey participants, also performs particularly well in sub-Saharan Africa in terms of providing useful policy advice, exerting influence on initiating reform efforts, and helping in the implementation of such reform efforts. Figure 4 indicates countries where there is at least one survey participant who interacted directly with Denmark.

**Figure 3: The Distribution of Survey Participants, by Region**



**Figure 4: Where Did Denmark Interact with Survey Participants?**



*Notes: All countries surveyed in the 2014 Reform Efforts Survey are shaded, with darker blue indicating countries where there is at least one survey participant who interacted directly with Denmark.*

### **2.3 In line with Danida’s own perceived comparative advantages, survey participants who worked with Denmark indicated that they specialised in governance and social sectors.<sup>7</sup>**

It does not come as a surprise that, among survey participants who worked with Denmark, those with governance expertise constituted the largest sectoral group (see Figure 5 for the numbers and proportions of survey participants who worked with Denmark, sorted by five policy clusters<sup>8</sup>).

Democracy and human rights have long been among the top priorities of Danish development strategy (OECD-DAC 2007; OECD-DAC 2011b; Danida 2010; 2012).<sup>9</sup> Indeed, the largest share of Danish development aid is dedicated to the governance sector (OECD-DAC 2011b, p. 43). The social sector also accounts for a significant share of Danish development assistance, which may partly explain why

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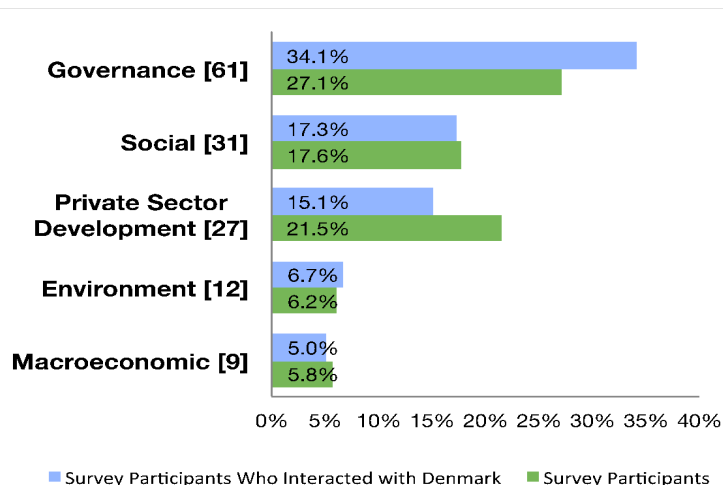
<sup>7</sup> The governance policy area includes the democracy, decentralisation, anti-corruption and transparency, justice and security policy domains. The social sector policy area includes the health, education, family and gender, and social protection and welfare policy domains.

<sup>8</sup> For the purposes of this analysis, we exclude participants who selected “other.”

<sup>9</sup> The policy priorities of the Danish development policy have changed over time. In 2000, Danida “established gender, environment and democracy as cross-cutting issues [or particular focus] in Danish development co-operation” (Engberg-Pedersen 2014, p. 120). However, the idea of cross-cutting issues was jettisoned in the 2010 development policy, which then identified “five themes that are supposed to guide Danish development co-operation (the five themes have been cut down to four in the latest development policy)” (*Ibid*).

survey participants who reported specialisation in the social sector broadly -- and health in particular -- comprised one of the dominant sectoral groups among participants who worked with Denmark (Gates and Hoeffler 2004; OECD-DAC 2011b).<sup>10</sup>

**Figure 5: The Distribution of Survey Participants, by Policy Domain**



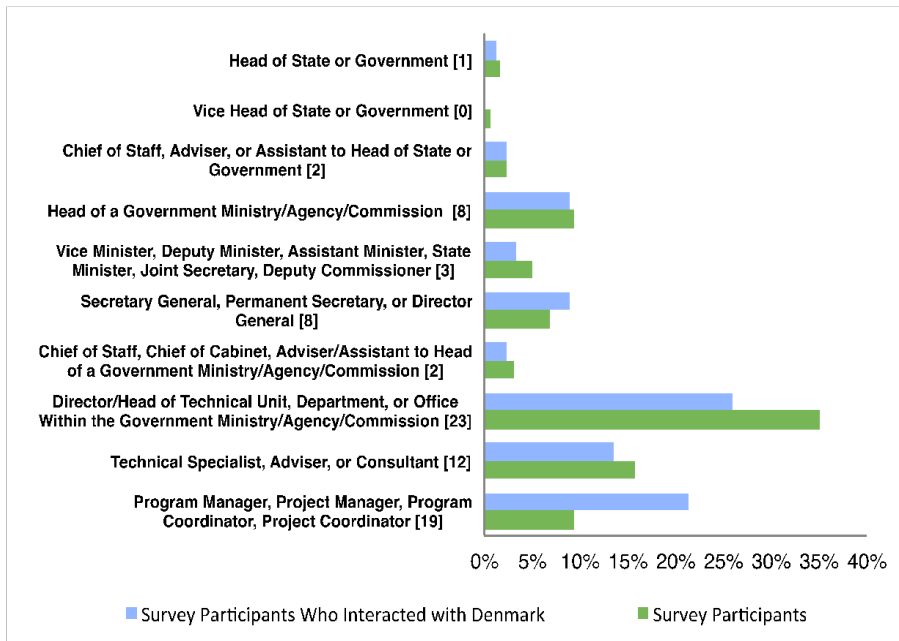
*Notes: Figure shows the proportion of respondents who interacted directly with Denmark, sorted by policy domain. Blue (or green) bars represent the proportions of respondents in the Denmark sample (or in the overall sample). The number of respondents in each policy domain is reported in brackets next to each policy domain.*

#### **2.4 Unsurprisingly, given Denmark’s focus on communication and partnership, middle management and programmatic staff within government were more likely to have worked with Denmark than senior leaders.**

This asymmetry between the participants who worked with Denmark and the broader sample of policymakers and practitioners who participated in the survey could be a result of Denmark’s emphasis on partnership and communication with in-country stakeholders: middle management and programmatic staff are more likely to have the time for frequent conversations with their development partner counterparts. Additionally, if Danish development actors are providing practical advice related to their areas of specialisation, it is likely to be targeted to officials at the levels that are overrepresented in the groups who reported working with Denmark.

<sup>10</sup> Figures A-1 and A-2 in the Appendix show the distribution of survey participants by each of the different policy domains. Individuals with policy expertise in health account for 8.4% of survey participants who worked directly with Denmark and 12% of survey participants who indicated Denmark’s involvement in reform implementation.

**Figure 6: The Distribution of Host Government Survey Participants Who Worked with Denmark, by Position Type**



*Notes: This figure shows a breakdown of host government officials who interacted with Danida by position type in comparison to that of the overall sample. The number of survey participants in the Denmark subsamples for each position type is reported in brackets.*

### 3. Communication: How Communicative is Denmark Compared with Other Donors?

Development cooperation involves the use of both money and ideas to spur changes in institutions, rules, norms, and practices. A key component of this process is communication with stakeholders in partner countries. While the evidence is mixed on whether a high level of engagement and frequent communication is a net positive or negative, this is nonetheless a critical aspect of a development partner's efforts to bring about reform changes in partner countries (Custer *et al*, 2015).

Denmark appears to be more communicative relative to other development partners, supporting Denmark's notion of itself as engaging in partnerships that are "robust, flexible, and dynamic" (Danida 2010, p.8). Participants in the *2014 Reform Efforts Survey* report that Denmark communicates about once per month, compared with the average score of bilateral members of the Development Assistance Committee (DAC),<sup>11</sup> which is between 2-3 times per year and once a month (Figure 7).<sup>12</sup> Survey participants rated how frequently in-country development partners communicate with them on a scale of 1 to 6, with 1 indicating once a year or less and 6 indicating almost daily communication.

Compared to other major multilateral and bilateral development partners, Denmark ranks the third highest in terms of the frequency of communication (Figure 7). Notably, Denmark's relatively high frequency of communication (3.034) with partner countries is more akin to the reported communication practices of large multilateral actors such as the UNDP and the World Bank, than to some other major DAC bilateral donors such as Germany (2.653), France (2.512), and Japan (2.390), which exhibited a lower frequency of communication compared to multilateral organisations.

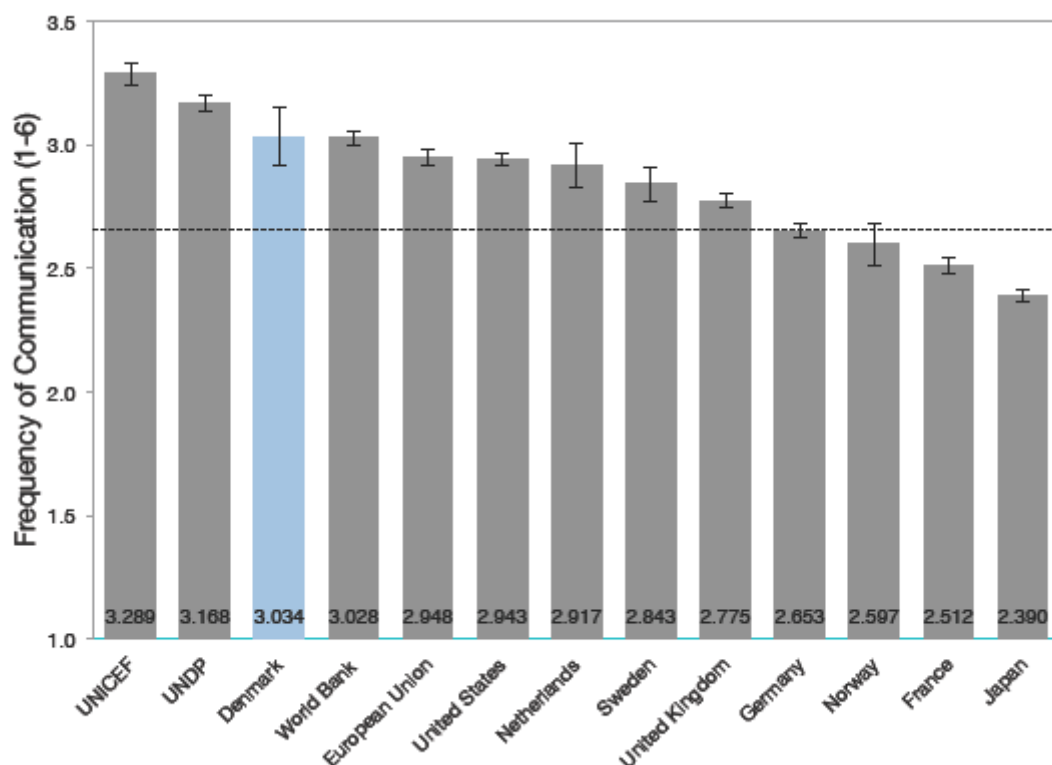
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<sup>11</sup> The OECD Development Assistance Committee currently includes 29 members: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, European Union, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, 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. The average DAC bilateral score is the average of all DAC bilateral development partners, excluding Denmark.

<sup>12</sup> This score is statistically greater than the average score of an average non-Danish DAC development partner.



**Figure 7: Denmark is the third most frequent communicator among major donors and communicates more frequently than the average DAC bilateral**



*Notes: The frequency of communication is measured on a scale of 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”), through 6 (“Almost daily”). The scores are computed by averaging survey participants’ responses for each development partner. The dashed horizontal line corresponds to the frequency of communication score for an average DAC bilateral (excluding Denmark). Error bars indicate +/- one standard error.*

While the frequency of communication does not tell us anything about the quality or usefulness of the policy advice provided to partner countries, it does provide some indication of the level of effort that a development partner puts into directly engaging with in-country stakeholders. In Section 4 we turn to perceptions of Denmark’s role and influence in the policymaking process in its partner countries.

## 4. Three Dimensions of Performance: How Does Denmark Measure Up?

A number of benchmarking exercises attempt to assess development partner performance according to different criteria – ranging from the “development-friendliness” of their policies to the transparency and quality of their development finance.<sup>13</sup> However, few of these measures of development partner performance take into account the perspectives of those they seek to influence and support: policymakers and practitioners in low- and middle-income countries. In this report, we use the responses to the *2014 Reform Efforts Survey* to construct three perceptions-based indicators of Denmark’s performance: (i) influence in shaping a counterpart government’s development policy priorities; (ii) the usefulness of Danish policy advice in designing reforms; and (iii) the helpfulness of Danish development cooperation in implementing reforms.

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. Similarly, participants were asked to rate the influence of development partners on their country’s decision to pursue reforms and their helpfulness in reform implementation on a scale of 0 to 5, with 0 signifying no influence or not helpful at all and 5 indicating maximum influence or extremely helpful.

### 4.1 Whereas other development partners fluctuate across these three dimensions of performance, Denmark performs consistently well across the board.<sup>14</sup>

Compared with a cohort of major bilateral and multilateral development partners, Denmark ranked third in helpfulness in reform implementation (3.493) and fourth in the usefulness of its policy advice (3.683) and agenda-setting influence (2.732).<sup>15</sup> Denmark’s relatively even performance may signal an equal emphasis in engaging with partner countries at various stages of the policymaking process from shaping

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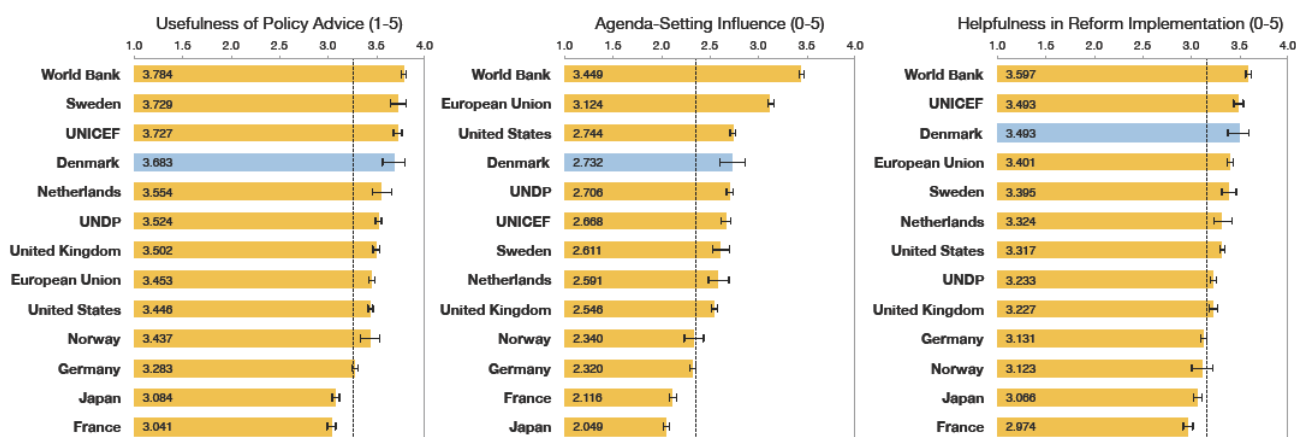
<sup>13</sup> Three prominent examples are the Center for Global Development’s Commitment to Development Index, the Quality of Official Development Assistance (QuODA) produced by CGD and the Brookings Institution, and Publish What You Fund’s Aid Transparency Index, to name a few.

<sup>14</sup> Throughout this report, we use as a comparison group the five largest DAC bilateral donors (the US, UK, Germany, Japan, and France), three major Scandinavian donors (Sweden, the Netherlands, and Norway), and three most prominent multilateral organisations (the World Bank, EU and the UN).

<sup>15</sup> We find that Denmark’s scores on the usefulness of policy advice, agenda-setting influence, and helpfulness in reform implementation are all statistically higher than an average DAC bilateral’s (p-value<0.05).

upstream policy priorities and informing the design of specific reforms, to providing downstream financial and technical assistance during implementation. This finding is also consistent with previous research that establishes a close connection between the usefulness of a development partner’s policy advice, its agenda-setting influence, and the extent of its downstream involvement in implementing reforms (Custer *et al*, 2015).<sup>16</sup>.

**Figure 8: Denmark performs relatively well on all performance measures**



*Notes: The dashed vertical line corresponds to average scores for an average DAC bilateral (excluding Denmark). Error bars indicate +/- one standard error. The usefulness of policy advice is measured on a scale of 1 through 5, with 1 indicating “almost never”, 2 “less than half the time”, 3 “about half the time”, 4 “more than half the time”, and 5 “almost always.” Agenda-setting influence and helpfulness in reform implementation are both measured based on a scale of 0 to 5, with 0 indicating the least influence/helpfulness and 5 the utmost influence/helpfulness.*

<sup>16</sup> There is a positive and significant correlation between the usefulness of a specific development partner’s advice and its agenda-setting influence ( $r = 0.819$ ;  $p < 0.01$ ), and between a development partner’s average agenda-setting influence and its scope of involvement in the implementation of partner country’s reform efforts ( $r = 0.224$ ;  $p < 0.01$ )

## **5. Comparative Advantages: With Whom and Where Does Denmark Enjoy Influence?**

Denmark appears to perform relatively well across our three experience- and perceptions-based measures of performance: agenda-setting influence, usefulness of advice, and helpfulness in implementation. However, do these trends hold true across different stakeholder groups, sectors, and geographical regions? To what extent is Denmark's actual performance in line with the country's development cooperation strategy and perceived comparative advantage?

In the remainder of this section, we analyse the unique characteristics and attributes of those groups where Denmark appears to enjoy the greatest favourability and influence based upon responses to the *2014 Reform Efforts Survey*. We identify three patterns about the groups with which Danish development partners have an apparent comparative advantage.

### **5.1 Host governments view Denmark's performance more favourably than do CSOs and development partners.**

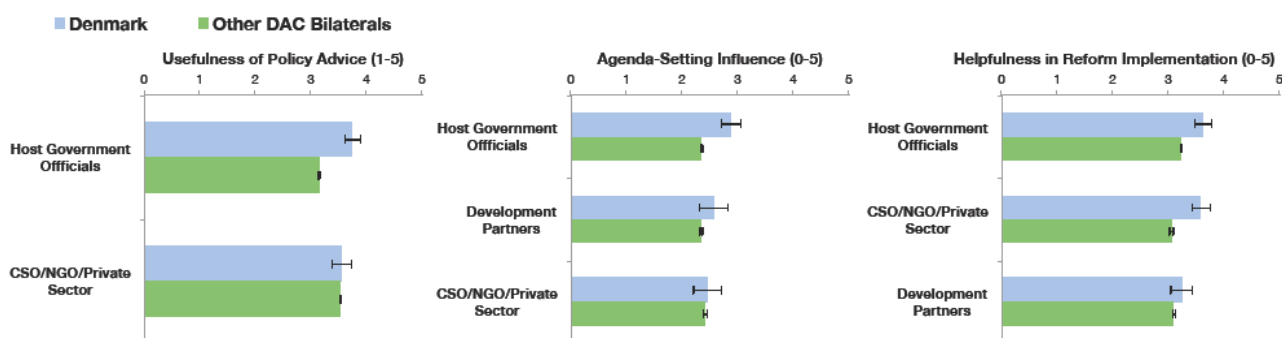
Even though host government officials overall were less familiar with Danish development partners than anticipated (see section 2), those that have worked with Denmark appear to view its performance in a positive light. On all three measures, host government officials perceive Denmark as performing relatively better than the average DAC bilateral development partner (Figure 9). This favourability rating is not unique to Denmark, however. Other European bilateral development partners such as Finland, Luxembourg, Austria, and Ireland, also received high marks from host government survey participants on at least one or more performance dimensions (Custer et al, 2015).

Engagement does not necessarily translate into favourability. While survey participants from CSO, private sector, and development partners were on average more likely to work directly with Denmark than expected (see section 2), they rate the usefulness of Danish policy advice and agenda-setting influence nearly on par with the average DAC bilateral partner. Denmark does fare slightly better among

these stakeholder groups than the average DAC bilateral when it comes to perceived helpfulness in reform implementation (see Figure 9).<sup>17</sup>

With this baseline in mind, it will be instructive to monitor whether and how these reported experiences and perceptions change in future years in response to Denmark’s more recent emphasis on engagement with CSOs/NGOs in efforts to address the issues of democracy, human rights, and development. The Strategy for Danish Support to Civil Society, which was published in 2008, has provided a new guideline for promoting Danish cooperation with local CSOs/NGOs (Danida 2014). As Denmark now explicitly aims to bolster “a strong and independent civil society which fights for the most vulnerable and marginalised people” in low- and middle-income countries, there has also been a greater emphasis on financial support and capacity building geared towards local CSOs (Danida 2012). Denmark also aims to engage the private sector in efforts for development and poverty reduction, as exemplified by Danida’s Public Private Partnership (PPP) Programme launched in 2004.<sup>18</sup>

**Figure 9: Governments perceive Denmark as more useful, influential and helpful than CSOs and development partners**



Notes: Error bars indicate +/- one standard error. The usefulness of policy advice is measured on a scale of 1 through 5, with 1 indicating “almost never”, 2 “less than half the time”, 3 “about half the time”, 4 “more than half the time”, and 5 “almost always.” Agenda-setting influence and helpfulness in reform implementation are both measured based on a scale of 0 to 5, with 0 indicating the least influence/helpfulness and 5 the utmost influence/helpfulness.

<sup>17</sup> On the helpfulness in reform implementation indicator, Denmark scored 3.590 and 3.243 among CSO/NGO/private sector representatives and development partners, respectively, which were slightly higher than the mean scores of the average DAC bilateral (3.063 and 3.100).

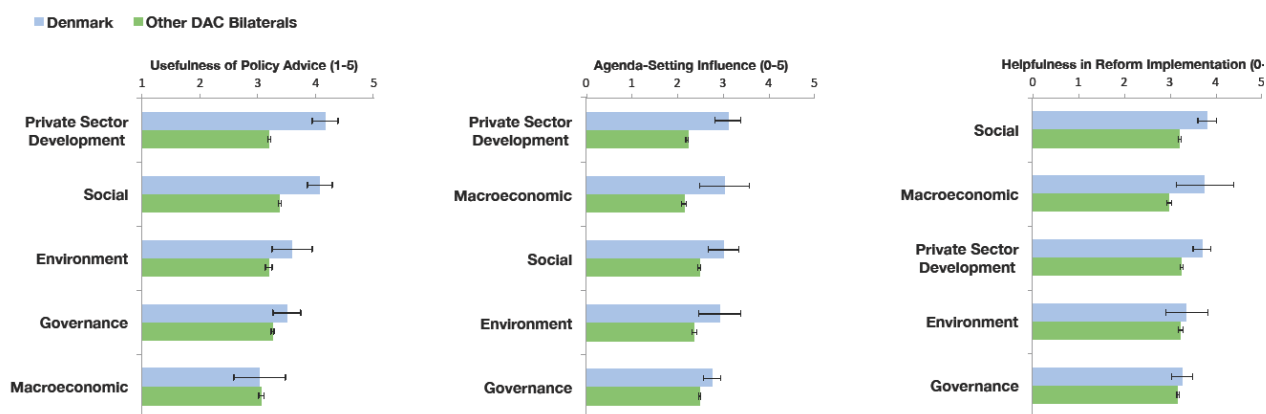
<sup>18</sup> The PPP has aimed to promote “Corporate Social Responsibility (CSR) in private entities” while assisting efforts to create favorable business environments for greater investment and competitiveness (Kirkemann and Appelquist 2008).

## 5.2 Denmark’s policy advice is seen as particularly useful to those working in private sector development and the social sectors.

Survey participants belonged to one of five policy clusters: macroeconomic, social, private sector development, environment, and governance.<sup>19</sup> Overall, Denmark did better than the average DAC bilateral partner on each of the three measures of policy influence, across all policy clusters.<sup>20</sup> However, survey participants with a specialisation in private sector development perceived Denmark to be particularly useful in providing policy advice (4.166) and influential in shaping the reform agenda (3.106) compared to other policy clusters. This finding appears to be somewhat consistent with Denmark’s strategic shift in 2009 towards greater emphasis on private sector development.

Survey participants working in social policy also viewed Denmark’s performance favourably, particularly with regard to the helpfulness of Danish development partners in implementing reforms (3.821). See Figure 10.

**Figure 10: Denmark is perceived as most useful by respondents in private sector development and social sectors**



Notes: Error bars indicate +/- one standard error. The usefulness of policy advice is measured on a scale of 1 through 5, with 1 indicating “almost never”, 2 “less than half the time”, 3 “about half the time”, 4 “more than half the time”, and 5 “almost always.” Agenda-setting influence and helpfulness in reform implementation are both measured based on a scale of 0 to 5, with 0 indicating the least influence/helpfulness and 5 the utmost influence/helpfulness.

This positive reception among policymakers and practitioners in the social policy space is to be expected, as supporting social progress is one of Denmark’s strategic priority areas and the focus of substantial budget support and multilateral interventions (Danida, 2012). Well-designed social safety nets, social protection,

<sup>19</sup> See Table A-3 in the Appendix for a breakdown of which self-identified policy domains make up each policy cluster.

<sup>20</sup> The only exception is “usefulness of policy advice” within the macroeconomic policy cluster.

promoting the right to sexual and reproductive health, and fighting HIV/AIDS are particularly prominent in Denmark's development cooperation strategy.

However, strategic priorities are not necessarily predictive of favourable performance ratings. One of the four key policy priorities of Danish development strategy is to promote human rights and democracy. To this end, Denmark has been involved in efforts to help establish democratic institutions by supporting elections, the legislature, the judiciary, and civil society groups while also implementing programs to fight against corruption.<sup>21</sup> While democracy, transparency, and anti-corruption are explicit foci in Denmark's development cooperation strategy, survey participants working in governance found Denmark to be relatively less influential and helpful than their counterparts in other policy clusters such as: private sector development, macroeconomic, and social. Although Denmark's scores are still consistently above an average DAC bilateral partner in these two performance indicators (agenda-setting influence and helpfulness in reform implementation), it doesn't appear that Denmark is enjoying as much of a comparative advantage in the governance space as one might expect and may indicate an area where future research is needed to better understand why that might be the case.<sup>22</sup>

### **5.3 Denmark is perceived most favourably in sub-Saharan Africa, but has less clout in Latin America and the Caribbean.**

Danish development partners have deep ties with the African continent: the region is historically the largest recipient of Danish development aid, accounting for 60% of all Danish ODA in 2009 alone (OECD-DAC, 2011b).<sup>23</sup> Given the intensity of Danish development cooperation in the region, it is unsurprising that Denmark's performance is viewed most favourably in sub-Saharan Africa. Participants from sub-Saharan Africa rated Danish development partners as performing substantially better than the average DAC bilateral partner on all three measures: usefulness of their advice (4.014), agenda-setting influence (3.419), and helpfulness in implementation (3.839).

These patterns are consistent with a strategic focus on the part of Danish development cooperation on sub-Saharan Africa where "the need for development

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<sup>21</sup> See more details on the scope of activities Denmark has engaged in to promote human rights and democracy: <http://um.dk/en/danida-en/activities/strategic/human-right-demo>.

<sup>22</sup> We also found that Denmark is particularly weak in its performance to push for and implement democratic reforms. In Figure A-3 in the Appendix, we show Denmark's scores on the three indicators (usefulness of policy advice, agenda-setting influence, and helpfulness in reform implementation) by specific issue areas within each policy domain. Survey participants selected up to three specific issues (within their policy domain) on which the government's policy reforms focused and then evaluated donors' agenda-setting influence and helpfulness in reform implementation regarding those reforms. Figure A-3 reveals that those who listed democracy as one of the key issue areas found Denmark to be particularly less influential or helpful compared to those who listed other issue areas.

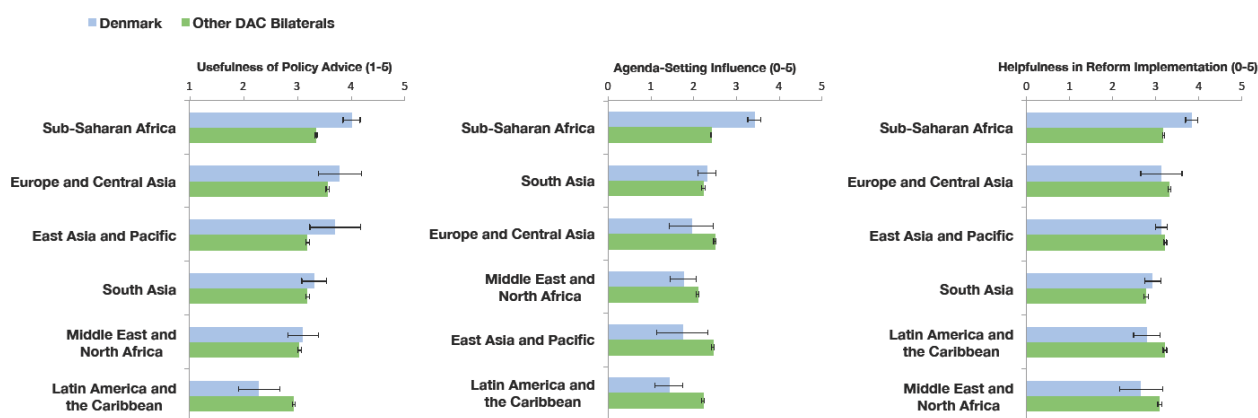
<sup>23</sup> Top recipients include sub-Saharan countries such as Tanzania, Mozambique, Uganda, and Ghana.



is greatest” (Danida, 2010, p. 11). Denmark has forged long-term development partnerships with a number of African countries (e.g., Burkina Faso, Ghana, Kenya, Mozambique, Tanzania, Zambia), which are expected to receive continuous and extensive financial and political support from Danish development agencies (OECD-DAC, 2011b; Danida, 2012).<sup>24</sup>

By contrast, Latin America has received less financial support from and direct engagement with Danish development agencies. Only a handful of countries in Latin America are “priority countries”<sup>25</sup> in the Danish development agenda and only a small fraction of the Danish aid budget is allocated to this region (OECD-DAC, 2011).<sup>26</sup> The geographical variation in Denmark’s performance in effecting reform seems to mimic the regional emphases of the Danish development strategy. The perceptions of participants from Latin America and the Caribbean appear to reflect this, as Denmark scored below an average DAC bilateral development partner in the region across all three indicators of development partner performance (Figure 11).

**Figure 11: Denmark is perceived as most useful, influential and helpful in sub-Saharan Africa**



Notes: Error bars indicate +/- one standard error. The usefulness of policy advice is measured on a scale of 1 through 5, with 1 indicating “almost never”, 2 “less than half the time”, 3 “about half the time”, 4 “more than half the time”, and 5 “almost always.” Agenda-setting influence and helpfulness in reform implementation are both measured based on a scale of 0 to 5, with 0 indicating the least influence/helpfulness and 5 the utmost influence/helpfulness.

<sup>24</sup> Countries are defined as partners if “Denmark engages [with them] with a long term perspective and with political and financial weight” (OECD-DAC 2011, p. 29).

<sup>25</sup> Danida’s *Freedom from Poverty, Freedom to Change*, a development strategy paper published in 2010, introduced a new definition of partner countries, which were previously referred to as programme countries and later renamed as priority countries in 2013.

<sup>26</sup> In fact, there are only two countries from Latin America that held long-term partnerships with Denmark -- Bolivia and Nicaragua. However, Denmark has already decided to phase out of these two countries, further reducing its footprint in the region (OECD-DAC 2011b).

## **6: Contextual Factors: Under What Circumstances is Denmark Most Influential?**

As highlighted in the previous section, Danish development efforts have spanned across all regions of the developing world while their scope and intensity have varied significantly across different regions and countries. More than a mere transfer of financial resources, Denmark engages in ongoing policy dialogues with government, civil society, and private sector stakeholders through its local embassies (Engberg-Pedersen, 2014; Danida, 2000 and 2011; OECD-DAC, 2011b). Over time, Danish development partners have used a variety of terms to describe a subset of countries with which they have longer-term (and deeper) engagements that involve both political and financial investments (OECD, 2007 and 2011; Danida, 2010 and 2016).<sup>27</sup>

Denmark's priority countries are selected based upon three criteria: assessment of development needs, relevance of the partnership with the country, and the opportunity for Denmark to contribute to sustainable results (Danida, 2016). Figure 12 visualises Denmark's priority countries, the majority of which are in Africa. As Blagescu and Young (2005, p.15) describe, these partnerships "involve obligations" and compliance with the core values of Danish development cooperation (e.g., respect for human rights and democracy, the environment, and good governance), which are closely monitored and evaluated by the Danish government, as well as the partner countries themselves (Engberg-Pedersen 2014).

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<sup>27</sup> The 2007 OECD-DAC Peer Review (p.31) refers to this subset of countries as "programme countries" but does not provide an explicit definition. The 2011 OECD-DAC Peer Review (p.29), refers to this cohort as "partner countries", defined as: countries where Denmark engages with a long-term perspective and with political and financial weight". As of 2013, partner countries were renamed "priority countries" in the new Danish development cooperation strategy, *Freedom from Poverty, Freedom to Change* (Danida, 2010). Partner/priority countries included former programme countries, as well as a number of other countries. Of these other countries a large number of these were already recipients of Danish aid or humanitarian assistance (e.g., Burma, Palestine, Ethiopia, Indonesia, Somalia, Sudan, and Niger).

**Figure 12: Denmark's Priority Countries for Development Cooperation Partnerships**



*Source: Introduction to Danida. "Priority Countries". Retrieved May 2016 from: <http://introductiontodanida.um.dk/en/danida-at-work/danidas-work-at-a-glance/priority-countries/>.*

Why is it that Denmark is more influential in some countries than others? To what extent does context matter in determining whether countries view Danish development cooperation more or less favourably? As discussed in sections 2 and 5, participants from sub-Saharan Africa are more familiar with Denmark and view its performance more favourably compared with other regions of the world. Since the 179 participants from 40 low- and middle-income countries reported working with Danish development partners at some phase of the policy process,<sup>28</sup> we have the opportunity to go even deeper to explore the driving factors for variations in Denmark's perceived performance by country. In the remainder of this section, we identify six of these driving factors.

### **6.1 The intensity of Danish aid investments may yield an influence dividend.**

There is a strong positive relationship between aid intensity<sup>29</sup> and two aspects of perceived performance: agenda-setting influence and helpfulness in reform

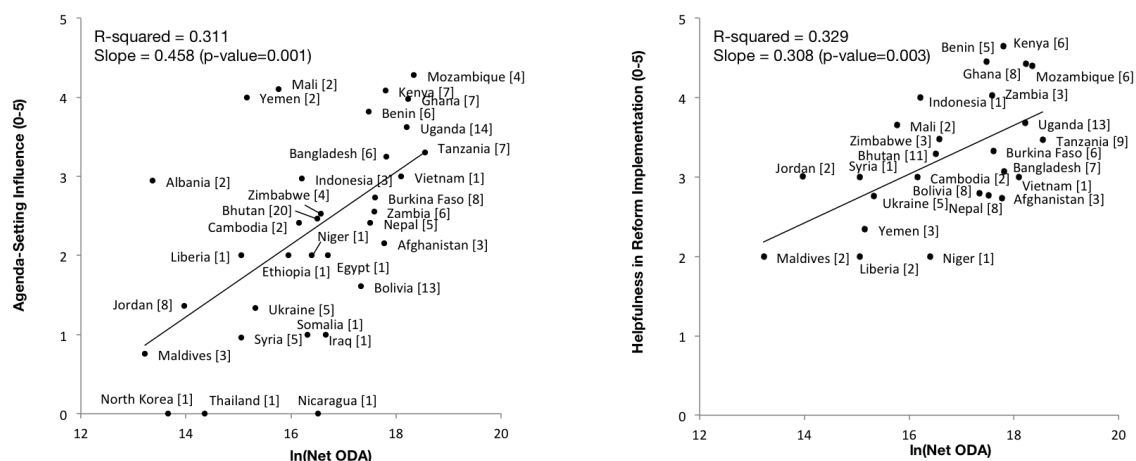
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<sup>28</sup> Of the participants that indicated experience working with Denmark, a subgroup of 117 participants from 27 countries explicitly identified Denmark as involved in implementing reforms. This includes both countries that are on Denmark's priority partners' list, as well as those that are not.

<sup>29</sup> As measured by the log of average annual Danish net ODA disbursed to a given country for the period 2004-2013.

implementation (see Figure 13).<sup>30</sup> Survey participants from countries that received higher levels of aid from Denmark found Danish development partners to be more influential in shaping policy priorities and helpful in implementing related reforms. In this respect, Denmark’s financial contributions appear to add “weight” to its policy advice as it attempts to influence and support reforms in partner countries.

**Figure 13: Aid, Agenda-Setting Influence, and Helpfulness in Reform Implementation**



*Notes: these scatterplots show relationships between the amount of net Danish ODA (USD2013, log-transformed), agenda-setting influence (left) and helpfulness in reform implementation (right) at the country level. The country-level scores of agenda-setting influence and helpfulness in reform implementation are computed based on averaging survey participants’ responses for each country (with non-response weights). The number of observations used to compute average scores are reported in brackets.*

## 6.2 Partnership ties grow stronger over time and translate into more favourable perceptions of performance.

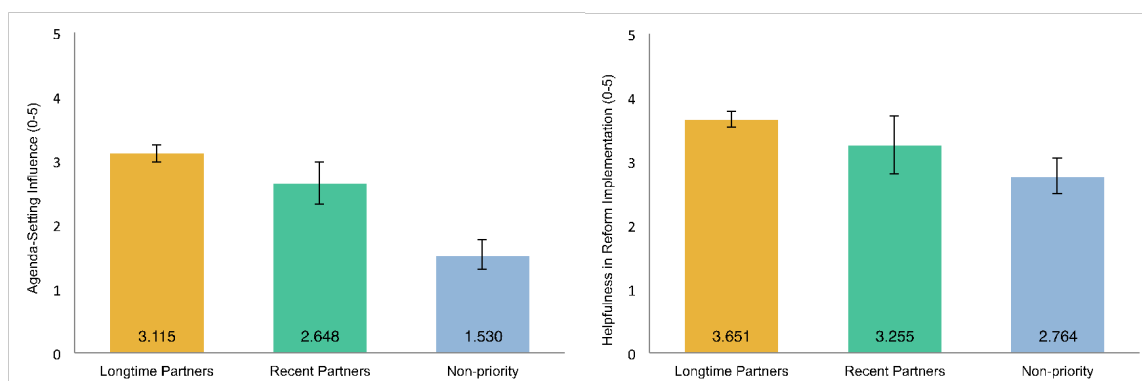
If partnerships are vehicles for imparting the core values and ideas of Danish development cooperation, the policy influence Denmark exerts in its priority countries versus other countries should vary. Denmark has sought to build a closer tie with its partner/priority countries through policy dialogue and financial support while also carefully monitoring the process of policy reform in those countries (Blagescu and Young 2005). Thus, Danida is expected to enjoy greater leverage on shaping policy priorities of its priority/partner countries, in comparison to non-partner/priority countries where Denmark has lower bargaining power. This is indeed what we find based upon responses to the *2014 Reform Efforts Survey*. Denmark’s priority countries see Danish development partners as particularly

<sup>30</sup> A correlation test between policy advice usefulness and aid intensity reveals a weak correlation and the effect of aid intensity on policy advice usefulness was not significant.

influential in shaping their reform decisions and helpful in implementing reform efforts, compared to non-priority countries (see Figure 14).

This dynamic appears to become more pronounced over time: long-time partner countries rate Denmark the highest on agenda-setting influence (3.115) and helpfulness in reform implementation (3.651), followed by more recent partner countries. Non-priority countries view Danish development cooperation less favourably in terms of influence (1.530) and helpfulness (2.764).<sup>31</sup> These findings suggest that Denmark’s strategy of building long-term partnerships is working well and is likely to generate even greater influence over time with counterparts in its priority countries.

**Figure 14: Long-term priority countries perceive Denmark as most influential and helpful**



*Notes: This shows the average scores of agenda-setting influence (left) and helpfulness in reform implementation (right) for three different groups of countries: long-time partners, recent partners, and non-priority countries. (See Table A-4 for how countries are classified in terms of their partnership with Denmark). The country-level scores of agenda-setting influence and helpfulness in reform implementation are computed based on averaging survey participants’ responses for each partnership group (with non-response weights). Error bars indicate +/- one standard error.*

### **6.3 Denmark is perceived to be particularly influential in shaping reform efforts in the least developed countries (LDCs).<sup>32</sup>**

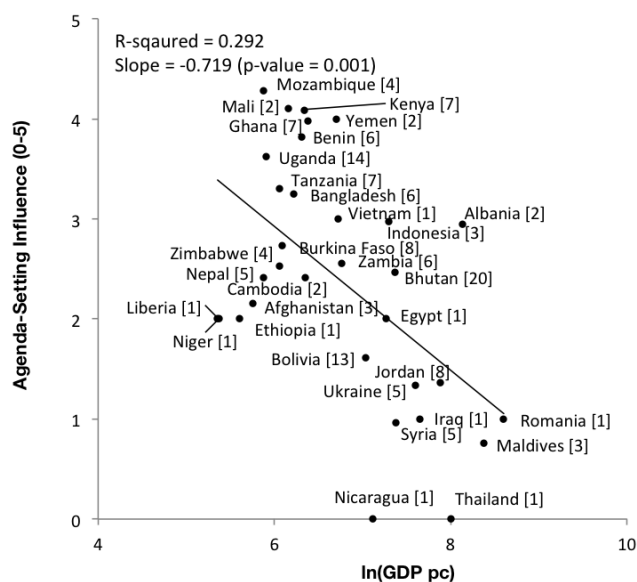
This finding is largely consistent with the pro-poor focus of Danish development cooperation and the explicit prioritisation of countries where development needs are greatest (Minoiu and Reddy, 2010). See Figure 15. A large share of Danish development finance is invested in low-income countries such as Mozambique and Uganda, and a majority of Denmark’s partner countries are also LDCs (OECD-

<sup>31</sup> See Table A-4 in the Appendix on the classification of countries as long-time or recent partners.

<sup>32</sup> We do not find any significant relationships between income, on the one hand, and policy advice usefulness and helpfulness, on the other.

DAC 2011).<sup>33</sup> Since LDCs rely heavily on external development finance to keep themselves afloat, development partners may enjoy greater bargaining power to shape their policy priorities and reform agendas (e.g., through aid conditionality). Our finding seems to capture this dynamic.

**Figure 15: Denmark is perceived to be particularly influential in shaping reform efforts in least developed countries**



*Notes: these scatterplots show relationships between GDP per capita (log-transformed) and agenda-setting influence at the country level. The country-level scores of agenda-setting influence are computed based on averaging survey participants' responses for each country (with non-response weights). The number of observations used to compute average scores are reported in brackets.*

#### 6.4 Denmark does not seem to be perceived to be more influential in fragile states.

In recent years, Denmark has increasingly supported stabilisation and reconstruction in fragile and conflict-affected states where political instability and security threats have derailed development efforts (Danida, 2012). The growing number of fragile states in partnership with Denmark reflects the latter's growing interest in this area.<sup>34</sup> Nonetheless, we find that there is a weak relationship<sup>35</sup> between the level of state fragility<sup>36</sup> and how survey participants rated Denmark's performance on all three measures of influence, usefulness, and helpfulness (see Figure 16).

<sup>33</sup> According to the OECD-DAC Peer Review (2011b), "in 2009, 60% of Danish ODA was concentrated on the least developed countries, with a further 21% allocated to other low income countries" (p. 43).

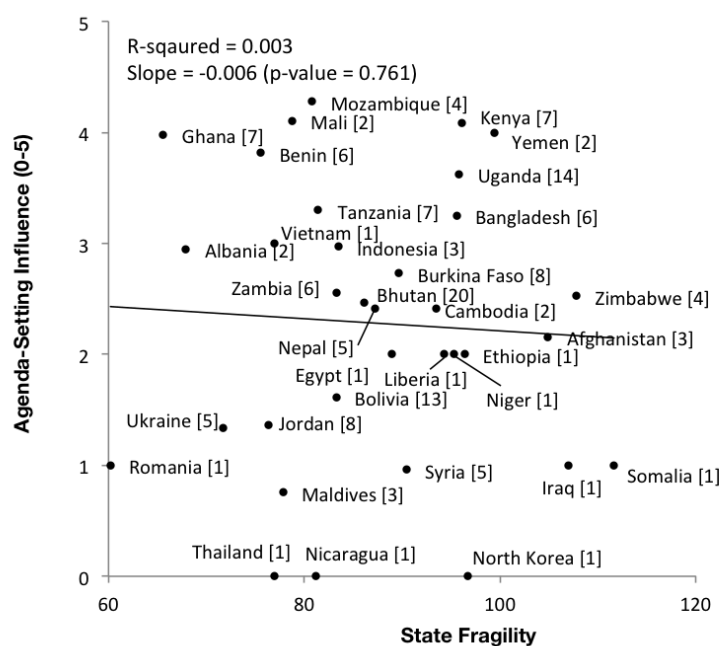
<sup>34</sup> According to the OECD-DAC Peer Review (2011), "eleven out of the 26 partner countries...are in situations of fragility" (p. 29).

<sup>35</sup> We use a bivariate regression to investigate a relationship between the variables of our interest.

<sup>36</sup> We use the Fund for Peace's Fragile States' Index for our measure of state fragility.

Based on our data, we do not have enough evidence to suggest that Denmark has exerted greater influence in fragile states vis-à-vis non-fragile states. The lack of a statistically significant relationship, however, by no means suggests that Denmark did not play a particularly important role in the reform process in fragile states. Three possible explanations exist. First, Denmark has only recently shifted its focus towards fragile states. If perceptions of development partner performance are a lagging indicator in fragile states, it will be instructive to monitor in future waves of the survey whether and how Denmark’s favourability in these countries changes over time. Second, fragile states are often grappling with intractable political and economic issues that are difficult to redress in a short time span. Reform processes are more easily delayed or derailed, as governments lack the institutional capacity to undertake and implement needed reforms. Our findings may reflect this dynamic and explain why Denmark’s agenda-setting influence may be curtailed. Finally, in fragile settings, development partners such as Denmark often channel assistance through multi-donor or multilateral trust funds that may dilute or obscure their role, as domestic stakeholders are less likely to know which countries are providing assistance.

**Figure 16: Agenda-Setting Influence and State Fragility**



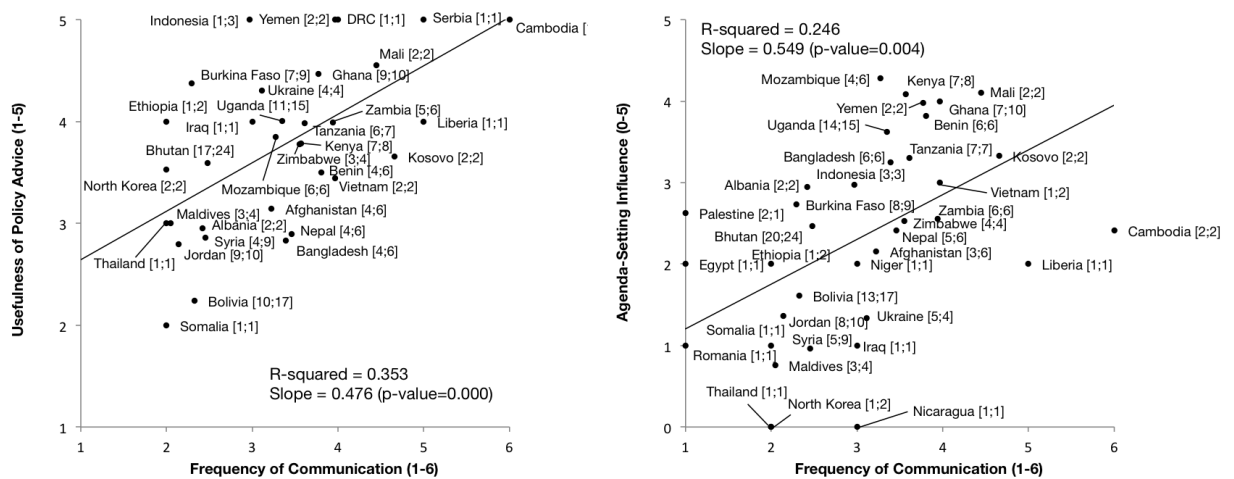
### 6.5 Denmark’s frequent communication appears to yield an influence dividend.

In line with our earlier finding, we find that Denmark is perceived to be more useful in providing policy advice and also influential in shaping reform agendas in countries where survey participants communicated more frequently with Denmark



(Figure 17). This is perhaps indicative of the quality and usefulness of interactions between Denmark and in-country stakeholders, which helps translate the communication into more tangible outcomes in terms of policy influence.<sup>37</sup> Close communication between donors and their partners fosters a mutual understanding about policy priorities and reform opportunities, whereby both parties become accountable for the outcomes of the reform process (USAID 2007). Efforts to engage with local stakeholders through various channels of communication also allow donors to build upon their local knowledge to better assist reform process while donor-recipient policy dialogue also helps clarify donors' expectations about the pace and scope of reform efforts in the eyes of policymakers in aid-recipient countries (*Ibid.*).

**Figure 17: Frequent communication helps Denmark gain influence**



*Notes: these scatterplots show relationships between the frequency of communication, on the one hand, and the usefulness of policy advice (left) and agenda-setting influence (right) at the country level. The country-level scores of policy advice usefulness and agenda-setting influence are computed based on averaging survey participants' responses for each country (with non-response weights). The number of observations used to compute average scores are reported in brackets (the first number on the left in brackets refers to the number of observations used to compute the usefulness of policy advice or agenda-setting influence scores; the second number on the right in brackets refers to the number of observations used to compute the frequency of communication scores).*

<sup>37</sup> We have also examined whether there is a significant relationship between the frequency of communication and helpfulness in reform implementation but found a very weak correlation.

## **6.6 Denmark's perceived influence does not depend on partner countries' level of democracy, corruption, or the amount of Danish aid to local civil society organisations.**

Democracy promotion has been a core element of Danish development policy, which raises the question of whether perceptions of Denmark's performance depend upon the democratic landscape of partner countries. In fact, we do not find a relationship between perceptions of Denmark's performance and the level of a country's democracy.<sup>38</sup> Nor do we find a relationship between the level of a country's corruption and how survey participants assessed Denmark's policy advice usefulness, agenda-setting influence, and helpfulness in reform implementation.<sup>39</sup> While it would be conceivable that the amount of Danish aid given specifically to local civil society groups could have an effect on perceptions of Denmark's performance, we do not find that to be the case.<sup>40</sup> While consistent with our earlier finding that CSOs rank Denmark at par with the average DAC bilateral partner in terms of policy influence, this raises questions around Denmark's current emphasis on strengthening CSOs in its development cooperation strategy.

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<sup>38</sup> The Polity IV ratings of political openness, which range from -10 (hereditary monarchy) to 10 (consolidated democracy), are used for our measure of democracy (Marshall and Jagers 2003).

<sup>39</sup> Transparency International's Corruption Perceptions Index is used as our measure of corruption.

<sup>40</sup> We requested and obtained data on Danish aid to civil society groups from Danida.

## **7. Conclusion: How can Denmark maximise impact in new partner countries with fewer funds?**

Danish development cooperation is entering a critical period. Aid budgets are shrinking, priority partners are shifting, all while the marketplace of ideas for policy change is teeming with an ever growing number of actors jockeying for the attention of developing world leaders (Parks *et al*, 2015; Custer *et al*, 2015). As Denmark seeks to advance its development cooperation strategy, “The Right to a Better Life”, it will need to maximise its influence and impact in its partner countries with fewer funds (Danida, 2012).

How well is Denmark breaking through the noise to provide useful policy advice, influence policy priorities, and support key counterparts in implementing critical reforms? This report has drawn upon the first-hand experiences of nearly 200 public, private, and civil society leaders from 40 countries that reported working with Danish development partners via the *2014 Reform Efforts Survey*. In analysing these responses, we assessed Denmark’s performance from the perspective of the stakeholders in low- and middle-income countries that Danish development partners seek to influence.

A number of insights emerge for Denmark to consider as it continues the implementation of its development cooperation strategy:

- Denmark’s current practice of frequently communicating with in-country stakeholders seems to be paying off in terms of downstream influence. As Denmark shifts focus towards new partnerships with fragile states, this approach may be even more crucial.
- Denmark’s favourability ratings appear to grow over time with its priority countries. Even as Denmark adds new priority countries, sustaining long-term partnerships is more likely to pay an influence dividend.
- Denmark’s strategy of focusing its investments on a bounded number of priority countries is generating a positive return. As Denmark looks to stretch its aid budget farther, increasing the intensity of Danish aid to a given country appears to amplify Denmark’s influence and improve favourability in the eyes of key counterparts.

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## Appendix

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

Stakeholder Group	Sampling Frame Members who Received Survey	Sample of Survey Participants	Subsample of Survey Participants Who Interacted with Denmark	Subsample of Survey Participants Who Indicated Denmark's Involvement in Reform Implementation
Host government	26,104 (64.0%)	3,400 (57.4%)	90 (50.3%)	57 (48.7%)
Development Partners	8,667 (21.3%)	1,469 (24.8%)	51 (28.5%)	40 (34.2%)
CSO/NGO/Private	5,994 (14.7%)	1,055 (17.8%)	38 (21.2%)	20 (17.1%)
Total	40,765	5,924	179	117

Table A-2: The Distribution of Survey Participants, by Region

Geographical Region	Sampling Frame	Sample of Survey participants	Subsample of Survey participants Who Interacted with Denmark	Subsample of Survey participants Who Indicated Denmark's Involvement in Reform Implementation
East Asia and Pacific	5,784 (14.2%)	807 (13.6%)	10 (5.6%)	5 (4.3%)
Europe and Central Asia	6,426 (15.8%)	1,025 (17.3%)	12 (6.7%)	7 (6.0%)
Latin America and the Caribbean	5,182 (12.7%)	864 (14.6%)	12 (6.7%)	6 (5.1%)
Middle East and North Africa	4,023 (9.9%)	669 (11.3%)	24 (13.4%)	6 (5.1%)
South Asia	3,253 (8.0%)	503 (8.5%)	41 (22.9%)	29 (24.8%)
Sub-Saharan Africa	16,097 (39.5%)	2,056 (34.7%)	80 (44.7%)	64 (54.7%)
Total	40,765	5,924	179	117

Table A - 3: Policy Domains and Policy Clusters

Macroeconomic	Social	Private Sector Development	Environment	Governance	Others
Macroeconomic Management	Health Education Family and Gender Social Protection and Welfare Labour	Agriculture and Rural Development Business Regulatory Environment Finance, Credit, and Banking Trade Land Infrastructure Investment	Environmental Protection Energy and Mining	Decentralisation Anti-corruption and Transparency Democracy Public Administration Justice and Security Tax Customs Public Expenditure Management	Foreign Policy  No particular policy focus

Table A - 4: Denmark's Partnerships

Longtime Partners	Recent Partners
<i>Africa</i>	<i>Africa</i>
Benin (since 2004)	Mali (since 2007)
Burkina Faso (since 2004)	Ethiopia (since 2011)
Ghana (since 2004)	Niger (since 2011)
Kenya (since 2004)	Somalia (since 2011)
Mozambique (since 2004)	Sudan (since 2011)
Tanzania (since 2004)	Zimbabwe (since 2011)
Uganda (since 2004)	
Zambia (since 2004)	
<i>Asia</i>	<i>Asia</i>
Afghanistan (since 2004)	Myanmar (since 2011)
Bangladesh (since 2004)	Indonesia (since 2011)
Bhutan (since 2004)	Pakistan (since 2011)
Vietnam (since 2004)	
<i>Latin America</i>	
Bolivia (since 2004)	
Nicaragua (since 2004)	

Source: Danida

Figure A - 1: The Distribution of Survey Participants Who Interacted with Denmark by Policy Domain

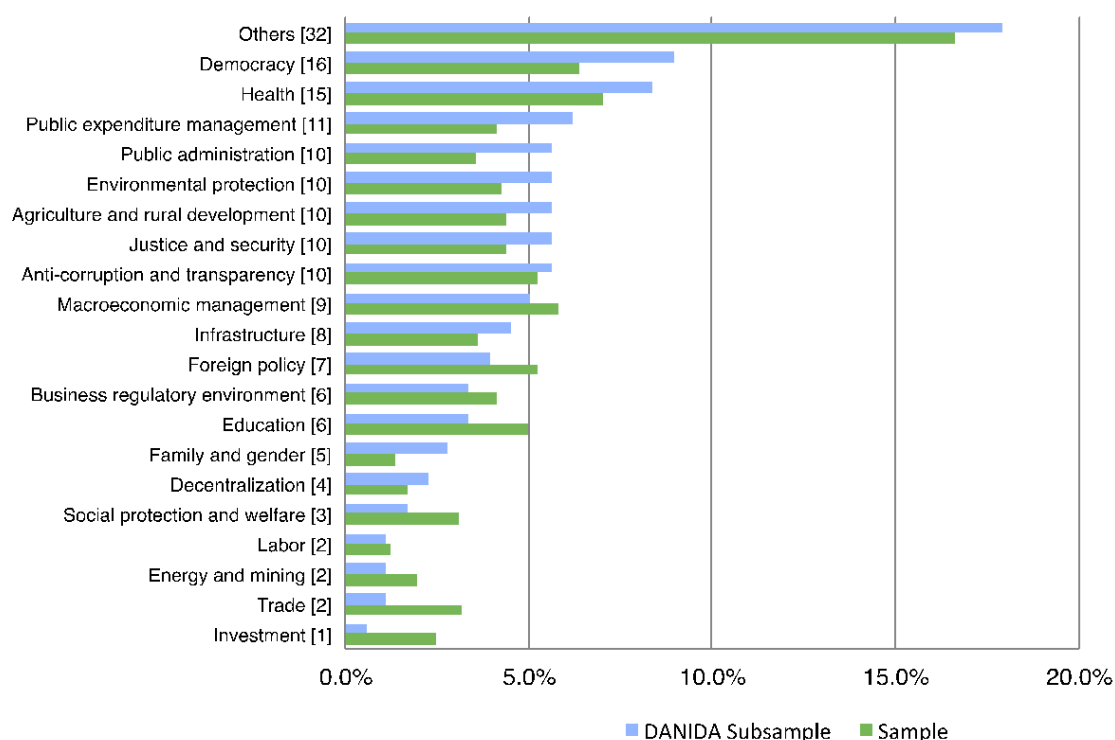




Figure A - 2: The Distribution of Survey Participants Who Indicated Denmark's Involvement in Reform Implementation by Policy Domain

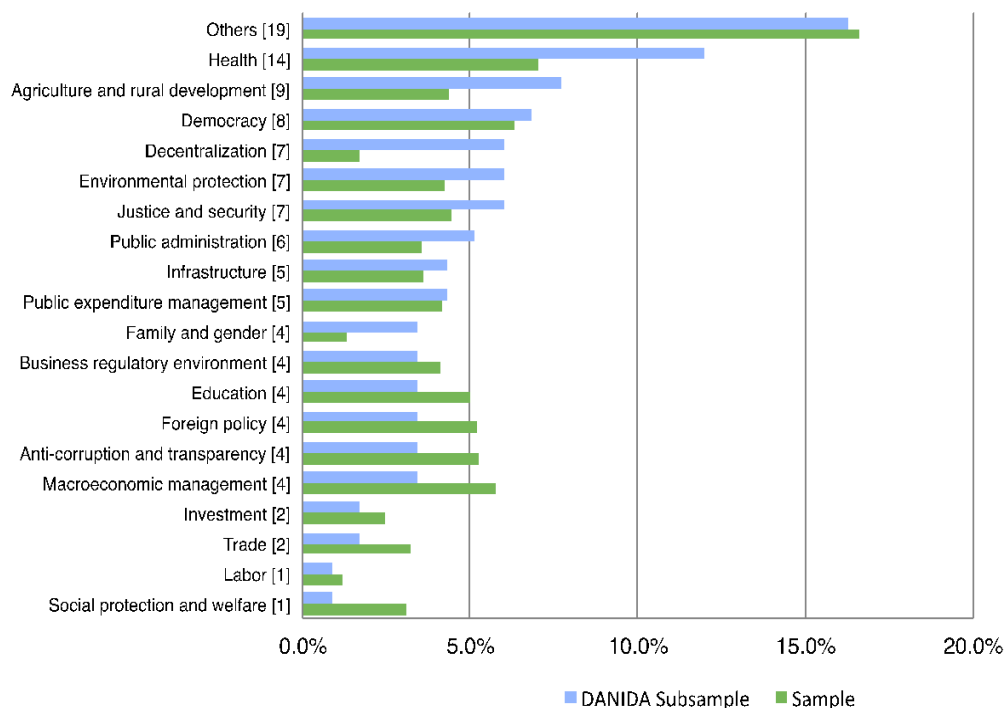
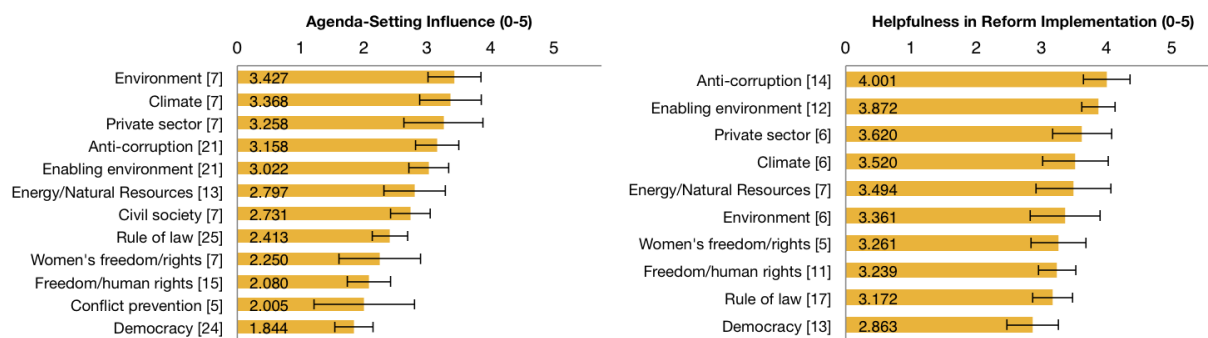


Figure A - 3: The Distribution of Survey Participants Who Indicated Denmark's Involvement in Reform Implementation by Issue Area



Notes: The number of survey participants in each issue area reported in brackets.

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