

PROJECT OVERVIEW:
HEWLETT FOUNDATION THINK TANKS INITIATIVE
April 2007

I. INTRODUCTION

The Board of Directors of the Hewlett Foundation has approved an initial investment of \$100 million for a ten-year initiative to strengthen independent think tanks and policy research centers in the developing world. Such organizations provide critical inputs for the creation of effective policies to promote growth and reduce poverty. The purpose of this memo is to present an update on our progress thus far in developing an implementation plan for this new Think Tanks Initiative.

Over the past several months, Global Development Program staff have been gathering information and consulting widely to determine how best to structure a grantmaking program that will bring together the right mix of financial and technical support to help build stable, effective research organizations. To ensure that we are learning from similar efforts and that we understand the range of challenges faced by think tanks in the developing world, we have made a number of international trips over the past six months. We have met with more than 100 experts, including Executive Directors and researchers at policy research institutes throughout the developing world, as well as “consumers” of policy research -- including advocacy groups, journalists and government officials. We have also met with private and public funders of policy research, and we commissioned a comprehensive study of the selection and evaluation criteria used by other funders for their grantmaking to developing country think tanks. On January 31st we convened a meeting of international experts at the Foundation to get feedback on our preliminary plans.

Our consultations have made even clearer the pressing need for this funding program to support policy research institutes in the developing world. Almost to a person, our advisors have hailed this as “the right initiative at the right time.” As fragile democracies seek to consolidate by creating policies that respond to citizen demands, governments desperately need policy research rooted in local realities. Furthermore, as international development donors increasingly advocate for local ownership of development projects and provide a larger share of their funding through direct support for government budgets, developing countries must prove that they can take the lead in designing their own development policies. This will require good research and analysis by local experts.

The input we have received thus far has helped clarify our understanding of which types of research institutions we should look to support and what type of funding and technical assistance we should consider providing. While there are still some critical implementation questions to be resolved, the optimal structure and likely parameters of the Think Tanks Initiative are becoming increasingly clear. In this memo we attempt to synthesize the information we have gathered and outline some of our preliminary conclusions.

II. REVIEW OF RATIONALE

The Hewlett Foundation supports research in almost all of our grantmaking areas, based on the premise that useful action to achieve social change must be informed by sound policy analysis. One of the Foundation’s strongest traditions is to build institutional capacity in the fields in which we work, both to address the problems targeted by the Foundation today and to identify future priorities. As our grantmaking expands in developing countries, a compelling case can be made for the need to strengthen a select group of the most promising research institutions in the developing world.

If there has been one key lesson of international development experience to date, it is that public policies work best when they are designed and implemented by local actors. Without locally generated data and analysis, well-intentioned programs often don’t respond to realities on the ground. Furthermore, without local experts in place to monitor implementation, even the most thoughtfully designed projects are likely to lose momentum or even collapse over the longer term. Although international donors now recognize that local ownership is critical to successful development interventions, they often fail to invest in the local institutions that can do the ongoing research and analysis needed by policy makers and activists to effect program improvements over time.

It’s hard to attract the best people; we can’t compete with the private sector. You really have to create the right environment so policy research becomes a career. Knowledge is in peoples’ heads – if you don’t have good people, the institution just becomes viewed as “unnecessary overhead.”

- Chalongphob Sussangkarn,
Thailand Development Research
Institute (Thailand)

One dominant theme that emerged from our consultations is that many of the weaknesses in the current market for policy research are the result of shortsighted funding decisions by donors. For example, most developing country research institutes never receive the kind of predictable core funding that would allow them to do long-term planning, establish their own research priorities, and invest in creating strong research programs. International donors give them some support, but usually for one-off projects, which the donor agency often designs and leads. As a result of these constraints, most policy research institutes are doing primarily “responsive research,” rather than setting a forward-looking research agenda responding to locally-

determined needs. Complicating matters further, many developing countries have a limited pool of highly educated experts, and it is difficult to retain top caliber personnel without strong local institutions that provide policy researchers with real opportunities to build careers. To give staff job security and career opportunities, research institutes need to have stable, long-term sources of support.

Despite these challenges, policy research institutes do exist in the developing world, and those that have overcome some of the challenges described above are demonstrating the impact of quality research in the policy making process. Although official demand for research is notably inconsistent, there are usually a few committed individuals within certain Ministries who are receptive to the findings of independent research and even seek it out. As more developing countries become multiparty democracies, there are signs that governments are increasingly tolerant of outside input and critique. In some places, researchers are beginning to work more closely with members of parliament, who need data and analysis to make more informed policy

decisions. And civil society organizations like the Center for Economic and Legal Studies (Argentina) and the Tanzania Gender Networking Program are increasingly seeing the need for rigorous data and analysis to strengthen their advocacy efforts. In this context, opportunities are expanding for independent research to inform and influence policy.

The time is ripe for policy researchers in developing countries to consolidate stable institutions, develop long-term research programs, and invest in efforts to better link research and policy. However, as a public good, policy research is pervasively undersupplied by market forces, and unlike in the North, there are almost no domestic sources of support for independent policy research institutes in the developing world. International donors are thus a key source of funding for local research, but shortsighted funding policies have failed to build strong research *institutions* with forward-looking research agendas. Given these opportunities and constraints, a well-structured initiative to support developing country research institutes has significant potential for impact.

III. GOALS OF THE THINK TANKS INITIATIVE

Long-term: The desired outcome of this new grantmaking program is that developing countries are better equipped to create public policies that truly promote equitable growth. Ultimately, better social and economic policies should promote improved development outcomes for the world's poorest people. Impartial research is also a critical element in ensuring that citizens can hold their governments accountable for policy decisions. Thus, a second long-term goal of the Initiative is to help contribute to accountability for improved governance – that is, governments' effectively considering and addressing the expressed needs of their citizens.

Short and Medium-term: To achieve these long-term goals, the Think Tanks Initiative will target one critical input to the policy-making process in developing countries: policy-relevant research by independent institutions. Our theory of change is based on the following assumptions:

- 1) Good policy-making requires locally-generated data collection, research and policy analysis;
- 2) Government technocrats and NGOs do not generally have the right mix of skills and incentives to produce objective research themselves;
- 3) Independent research institutes play a critical role by producing research and analysis to inform the policy-making process and to present alternative solutions to policy problems;
- 4) For policy research institutes to be consistent producers of high-quality research -- and be able to seize windows of opportunity for policy reform -- they must be sustainable and effective organizations, based on criteria such as strong leadership, credible governance, predictable and diversified sources of funding, and strategic coherence of institutional goals and activities.

The medium-term goal of this initiative is therefore to strengthen a group of promising policy research institutes based in developing countries, such that by the end of this initiative these institutions are consistently providing objective, high-quality research that both informs and influences policy. In the shorter term - and following several years of financial and technical support from the Think Tanks Initiative - we would expect grantee institutions to be able to

document institutional improvements, in terms of leadership, governance, stability and diversity of funding sources, and strategic coherence of goals and activities.

Desired Second-Level Outcome: An indirect, though important, objective of this grantmaking program is to contribute to a shift in current practices for funding policy-oriented research. International donors still meet a large percentage of their research needs through contracts with foreign consultants, rather than using local researchers. Even when they do work with local researchers, the project funding approach results in many fragmented studies on specific projects, with very little room for big picture analysis and locally relevant solutions. When we asked various researchers why they had stopped working on a research project that seemed to be yielding promising results, the answer was invariably that the funding for the project had ceased – not that the issue was resolved or no longer relevant! We hope the Think Tanks Initiative will demonstrate the impact of a very different funding model: a donor provides both financial and technical support to strengthen research institutes, which then set their own research agendas. If this effort is successful, we hope to encourage other donors to rethink the ways they are supporting policy research in developing countries.

Eighty percent of research is funded by overseas donors, but it really doesn't represent the national agenda. It depends more on what subjects are attractive to the academic market of development in the US and Europe. Tons of knowledge is being accumulated in Washington, but only 10 percent of this knowledge is benefiting developing countries.

- Gabriel Ortiz de Zevallos, Instituto APOYO (Peru)

IV. DEFINING THE TARGET INSTITUTION

The influence of institutions that work extremely closely with government can be exaggerated. Often they are just working out the technical details of something the government has already decided to do. [The Foundation] should be supporting an independent voice that can look at government policy objectively.

- Rakesh Rajani, HakiElimu (Tanzania)

In any country there are various types of organizations that produce research to inform and influence policy. There are academic research centers affiliated with universities, quasi-governmental research organizations doing essentially technocratic work, independent research institutes doing policy-relevant research, and advocacy organizations with some research capacity. While each of these organizations has a distinct role to play, it makes sense to focus our financial support under the Think Tanks Initiative where: a) we can leverage the most impact toward our long-term goals of influencing good policy decisions and providing information that will help citizens hold their governments accountable; and b) where there are current funding gaps that the Foundation's resources could help fill.

Based on these criteria, we anticipate that the Think Tanks Initiative will focus primarily on funding independent research institutes doing policy-relevant research. The chart on the following page outlines some of the pros and cons of various institutional models with respect to the objectives of this initiative.

Analysis of Types of Institutions

	Pros	Cons
University departments or university-based research centers	<ul style="list-style-type: none"> - Added institutional (and financial?) stability - Opportunity to strengthen higher education - Potential for political “cover” 	<ul style="list-style-type: none"> - Less likely to be policy relevant; limited direct contact with policy makers - More problem diagnosis, less attention to implementation - Bureaucratic hurdles - Focus is on teaching, not research in many developing country higher education systems - Limited capacity for advocacy and outreach - Lack of independence
Quasi-governmental research institutes	<ul style="list-style-type: none"> - Very closely linked to government officials and the policy making process - Government buy-in means research uptake will be higher - Higher likelihood of practical policy recommendations with attn to implementation - May be more financially sustainable 	<ul style="list-style-type: none"> - Risk of compromised objectivity, less likely to challenge decisions - May be restricted to working on topics on the short-term agenda of current government - Should receive bulk of funding from government, perhaps multilateral donors (so less need for philanthropy?)
Independent research institutes	<ul style="list-style-type: none"> - Opportunities greater for producing objective, politically neutral research - Internal quality control - Generally seek to influence - or at least inform - policy - Stronger skills to do original research (as opposed to just synthesis) - Ability to step back and look at long-term issues not on the immediate policy agenda - Can be connected to universities without downsides of university-control (good models exist) 	<ul style="list-style-type: none"> - Often suffer from weak advocacy and outreach skills - May have more trouble linking directly to policy makers - Financial sustainability is a challenge
Advocacy organizations with strong analytic capacity	<ul style="list-style-type: none"> - Mission predisposes them to focus on holding governments accountable - Focus on dissemination and outreach, links to media - More links to grassroots - may have better understanding of local needs and concerns 	<ul style="list-style-type: none"> - Weaker research skills - less rigorous research, more synthesis - Research may not always be impartial - generally done to make the case for something - Generally sector-specific - Financial sustainability is a challenge

It is important to note that by “independent” we do not mean that an organization should receive no funding from the government. On the contrary, most research organizations in developing countries need some government funding to survive. One key theme emerging from our research is that independence can mean different things in different settings. That said, there are several factors that seem to be critical to maintaining independence as a policy research institute: 1) rigorous and impartial research; 2) lack of financial dependence on (i.e. more than half of the budget from) one donor; 3) nonpartisan and politically neutral; 4) commitment to publishing research findings in the public domain; and 5) ability to set an independent research agenda. This final characteristic may be the most difficult – and the most important – to maintain.

Even if we primarily target independent research institutes, there is still a great degree of diversity among these groups with respect to thematic focus. For present purposes, we can group research institutes into two basic categories that form two ends of a continuum:

- Research institutes that focus on a particular sector, e.g. health, education or agriculture. Examples include the Tegemeo Institute in Kenya, which focuses specifically on research in agriculture and rural development, and the Ifakara Health Research and Development Center in Tanzania.
- Multipurpose research institutes, which study economic and social policy issues more broadly, but often have different internal research units that specialize in certain sectors. Examples include the Institute of Peruvian Studies (IEP) in Peru and the Economic and Social Research Foundation (ESRF) in Tanzania.

While not ruling out the possibility of supporting some sector-specific research institutes, we intend to define our target institutions broadly as multipurpose think tanks doing research on social and economic policy issues.

There are a number of reasons for this decision:

- The goal of the Think Tanks Initiative is not to support an externally determined set of policy goals, but to support research on how to achieve better development outcomes in the policy areas that local policy makers, researchers and civil society organizations have identified as priorities.
- Development challenges are inherently multi-dimensional, both in terms of causes and potential solutions. Therefore, there are some benefits to having researchers from different disciplines examine the same policy problem.
- Multipurpose think tanks benefit from certain “economies of scale.” For example, though a research institute may have several units focused on different policy areas, all of them can benefit from the services of the think tank’s functional departments, such as Media and Communications, Publications, and Accounting.
- There is some risk that sector experts can become too narrowly focused, and therefore lose the big picture perspective that government ministries often need. For example, education specialists may have a bias to looking only at curriculum issues, or only at teacher training, rather than stepping back to analyze what mix of interventions (including improving roads or student health, for example) will yield the best education outcomes. With this in mind, there are advantages to having an education policy team embedded in a larger institution.

Do not follow the Foundation’s existing programmatic agendas blindly. Respect that if there are no local think tanks working on these issues, maybe those are not the important issues in that country.

- Joseph Semboja,
Research on Poverty
Alleviation - REPOA
(Tanzania)

Just like any grantmaking program, the Think Tanks Initiative must have a clearly defined set of criteria for determining which institutions should receive funding under the program. This is important to ensure consistency in applying the same set of criteria fairly to all applicants during

the selection process. Here is a list of the type of institutional assessment criteria that should be applied in selecting grantees under the Think Tanks Initiative:¹

Eligibility Criteria

- Nonprofit and nongovernmental policy research organization.
- Legally registered in its country of operation as an independent organization.
- Transparent governance structure, including a non-partisan board of directors and an executive who is accountable to the board.
- Transparent financial operations and records.²

Indicators of Potential for Improvement³

- A coherent, long-term strategic plan for the institute's research agenda and organizational development.
- Demonstrated potential to conduct research that is objective, policy relevant, and based upon sound analytical methods.
- Evidence of the director's proven track record as a manager and policy research scholar.
- Existence of, or interest in developing, a public engagement strategy that would include outreach to the media and to advocacy organizations when appropriate.

V. COUNTRY-LEVEL GRANTMAKING STRATEGY

Over the past several months, we have gathered information on various approaches for strengthening policy research, including the support of global research networks.⁴ We have also considered the pros and cons of investing in regional research hub organizations that could examine issues that cross borders, such as regional integration.⁵ However, since successful research networks ultimately rely on the existence of strong research institutes, and since most key economic and social policy decisions are still made at the country level, we have concluded that the primary organizing principle of the Think Tanks Initiative should be a country-level funding strategy. This recommendation was strongly endorsed by the experts at our January 31st meeting. Of course, a country approach would not preclude support of some regional initiatives, since successful research institutes at the national level often partner with organizations in other countries on joint research projects with regional implications.

In order to determine which countries the Think Tanks Initiative should target, we have begun considering various ways of narrowing our geographic focus. Since we don't think it would be

¹ This list of criteria is loosely based on the country assessment criteria proposed by James McGann in his study for the Hewlett Foundation entitled *Best Practices for Funding and Evaluating Think Tanks and Policy Research* (December 2006).

² Some organizations may require technical assistance to improve their financial management systems, but there should exist at minimum a commitment to transparency in the organization's financial operations.

³ Experts have emphasized the importance of selecting research institutes with clear capacity to do rigorous research, but of not setting the bar so high as to eliminate those organizations with potential, but significant room for improvement.

⁴ Most research networks are thematically-focused, for example the *Facultad Latinoamericana de Ciencias Sociales* (FLACSO)'s network of trade researchers in Latin America, based in Buenos Aires; and the *Réseau Ouest et Centre Africain de Recherche en Education* (ROCARE), an education policy research network, based in Bamako, Mali.

⁵ This approach would be more logical if we were focused on supporting research in a particular sector, especially one with regional implications, such as trade or infrastructure.

wise to try and create new organizations, one of the first questions to ask is whether there are existing organizations in the country that: a) meet our selection criteria (see Section IV) and b) could be strengthened by our grantmaking. Based on what we know thus far, we believe it is safe to say that in most developing countries -- with the exception of countries in conflict, countries with extremely small populations, and countries with highly repressive governments -- there are at least one or two viable research institutes focused on social and economic policy issues. Another important question to consider is whether the existence of one or two research institutes is sufficient. Do we want to fund just one organization per country, or should we think about funding an entire ecology of organizations? To spur competition and account for some likely attrition among grantees, our advisors have suggested that where possible we should consider funding more than one organization in a given country. However, they also cautioned against trying to fund too many groups, as we are less likely to strengthen key partners if we spread our resources too thin. Based on this advice, we would anticipate funding two or three of the most promising research institutes per country, with the hope that as these organizations gain stability and stature, they will satisfy – and help increase – local demand for policy research.

There is also broad consensus that we should not begin in the most difficult countries, for example those with politically repressive regimes or where neither the government nor the NGO sector has demonstrated any interest in using evidence to inform policy. On the other hand, it wouldn't make sense to work primarily in countries where research institutes are likely to grow stronger even without Hewlett funding. This brings us to a discussion of the specific variables we should consider in selecting countries. Although our advisors had differing views on how to sequence this analysis and where to set the thresholds, here are some of the basic “screens” we would anticipate using to select countries:

- Overall Need: Is the country categorized as “low income” based on GDP per capita?
- Country Size: Does the country have a large enough population that it warrants this investment? Could it potentially serve as a regional “hub”?
- Enabling Political Environment: Is the government at least somewhat receptive to hearing alternative views? Are basic political freedoms respected?
- Existing Partners: Are there existing research institutes we could support, and are there other types of organizations (i.e. advocacy groups) that could help disseminate research?
- Human Capital: Is there sufficient human capital in the country, both in terms of skilled researchers to work at think tanks and government technocrats with the capacity to absorb and make use of research?

Although we do not anticipate using it as a “screen,” we also may consider:

Sources of Domestic Funding: Is there potential for research institutes in the country to receive funding from domestic sources over the longer term? (e.g. government, private sector etc.)

Another question is whether we should select countries that are concentrated within a particular region. In support of a regional approach, William Lyakurwa of the African Economic Research Consortium (AERC) echoed the sentiments of many: “To be really effective, you have to be focused. If you run around all over the map, you aren't going to get anything done. Start small and expand at the margin.” There are a number of reasons why it would make sense to choose one or more regions to target. Clustering countries would allow program staff to develop

regional expertise and to visit multiple institutions on any given trip. It would also be easier to develop informal networks of service providers that could provide technical assistance to grantee organizations throughout the region. Finally, this strategy could help seed one or more regional “Centers of Excellence” from among the group of think tanks funded in a given region.

On the other hand, a number of experts have suggested that we should simply focus on picking countries that meet the selection criteria outlined above (e.g. need, enabling political environment, existing partners) without regard for where the countries are in relation to one another. We anticipate pursuing this approach first to identify where regional clusters emerge naturally.

Quotes from Expert Advisors Meeting:

Go to countries where the environment is right for policy research to survive and be received. After all, this is a business, and you need to demonstrate success. Joseph Semboja, REPOA (Tanzania)

Stay away from countries with less than some minimum level of professional human capital. This Initiative cannot be a substitute for universities. Dennis de Tray, Center for Global Development (U.S.)

Think about whether you want to work in places with a chance for sustainability versus very poor places where the Foundation’s withdrawal could mean an end to the work. Roberto Newell, Mexican Institute for Competitiveness - IMCO (Mexico)

VI. GENERAL SUPPORT AND FINANCIAL SUSTAINABILITY

Very few international donors give general support to research institutions based in developing countries. We have already discussed many of the drawbacks of the project funding model, including inability to set an independent research agenda, limited attention to big picture, “forward-looking” research questions, and lack of funding to invest in institutional strengthening and staff development. These drawbacks have led us to conclude that the Think Tanks Initiative should focus on providing long-term, core support to selected policy research institutes. Our definition of general support includes funding for research programs as well as overhead costs.

Donors shift policy platforms all the time. If we depended totally on any one donor, we wouldn’t be able to build any intellectual capital, because we would have to be constantly shifting our research areas.

- Dr. T. Nzioki Kibua, Institute for Policy Analysis and Research - IPAR (Kenya)

Many donors pulled out in the 1990s because organizations couldn’t demonstrate sustainability or because Peru was becoming a middle income country. Now researchers are living on money from consultancies. As a result, people are not asking themselves the important academic questions.

- Javier Portocarrero Maisch, Economic and Social Research Consortium - CIES (Peru)

Of course, there are risks associated with general support funding – namely complacency and financial dependency. To mitigate these risks, we have reached the following conclusions about how the Think Tanks Initiative should approach financial sustainability challenges:

- 1) The reality is that in most low income countries, there are very limited sources of domestic funding for research. As such, avoid defining an exit strategy that relies on domestic support. Acknowledge we are investing for the long haul, and maintain a minimum ten-year commitment to the initiative (with the understanding that it may make sense to extend it beyond ten years for high-performing institutions in resource-poor environments.)

With regard to 'financial sustainability' you have to think of it as 'reliability and predictability' of funding, not as being self sufficient or raising domestic sources of funding.

- Rakesh Rajani, HakiElimu (Tanzania)

- 2) To allow for long-term planning, provide general support grants for a renewable grant period of at least four years, based on the organization's own strategic plan. Make each funding disbursement contingent upon adequate reporting of progress toward the established annual targets. Be clear up front that funding will be withdrawn if goals are not met.
- 3) Several advisors have suggested that instead of providing *declining* funding over time, we should actually offer a "sliding *up* scale" that would offer high performing organizations a *larger* renewal grant to reward achievement.
- 4) Package general support grants with access to a pool of institutional strengthening funds – at least for the first two to three years of the grant cycle. These funds would allow grantee organizations to solicit outside expertise and training to address internal organizational weaknesses, including strengthening financial management systems where necessary. Integrate an initial institutional assessment to help prioritize needs. (See Section VII.)
- 5) Include incentives for funding diversification in the grant conditions. For example, we might require that grantees develop and submit a fundraising plan as one of their organizational development benchmarks. Consider providing matching funds, recognizing that matching grants will only work if they are in *addition* to committed resources for general support.
- 6) Work with grantees to explore strategies for using surplus revenue to establish a reserve fund, endowment, or savings plan to purchase a local office building.
- 7) Where possible, encourage grantee institutions to seek pooled funding arrangements whereby various donors contribute unrestricted funds to support the organization's long-term strategic plan.

VII. INSTITUTIONAL STRENGTHENING

Institutional support is just not sufficient – there are too many sustainability issues, and institutions can so easily dissolve due to a change in government, change in Director, etc. You need to consider leadership succession and governance issues.

- Gilles Forget, International Development Research Centre - IDRC (Senegal)

Many funders and leaders of think tanks told us that general support grants need to be packaged with other kinds of resources to ensure that grantee organizations become stronger over time, and that their success is institutionalized. The most commonly cited ‘institutional needs’ could be categorized along two dimensions: 1) methodologies and skills; and 2) organizational development.

Research Methodologies and Communication Skills Any research institute we consider funding should demonstrate the *capacity* to do rigorous research and should have internal processes to ensure quality control. However, in some organizations, researchers would clearly benefit from additional training on research methodologies, such as advanced statistical analysis or randomized evaluations of social interventions. Researchers often lack other skills that may be improved through specialized training courses and/or mentorship programs with experts from other institutions. One of the most commonly cited areas of weakness is in communications and outreach, both directly to policy makers, as well as via the media and partnerships with activist organizations. To increase their influence on policy, many research organizations need to invest in improving staff skills in these areas.

Organizational Development Most funders of think tanks expressed much more concern about institutional weaknesses of think tanks than about weak research skills or methodologies. Here are some of the areas of need most commonly cited by experts:

- Management skills of the executive director
- Board relations and governance⁶
- Financial management and/or accounting systems
- Planning for leadership transitions - especially for the executive director
- Fundraising strategies
- Strategic planning methodologies and tools
- Staff recruitment and retention (human resources)

Some experts have suggested that research institutes may not always be able to make an informed assessment of their own organization’s weaknesses, particularly if the leadership is inexperienced in management issues. Therefore, the Think Tanks Initiative should consider providing an “Institutional Assessment Tool” for all grantees that would help each institute

⁶ The Board of Directors of a policy research institute plays a critical role in maintaining the organization’s neutrality, objectivity, and credibility, particularly during tumultuous political transitions or upon the release of controversial research findings. Unfortunately, many leaders of research institutes do not have experience forming or managing a Board, which can lead to unwieldy and/or ineffective Board relations.

identify specific areas where outside expertise and/or training could be helpful.⁷ It would then be up to the grantee institute to determine what kind of technical assistance they need and to apply for funding from the Initiative to cover the cost of these interventions.

In conclusion, the Think Tanks Initiative should package general support grants with funds targeted specifically for institutional strengthening. Advisors have made several good recommendations in this regard. First, training and mentoring services should be driven by demand, rather than supply, as this is the only way to ensure that they have any impact. A market mechanism is the best way to achieve this. This would allow grantee institutions to contract directly for the consulting services they need from a service provider they trust. Second, the additional resources for institutional strengthening should only be available for the first several years of a new grant, and benchmarks for institutional improvements should be built into the initial grant conditions.

Start with a training budget, but have increasing fractions of it migrate to the general core support budget over time (5 years). Make it clear that human resource development will be a criterion for continued funding even after the training budget is all absorbed into the core budget.

- Dennis de Tray, Center for Global Development (U.S.)

VIII. ADMINISTRATION OF THE THINK TANKS INITIATIVE

One of the comments we have heard time and time again is that field staff are critical to making a labor-intensive grantmaking program like this work. Staff on the ground can make informed assessments of organizational capacity, since they are the ones who interact regularly with the staff of prospective grantee organizations. However, the Think Tanks Initiative only has one Program Officer at present, and the Foundation does not plan to open any field offices beyond Mexico. Even if this staffing structure were to change, we would need to carefully weigh the considerable burden of additional administrative costs, as well as concerns about unnecessarily creating parallel systems rather than investing in existing infrastructure.

Therefore, over the course of our consultations, we have been carefully considering various options for partnering with existing organizations that could serve as “implementing partners” for the Think Tanks Initiative. There are several critical issues that will have to be agreed upon up front:

- 1) The implementing partner(s) and the Hewlett Foundation would have to agree on the key parameters of the Think Tanks Initiative, as summarized in this memo but subject to refinement during the development of an MOU.
- 2) The implementing partner would need to demonstrate sufficient capacity – through its country or regional offices and field staff - to do initial assessment trips, regular site visits, institutional needs assessments, and on-site monitoring and evaluation.
- 3) The implementing partner and the Hewlett Foundation would need to agree on an appropriate governance structure for this project to ensure participation by Hewlett staff in key strategic decisions about the Initiative.

⁷ Ray Struyk developed and used such an assessment tool in his work with think tanks for the Urban Institute. IDRC in Kenya has also piloted such a tool under their Capacity Building and Resource Mobilization (CBRM) program.

- 4) The implementing partner and the Hewlett Foundation would need to determine the process for soliciting and reviewing grant proposals and selecting finalists.

In several of its other program areas, the Hewlett Foundation has successfully worked through implementing partners that are also able to regrant to other organizations. For example, the Environment Program supports most of its energy and clean transportation work in the United States and China through the Energy Foundation, which awards a large percentage of Hewlett funds to partner organizations. Of course, what we are talking about here is somewhat more complex and is on a slightly larger scale. Therefore, we will need to carefully weigh the pros and cons of “outsourcing” the Think Tanks Initiative to another entity. We are pursuing conversations with different types of organizations to gauge their interest in partnering with the Foundation on various aspects of this initiative. For example, we may identify different partners for grant selection and oversight versus technical assistance. There will also be variation based on which countries or regions we ultimately decide to target. Potential partners could include organizations such as IDRC, AERC, the African Development Bank, the Secretariat for Institutional Support for Economic Research in Africa (SISERA), Overseas Development Institute (ODI) and the Global Development Network (GDN).

We are most optimistic about the opportunity of working closely with the International Development Research Centre (IDRC), as both a funding and implementing partner. IDRC, based in Ottawa, Canada, is the only public donor agency worldwide that has the exclusive mandate of supporting policy research *within* developing countries. Its appropriation from the Canadian parliament was \$128.2 million in 2005/6, with other donors, government departments, and foundations providing an additional \$17.4 million in funding. Although IDRC receives the majority of its funding from the Canadian government, the agency has a significant degree of autonomy and an international governing board.⁸ Partnering with IDRC would also have significant advantages because it is one of the few institutions of its kind with a truly global reach.⁹ IDRC currently organizes its programming in five thematic areas, and awards primarily project funding to support policy relevant research. It also supports numerous global and regional research networks within IDRC’s thematic areas. With respect to institutional support, IDRC has a “Capacity Building and Resource Mobilization Program,” as well as an institutional assessment tool that it has piloted with partner organizations. Through years of experience, IDRC staff have accumulated significant expertise on how to increase the impact of policy research and build a strong policy research institute.

⁸ IDRC’s Board includes eleven Canadians and ten non-Canadians.

⁹ IDRC has 6 regional offices in Dakar, Senegal to serve West and Central Africa; Nairobi, Kenya to serve Eastern and Southern Africa; Montevideo, Uruguay to serve Latin America and the Caribbean; Singapore to serve Southeast and East Asia; New Delhi, India to serve South Asia; Cairo, Egypt to serve the Middle East and North Africa. We have visited IDRC’s offices and met with staff in Ottawa, Dakar and Nairobi.