

To: CGD Strategy and Planning Group
From: Jeremy Avins, Ivan Barkhorn

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FOUR STRATEGIC QUESTIONS

The Center for Global Development (CGD) plays an indispensable role in development policymaking. Despite its relatively small size and short history, CGD has contributed to an impressive array of important improvements in development policy to reduce poverty and inequality around the world. These achievements include advanced market commitments for vaccines, successful debt relief for sub-Saharan African countries (notably Liberia and Nigeria), the Commitment to Development Index, and the creation of cash-on-delivery aid. The respect CGD has earned is underscored by the fact that senior CGD staff members have been recruited into influential positions in the US government, serving in the White House and in such agencies as the State Department, Millennium Challenge Corporation, and USAID.

This year marks CGD's 10th anniversary. That milestone offered an excellent opportunity for the Center to review its accomplishments, reflect on its strengths and weaknesses, and investigate crucial questions to help guide its thinking over the coming years. CGD took that opportunity to pose four strategic questions:

- How are we doing relative to our peers?
- How are we perceived and what could we do better?
- Should we become more global, and if so, how?
- How can we better connect our work to real-world impact?

This paper describes the results of a joint CGD-Redstone effort to answer these questions using internal and external interviews, and the experiences of other highly-capable organizations, as input for deliberations within CGD. It summarizes Redstone's findings and the Center's plans to implement the joint effort's recommendations.

Integrating a structured system for quantifying impact into any think tank's activities is a challenge. This is particularly true at CGD, where freedom for fellows to explore has been crucial to its culture and success. For that reason, CGD remains committed to safeguarding that freedom even as it takes concrete steps to improve its decision-making, tracking, and communication of impact. As CGD has done in other aspects of its institutional evolution, it will use an incremental approach that allows for piloting, opportunistic adaptation, and internal learning.

The remainder of this paper describes Redstone's conclusions from the effort and sets out CGD management's proposed approach for more systematically planning and tracking the links between the Center's work and desired policy changes. Redstone's main conclusions are:

1. **CGD is one of the preeminent think tanks working on development.** The consensus among interviewees was that CGD "punches above its weight." At the same time, most felt that CGD could still glean valuable insights from peers, such as in hiring and promoting its work.

2. **CGD is well-perceived on an absolute scale, though it still has room to improve.** Most importantly, both internal and external interviewees felt CGD could increase its impact by being slightly more formal in defining its intellectual structure and documenting how it pursues its goals within that framework. Section 4 details how CGD intends to do so.
3. **CGD's plans for concrete steps to become more global make sense.** CGD will expand its focus on "rich and powerful" US-based institutions and high-income countries in Europe to explicitly include new influential countries and institutions around the world. More tangibly, CGD will open a new office in Europe to enhance its ability to understand and influence European development policymaking while looking actively for opportunities to expand engagement in emerging economies and collaboration with scholars in developing states.
4. **CGD will be clearer in conveying to its supporters how it decides on its work programs, and will experiment with new tools to anticipate and track influence and impact.** For example, in response to comments that the reasons behind CGD's choice of topics are not always externally apparent, the Center will better convey its philosophy, clarify why it pursues specific issues, and more explicitly articulate the objectives within each. CGD will also experiment with expected return estimates to assess prospective initiatives and set metrics and targets for its work. Using these tools, CGD will refine its monitoring and evaluation to better shape future investments.

1. CGD is one of the preeminent think tanks working on development

The clear message from over 30 interviews is that CGD can more than hold its own against any comparable organization (see Appendix A in the accompanying appendices for a list of interviewees). Interviewees, both internal and external, were unanimous in their belief that CGD is a premier think tank with few rivals in its area of expertise. External interviewees consistently placed CGD among the top five organizations working to influence development policy. Likewise, most named CGD as one of the top two think tanks working on development (the other varied, with ODI and Peterson both mentioned often). Adjectives like "innovative," "influential," "non-partisan," and "pre-eminent" were commonly used to describe the Center.

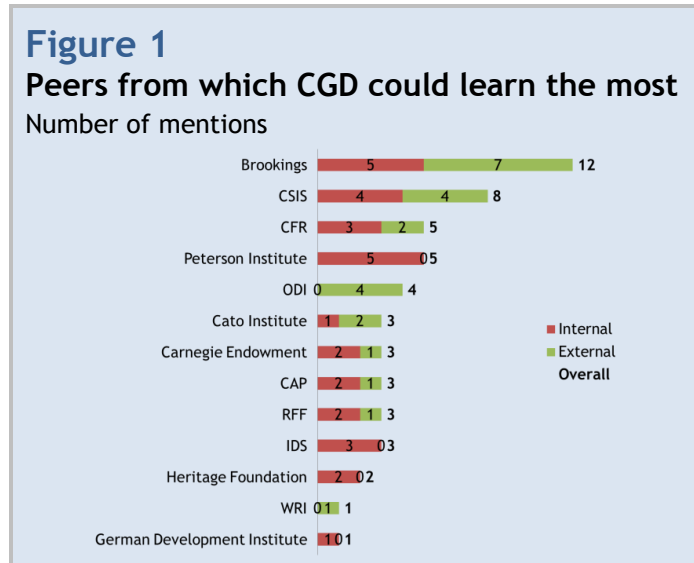
Moreover, CGD's specialization is widely seen as an important factor in the Center's influence. As several interviewees noted, CGD's exclusive focus on development allows it to be a "lead player beyond its size." Specifically, its specialization has made it the "target organization" for its space, giving it an edge in attracting attention to its work.

If there is a downside to this influence, it may be that CGD must be extra vigilant in guarding its innovative spirit in the face of ever-increasing recognition. One interviewee noted that CGD has become more "mainstream," which implies not only significant credibility, but also a risk of becoming less innovative. This interviewee also noted that while CGD's perceived "revolving door" with the US Government and closeness to international financial institutions (IFIs) is critical to its impact, the Center should be careful to avoid the impression that any organizations are spared sharp critiques because fellows are thinking about their next job. At

the same time, the interviewee stressed that CGD does some great “cutting-edge” work, and should continue in that vein.

Figure 1 illustrates the results of a question asking those interviewed to indicate the peers from which CGD could learn the most. Again, many were adamant that peers have more to learn from CGD than vice-versa. Even as they noted aspects of other think tanks that could be instructive, they also cited many that would be a mistake for CGD to adopt (e.g., the “civil service-like” bureaucracy of bigger peers).

Nonetheless, as evidenced by the number of overall mentions in Figure 2, most interviewees still identified several prominent peers from which CGD could learn, including Brookings, CSIS, CFR, and Peterson. Many of the reasons for those think tanks’ prominence are not relevant to CGD (e.g., their size and focus on traditional hot topics like security and international finance). Still, interviewees suggested these institutions as role models out of the sense that CGD is poised to take its work and impact to the biggest stages. Two ideas from interviewees that CGD might consider for further investigation include:



- **“Up CGD’s game” on hiring** (in the words of one expert). On one hand, interviewees commended (1) CGD’s focus on attracting staff that really understand government operations rather than simply the best-known names, and (2) its success as an incubator of future development stars. On the other hand, several also noted that CGD could now solidify its position as the premier development-focused organization in “a saturated DC market” by hiring a few additional high-profile fellows that follow the CGD tradition of active involvement in key policy issues.
- **Stay current in efforts to link CGD’s development work to areas that are under wide discussion.** For example, while admiring CGD’s willingness to “stay the course” on the long-term issues it traditionally has followed, one interviewee thought pursuing the connection between development and defense might help CGD promote its work. (Note: CGD has already begun work in this area.)

2. CGD is well-perceived on an absolute scale, though it still can improve

Interviewees praised CGD on an absolute scale as well as in relation to its peers. However, three consistent themes emerged – especially from those outside the organization – as suggestions for moving CGD from its current high standing to even greater heights:

- More formal intellectual structure and documentation could increase CGD’s impact

- CGD’s substantive focus may be lagging slightly behind emerging trends
- Small changes in CGD’s “institutional DNA” could have big benefits

More formal intellectual structure and documentation could increase CGD’s impact

This comment emerged from both internal and external interviewees, with differing intent but similar implications. According to several internal interviewees, CGD’s informal monitoring and evaluation (M&E) processes are highly valuable but could be even better with a “light touch” approach toward setting goals and tracking progress. This could involve improving documentation of progress, stating more explicitly the expected balance between work aimed at long-term change and projects focused on short-term impact, and making other changes to assist in allocating staff time and strengthening the case for fundraising.

Outside interviewees’ concerns, conversely, centered on the broader question of CGD’s overall intellectual framework and goals. Interviewees stressed that CGD has “brilliant people” that produce “brilliant ideas,” and letting these staff members exercise significant autonomy is seen as wise. Yet there also seemed to be a shared sense that what CGD *is* and what it does as an *institution* is unclear. They described CGD’s work as “eclectic,” “quirky and idiosyncratic,” and “diffuse.” Although these descriptors are not inherently critical, the interviewees noted that CGD can at times seem “shy of strategy” and “all over the map,” to the point that its outputs do not always have a “compelling thread.”

Both perspectives suggest that CGD might benefit from more explicitly declaring the rationale for its broader goals and resource allocation (including why CGD is *not* working on certain topics), as well as more clearly documenting its strategies and intended impact. Note that this recommendation does not imply that CGD should have “institutional views or positions” on individual issues, but rather that it could be more explicit about its approach to selecting the questions it addresses. Section 4 details CGD’s responses.

CGD’s substantive focus may be lagging slightly behind emerging trends

In investigating whether and how to become “truly global,” CGD is clearly at or ahead of the curve in the development sector. At the same time, many external interviewees – including some of those most familiar with CGD’s mission and work – suggested that the Center consider expanding or otherwise tuning its focus to keep pace with new insights and trends in development. The following are two of the most common recommendations:

- **It would be great to see CGD directly address the “systemic” issues likely to dominate the development discourse going forward**, rather than focusing primarily on the “sectoral” work at which it has excelled in the past decade. The underlying idea is that CGD should maintain its reputation for leading intellectual evolution in the development sphere. A few interviewees noted that systemic issues like equitable and sustainable growth, employment, vulnerability to exogenous shocks, and effective governance are growing in prominence in development circles, perhaps at the expense of more specific areas such as trade, health, and migration. As a result, they suggest that CGD should have views on these emerging issues (or should be clear why it does not).

- **Aid is crucial to the CGD brand, but is becoming less relevant in development.** Many external interviewees feel that aid is a small and diminishing aspect of the development conversation, especially in the US and in relation to growing areas of interest (e.g., the role of the private sector). Some interviewees thus felt that CGD’s emphasis on aid (at least in their perception) might lead to the Center being seen as a group of “generals fighting the last war.”

However, interviewees also recognized that (1) aid still plays an important role in development, and (2) CGD is the premier organization working on the topic. Perhaps, then, their thoughts should be read more as a call for explicitly placing aid in a broader context, rather than as a suggestion that CGD should scrap or even significantly re-allocate its efforts. For example, when asked which topics CGD should address in becoming global, many specifically mentioned aid.

As Section 4 explains, CGD has a clear – and now explicit – rationale for how it chooses work areas. In brief, CGD works on the issues that influential institutions most directly affect. Aid falls clearly within that boundary, while many “systemic” issues do not.

Small changes in CGD’s “institutional DNA” could have big benefits

To expand CGD’s impact both inside and outside the US, it may be useful to further diversify staff from the standpoint of institutional background and view recruitment decisions in part as an opportunity to strengthen ties with developing and emerging economies. Specific suggestions from internal and external interviewees include:

- **Diversify staff background beyond the US Government and international financial institutions.** While acknowledging that these entities form natural recruiting pools for CGD, internal interviewees in particular were enthusiastic about the possibility of bringing in experts from other organizations and taking advantage of their diverse perspectives. This does not suggest penalizing potential hires for their excellent work in highly relevant organizations. Rather, the intent is to emphasize the importance of also bringing in more voices with on-the-ground, insider knowledge of other countries, especially if CGD aims to become more global.
- **Create more concrete connections with developing and emerging countries.** Specific suggestions included having more fellows from – and in – some of these countries. As Section 3 discusses, CGD is taking concrete steps to expand these connections, such as recruiting more non-resident and visiting fellows.

Overall, as Figure 2 shows, CGD is perceived to be strong on the qualities that interviewees judged to be most important. Moreover, these survey responses generally correlate well with interviewees’ qualitative comments. For example, interviewees lauded CGD’s ability to maintain a truly non-partisan reputation in a city where such talk is often cheap.

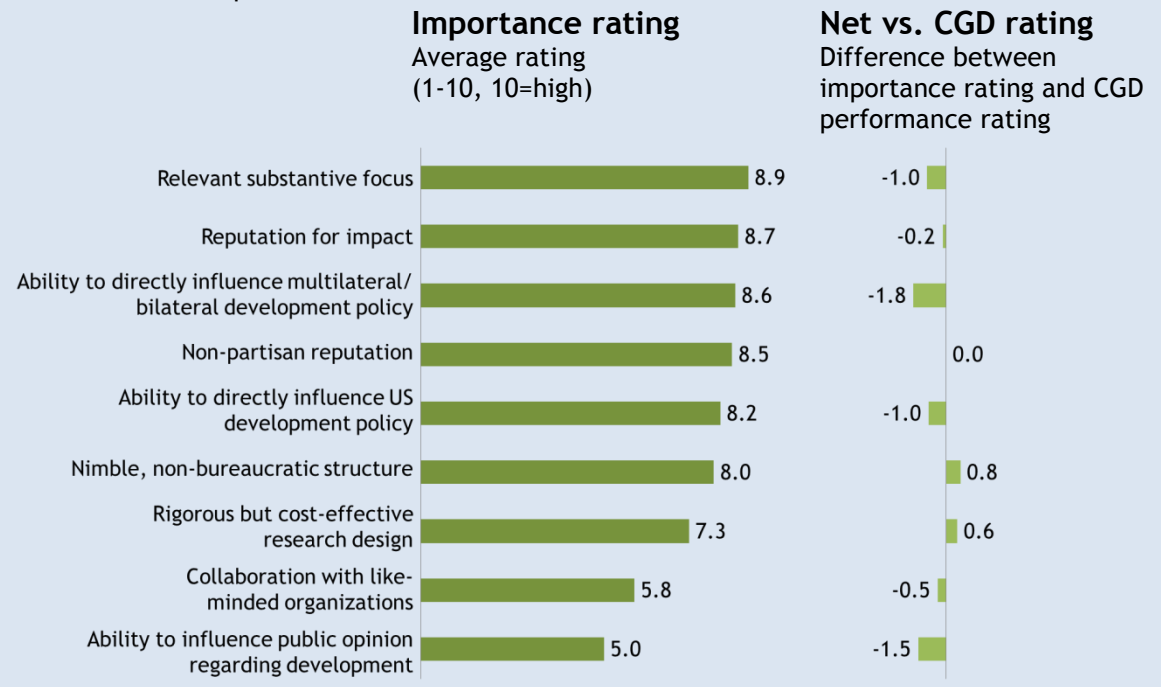
The relatively lower rating for CGD on its ability to directly influence multilateral/bilateral development policy may be related to most interviewees’ recommendation that CGD increase its global activity. Likewise, the relative overachievement on “nimble, non-bureaucratic structure” suggests that while interviewees believe it to be a very important quality (hence an importance rating of 8.0 out of 10), there may be room to add some low-intensity structure

without over-burdening staff. Finally, though it is not visible in the chart, external interviewees not surprisingly rated collaboration as substantially more important than did internal interviewees (7.7 vs. 4.9).

Figure 2

Key qualities for CGD’s mission: how CGD is doing

All interviewee responses combined



3. CGD’s plans for concrete steps to become more global make sense

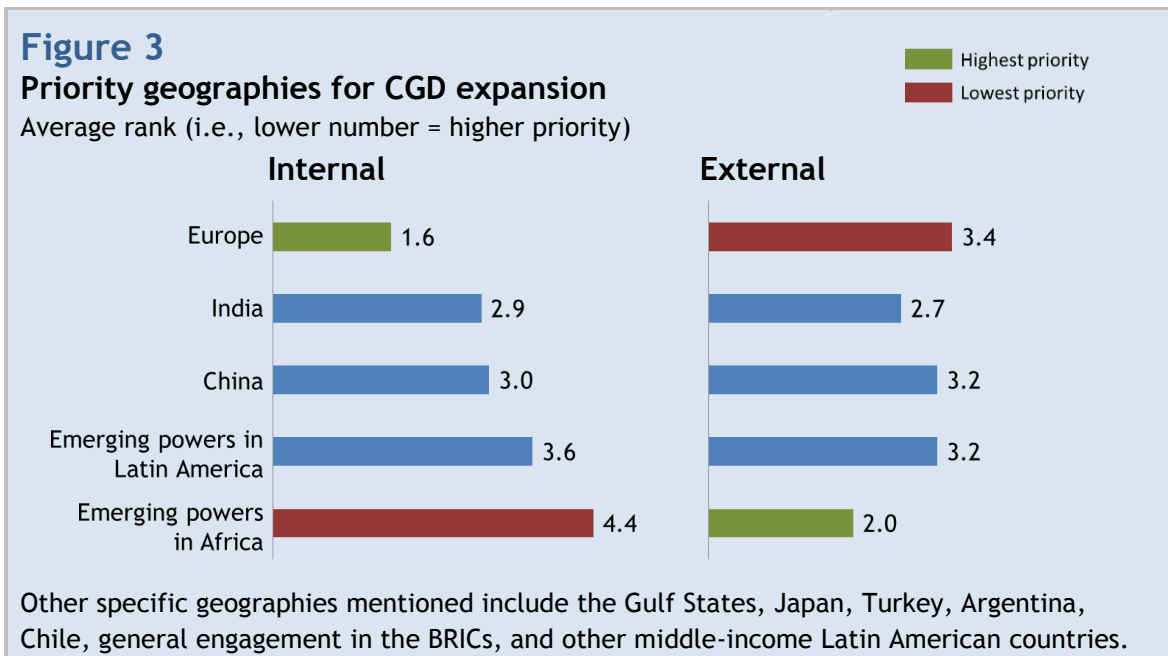
Since its founding, CGD has aimed to influence “rich and powerful” countries and institutions. In practice, much of its work has focused on the US Government and major international financial institutions based in Washington, DC.

However, the group of key actors in global development is expanding, as evidenced by the emerging international influence of the BRIC countries (Brazil, Russia, India and China), the G-20, and others. At the same time, US influence over global events, while still hugely important, appears to be diminishing. In light of these geopolitical changes, both internal and external interviewees felt it would be appropriate for CGD to reconsider its goal and scope.

Consequently, CGD has updated its mission statement to say that it aims to improve “the policies and practices of the rich and the powerful – in rich nations, as well as in the emerging powers, international institutions, and global corporations.” As part of this effort, the Center is broadening the scope of its activities to more directly address a larger circle of influential actors, including countries with lower per capita incomes but high GDP, and others who exercise various forms of global influence.

Several external interviewees wondered whether even this broadened definition of CGD’s target is sufficient to allow the Center to address the “development conversation” writ large. Indeed, as Figure 3 shows, most internal and external interviews took opposing views of the highest and lowest priorities for geographic expansion.

In response, CGD notes that many other players already work on other relevant issues – for example, helping developing countries to design and implement effective anti-poverty strategies within their borders. CGD’s mission of “influencing the influential” plays to its strengths and thus can be expected to deliver the highest return, given the Center’s location and the interests and experience of its staff.



To become more global, CGD will:

- 1. Create a physical presence in Europe.** This is a logical next step since Europe is arguably the biggest player now among the influential actors in development, and CGD’s expertise working with wealthy countries and institutions is most directly applicable to Europe.
- 2. Opportunistically expand connections with nations emerging as influential** through increased scholar-to-scholar collaboration and the use of non-US visiting fellows in DC. Use of scholarly collaboration is a proven expansion path for CGD; it is the model it has used to enter several new topical areas.
- 3. Continue with issue-based collaborations in developing countries.** CGD’s work with leaders in developing countries has had immediate local benefits and has also helped CGD understand deeply how influential powers interact with and affect the developing world. These collaborations will continue and expand as opportunities arise, perhaps with more formal partnership than has been typical.

- 4. For now, CGD management is not seriously considering additional physical locations.** When or if this changes in the future, India could be attractive given its status as an emerging power grappling with relevant domestic and international issues, its significant local talent, and the environment conducive to an independent institution. Indeed, despite the disagreement highlighted in Figure 3, both sets of interviewees saw India as the second most important geography in which to engage. The addition of an explicit India program or physical expansion into India (or any other emerging power) is most likely to occur if a local scholar with close ties to CGD proposes the idea, rather than as the result of a grand plan. Other potential locations, given their increasing global influence, are Brazil and China.

Note that this proposed approach also is consistent with recommendations by leaders involved in the global expansion of the Carnegie Endowment and the Brookings Institution. Carnegie generally has created full offices, although it also has pursued lower-intensity engagements that better match CGD's capacity for expansion. Both organizations opened offices in China but have found it a difficult environment. Both are now seriously considering establishing offices in India. For more on the specifics of those organizations' experiences and details of CGD's implementation of the above ideas, please refer to the short paper entitled *Options for becoming more global* (See Appendix B in the accompanying appendices for a list of documents produced during this project).

4. CGD will be clearer in conveying to its supporters how it decides on its work programs, and will experiment with new tools to anticipate and track influence and impact

As a result of internal goals to better connect CGD's work to real-world impact and the above comments from interviewees, CGD is experimenting with a variety of tools to improve the ways it makes decisions and tracks impact. Most prominently, CGD will:

- Be more explicit about the logic of its mission and its work programs, and strive to set out in advance anticipated connections between specific work and intended influence and impact (see Appendix C)
- Experiment with and selectively use expected return estimates to assess prospective research, new initiatives, and quick hits to better identify its added value
- Increase the use of metrics and targets to better monitor ongoing efforts

CGD will be more explicit about the logic of its mission and its work programs, and strive to set out in advance the anticipated connections between specific work and intended influence and impact.

As noted above, many external interviewees commented that the logic behind CGD's choice of topics is sometimes unclear. With that in mind, CGD will be more explicit about why it pursues specific topics and the outcomes associated with each. Broadly speaking, CGD chooses its topics through the following steps:

1. Begin with the goal of improving the policies and practices of the influential to promote shared global prosperity

2. Identify the set of development issue areas in which the influential play a crucial role
3. Hire smart, passionate, and rigorous policy entrepreneurs who can identify and are interested in high-return opportunities within that framework
4. Build on the entrepreneurs' ideas with "crowd sourcing" from other staff
5. Use internal processes (e.g., internal presentations and discussion, peer review, and expected return estimates as described later in this paper) to assess CGD staff's instincts before taking on a new research project or policy initiative.

More specifically, the Center pursues research projects and policy initiatives relevant to influential actors' policies and practices. As displayed in Appendix C, these broad areas include the seven categories monitored in CGD's "Commitment to Development Index" (CDI) plus global health. The categories in the CDI are a natural fit, chosen because they represent areas where influential actors most affect development.

For an example of how CGD might decide whether to engage in a new substantive area, consider education. CGD's work in education has been limited, focusing mostly on cross-country studies (e.g., of girls' educational opportunities) because questions of access and quality are generally viewed in the development community as domestic issues. However, if a high-return opportunity develops to improve education for poor people by changing the policies of influential countries (e.g., via a Millennium Learning Goal or a new aid mechanism, such as cash-on-delivery aid), it may become an attractive issue for CGD's scholars to explore.

Within each broad area, CGD's work falls into two categories:

- **Long-term research:** High-quality research is the essential foundation of the Center's policy impact and can have far-reaching influence on the broader development community, by shaping the international policy debate. Research earns CGD crucial external credibility that helps to ensure a ready audience for its policy recommendations and provides the intellectual foundations for policy-focused initiatives and quick-hits.
- **Initiatives / quick hits:** Initiatives are time-bound projects aimed at a specific policy change, usually lasting 1-3 years. These projects typically have explicit targets (e.g., clinical trial and regulatory pathways for treatments for neglected diseases are strengthened and streamlined, so that at least one additional new medication is approved in the next two years). Quick hits are short-term projects (i.e., less than one year) in which CGD staff take advantage of a specific policy window to push through a policy change. Examples include recent work to help Sudan and South Sudan divide their debt, and a 2008 mini-campaign to pop a speculative rice price bubble that had driven the cost of the staple beyond the reach of poor people in Africa and Asia.

In general, CGD devotes roughly 40 percent of its budget to longer term research and 60 percent to initiatives and quick hits. This tilt toward work that is actionable in the nearer term reflects CGD's commitment to being a "think-and-do tank." These two categories of work imply different sets of intermediate outcomes, and thus a different suite of metrics, as described below.

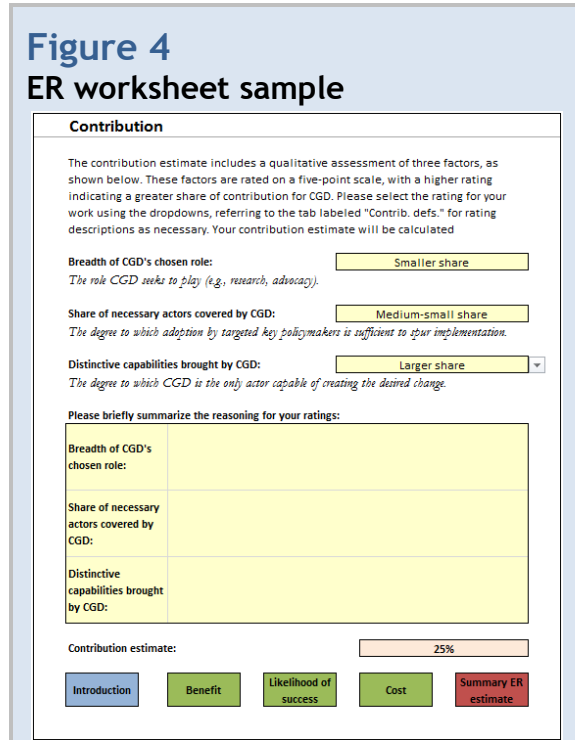
CGD will experiment with and selectively use expected return estimates to assess prospective research, new initiatives, and quick hits to better identify its added value

CGD plans to experiment with selectively using expected return (ER) estimates as an input to decision-making. To begin this process, in 2012 CGD will prepare ER estimates for 6-10 projects spread across major research areas, new or ongoing initiatives, and quick hits. Based on those experiences, CGD will develop internal guidelines on if and how ER can systematically be used.

ER estimates compare investments based on potential impact, CGD’s contribution to that impact, likelihood of success, and expected cost (ER = benefit x likelihood of success x contribution / cost). The result is the expected benefit per dollar spent for a particular activity. ER estimates are not intended to replace fellows’ expertise or eliminate difficult decisions, nor will they be allowed to undermine CGD’s exploratory culture. Rather, the estimates are intended to stimulate and make explicit the thinking that leads to identifying of the most cost-effective paths toward maximizing CGD’s impact, setting appropriate metrics and targets, and monitoring and evaluating the Center’s work.

Application of ER will build upon CGD’s existing system for tracking influence and impact. For monitoring influence, the communications team currently tracks a set of demand-driven indicators to monitor growth in the audience for the Center’s work. These metrics, which are reported to the Board, include media mentions, attendance at CGD events, and a set of Web-traffic metrics (subscriptions to email newsletters, open and click rates, unique visits to the CGD Web site, and page views). For impact, CGD documents specific success stories, often supported by third-party testimonials, as captured in the Center’s annual reports and short films prepared for the Center’s fifth and tenth anniversaries.

In experimenting with ER, CGD will use the definitions and methodology described in Appendix D. These will be embodied in tools that CGD is creating to make ER estimates as useful and easy-to-use as possible. For example, the Center has designed a worksheet to help fellows estimate ER and to encourage reflection on whether there are ways to improve a proposed initiative and its accompanying work plan. The worksheet describes each ER component, and provides space for higher-level thinking (e.g., by asking, “Is the project set up to maximize institutional collaboration and partnerships?”). There also is an accompanying script to walk fellows through the worksheet until they are comfortable with ER. Figure 4 displays a



screenshot of one page of the draft worksheet, which CGD will convert into a Web-based questionnaire and post on the CGD Intranet.

The ER metrics are differentiated between the two categories of CGD work (longer term research and initiatives/quick hits) and are adaptable to specific CGD projects, allowing fellows to set appropriate targets. The metrics for initiatives/quick hits are also integrated with the method for estimating likelihood of success. Appendix E illustrates the generic metrics and describes how fellows can adapt them to their specific projects and then set targets.

Finally, Appendix F discusses the monitoring and evaluation (M&E) plan that CGD will use to better shape future investments. Consistent with best practices, the resulting M&E plan will focus on outcomes in addition to tracking activities and outputs. The process will begin as new projects are considered, extending through to their completion.

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Thank you for the opportunity to collaborate on this important work. We look forward to any comments or suggestions.