

Strengthening Economic Think Tanks Program in the Russian Federation

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FINAL REPORT

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MOSCOW PUBLIC SCIENCE FOUNDATION

in collaboration with

**THE CENTER FOR INSTITUTIONAL REFORM AND THE INFORMAL
SECTOR, University of Maryland**

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1. Executive Summary

Executive Summary could be shortened to one page! Max → 2 pages! p 24-25 same repetition

The Moscow Public Science Foundation (MPSF) and its partner, the IRIS Center at the University of Maryland, USA, in the period November 1, 2002 – January 29, 2011 have implemented a program to strengthen Russian economic policy think tanks through grant awards, professional assistance and other capacity building activities. Funding for the program in the amount of \$ 6,479,999.68 was provided by the United States Agency for International Development. The recipient contributed \$328,003.04.

Building the capacity of Russian think tanks and analysts was a key component of USAID/Russia's strategy to develop and implement market-oriented reforms in selected sectors. In free market economies, independent think tanks play a critical role shaping economic policy and legislation by providing policy makers and government officials with high quality research, analysis and recommendations on a broad range of economic initiatives and proposals. In free market economies think tanks also facilitate civic participation in policy formulation and serve as a tool for public advocacy. Accordingly SETT program had two strategic objectives: (1) to provide direct policy advice and analyses to policy-makers, and, (2) to support and strengthen civic participation in policy formulation and implementation. Program activities sought to develop a self-sustaining base of financially and politically independent, influential, vocal, and professionally recognized Russian think tanks capable of providing the Russian federal and subnational governments and the general public with sound and topical policy studies on various issues of social and economic development, governance, and reform.

The program's strategic objectives corresponded to USAID/Russia's Strategic Objective 1.4 "Market-Oriented Reforms Developed and Implemented in Selected Sectors" and specifically contributed to Intermediate Result 1.4.1 "Independent Russian Economic Think Tanks Strengthened". The program contributed significantly to the achievement of the following key results of USAID/Russia assistance:

- *The management practices and financial status of (sub-grantee) Russian economic think tanks improved. A significant number of grantee think tanks developed multiple sources of funding; the share of program funding in think tanks' budgets decreased significantly; think tanks expanded their client base. Russia's leading think tanks supported by the program have firmly achieved sustainability, expanded their client bases; and gained financial independence. Examples of such think tanks include, but are not limited to, the Center for Macroeconomic Analysis and Short-Term Forecasting, the Independent Institute for Social Policy, National Project Institute – Social Contract, the Centre for Economic and Financial Research, which have by the end of the program achieved financial independence from program support.*

By way of targeted support, through partnerships, dissemination of best practices, and through learning-by-doing, the program also assisted in establishing and/or strengthening modern and financially and organizationally stable think tanks outside of Russia's capital cities. Beneficiaries of such assistance are, but not limited to the Leontieff Center

(St.Petersburg), the Far East Center for Economic Development (Vladivostok), and the Association of Russian Think Tanks (ARETT) which by the end of the program relied on program support only to implement major public events or special research projects (e.g. the policy analysis implemented by the Leontieff Center in 2009 – 2010 “Ways of engaging the socio-economic development potential of the Republics of Northern Caucasus”). Further examples include regional think tanks which the program helped to establish and later on supported only one more time, e.g. the Independent Economic Analytical Center on Problems of Peasants (Farmers) Economic Activity in Tambov, Center for Social Analysis and Reconstruction “Socio-Logos” in Petrosavodsk, the Far East science centre of local self-management (Khabarovsk) and others.

- *Produce high quality, timely, and relevant analyses on key economic policy issues such as deregulation, tax reform, including the small business tax regime, pension reform, intergovernmental fiscal reform, etc. Specific recommendations for Russian policy makers were prepared, presented, and incorporated into legislation and other policy initiatives.* Think tanks supported by the program consulted the federal, regional, and municipal governments in Russia on almost every major issue of economic development, governance, and policy reform throughout the reporting periods. Examples of subject areas in which Russian think tanks supported by the program have made such contributions resulted in laws, regulations, policy decisions and documents, include: deregulation of the Russian economy; Russian taxation and public expenditure reform; macroeconomic forecasting; corporate governance; international trade policies; industrial policies and economic restructuring; regional economic policies and intergovernmental fiscal relations; social policies and reforms of social safety nets and social service provision; public service reform, etc. Of particular significance has been the work of program grantees to improve the development conditions for the Russian civil society, including the protection of enabling regulatory regime for Russian NGOs. Think tanks’ work was extensively acknowledged by representatives the Ministry of Economic Development and Trade, the Ministry of Finance and other key centers of economic policy-making in the executive and legislative branches of the Russian government. Regional and municipal administrations in St.-Petersburg, Vladivostok, Khabarovsk, Samara, Novosibirsk and elsewhere throughout Russia also acknowledged and praised the work by program’s grantees.

Specific examples of important policy initiatives produced by program grantee think tanks are described in more detail in Section 5. Main Results and Their Assessment below.

- *The Program contributed to the development of a wide geographically diverse network of independent think tanks in Moscow, St. Petersburg, and Russian regions. This network consists not only of the Program grantee think tanks but also of all regional economic policy institutions interested in exchanging experiences in developing, advocating, implementing, and monitoring policy reform at regional and federal levels.* This objective was achieved not only by supporting individual think tanks, but also by directly facilitating their networking, collaboration and exchanges through a range of activities, including: assistance to the Association of Russian Economic Think Tanks (ARETT) which presently

has 26 full and 22 corresponding member organizations representing a variety of geographic regions; support of various think tanks partnerships and collaborative efforts; support of annual Russian think tank conferences and other public events held by the program, ARETT, and participating think tanks; support to thematic and/or regional think tanks networks, including those in the Russian Far East and dealing with regional development and strategic planning. These activities were highly instrumental in ensuring sustainability of the Russian think tanks sector at large.

- *Independent Russian analysts and the general public are more engaged in discussions on cutting edge issues of economic policy. This was achieved primarily through public advocacy activities under the SETT Program under USAID/Russia's Strategic Objective I.4.* Program grantee think tanks have learned the importance of informing the public of the results of their policy analysis, of public advocacy and interaction with civil society groups and open policy discussion events have become standard feature of the operations in the Russian think tank community. In addition to think tanks' own dissemination efforts that were conditions of their grant awards, the program has supported various sector-wide periodic public events which are parts of the program's legacy. Those include at least four platforms for public discussion of economic policy: the Far Eastern Economic Development forums held annually since 2004; annual Strategic Planning Leaders' Forums in St. Petersburg; annual ARETT conferences and the ARETT Dispute Club on economic and social policy issues, which holds monthly public debate sessions in Moscow without interruption since March 2006. The program advanced private-public dialog over policy issues, mediated by civil society-based think tanks. 108 public policy events (forums, conferences, seminars, etc.) were directly supported by the program. Many more were organized and held by grantee think tanks with funding other than from the program. The program's acclaimed publication series operated by MPSF produced over the reported period 62 monographs and collections of papers featuring work of program grantees. These research reports were usually introduced at public presentations delivered by grantee think tanks. Full text versions of all reports are available for free download from the program web site. This data base of program outputs is an important legacy of the program.

To ensure the achievement of the above key results, the program's *operational objectives* were as follows: (i) to advance Russian transition through support to policy studies by competitively selected think tanks which are standard-bearers of professionalism and independence; (ii) to provide for broad dissemination of such studies and their policy implications across government, society, and the private sector; and (iii) to give the Russian think tanks sector an impulse towards sustainable development driven by competition of policy ideas, recognition and appreciation of civil society-based analyses of public policy issues, enhanced professional and institutional capacity of think tanks, broader geographic bases of their operations, and availability of domestic sources of funding.

Since 2006, another strategic objective of the program was fostering professional collaboration and exchanges between Russian and US think tanks. This newly added objective was reflected in the 2007 Modification of the Cooperative Agreement. Through a series of Russia –US Think Tank Partnership grant awards the program supported a number of high-profile policy studies jointly implemented by Russian think tanks and their US counterparts drawn from American think tanks, universities and consultancies. This activity also provided

for learning-by-doing training for Russian think tanks of modern analytical tools and think tanks management, fundraising and outreach practices. This component of the program was administered by the IRIS Center. To reflect the added strategic objective one more specific *activity priority* was added to the program by the Modification of the Cooperative Agreement in 2007. It was a Russia –US Think Tank Partnership Grant category. Partner grantees conducted professional exchanges, collaborative studies, know-how transfers, held joint public events, etc. US partners, drawn from American think tanks, universities and consultancies, were immediate recipients of grant monies, responsible for their disbursement and financial reporting. This grant category was administered by IRIS.

Program
Key Facts:

In the course of the reporting period the program made 108 grant awards to Russian think tanks studying public policy issues.

366 applications for grants have been received by the program, and the fact that that only 29% of the applicants received grants indicates that the competition was sufficiently rigorous. Successful implementation of the grant awards component of the program has proven the effectiveness of the capacity building model where a Russian umbrella organization, acting upon advise of an authoritative Program Board and in cooperation with USAID, administers a large grant program funded by an international donor.

The implementing MPSF-IRIS team and the Program Board have earned credibility and trust in the Russian Think tanks community. The implementing team has developed efficient, fair and transparent grant-making procedures that were successfully applied in 16 rounds of grant competitions.

The program enhanced the professional and organizational capacity of Russia's leading think tanks by providing funding, know-how, assistance in policy research dissemination and by setting incentives for quality work where professionalism, independence, and track record of successful policy work earn a premium.

Main implementing organization, MPSF, has become a recognized and trusted hub of the Russian think tank sector. The program has spawned and supported thereafter the Association of Russian Economic Think Tanks (ARETT), thus contributing to sustainability and self-organization of the Russian Think Tanks movement.

Building the capacity of Russian think tanks and analysts was among the key components of USAID/Russia's democracy strategy. In market economies, independent think tanks play a critical role shaping economic policy and legislation by providing policy makers and government officials with high quality research, analysis and recommendations on a broad range of economic topics, initiatives and proposals. Think tanks are also strengthening civic participation in policy formulation. Supporting think tanks based in Russian regions contributed to regional social and economic development which was another component of USAID/Russia strategy. While working in a number of Russian regions, the program made its priority support to think tanks based in the Russian Far East.

This report describes main objectives, activities, implementation strategies and procedures, and results of the program. Integral to the report are 6 Annexes providing additional information about the program, its activities, outputs and results.

2. Program objectives

In free market economies, independent think tanks play a critical role shaping economic policy and legislation by providing policy makers and government officials with high quality research, analysis and recommendations on a broad range of economic initiatives and proposals. Think tanks also facilitate civic participation in policy formulation and serve as a tool for public advocacy.

Independent public policy institutions started to emerge in Russia at the outset of the country's post-communist transition. Some *de novo* think tanks gained prominence; however, the *sector* of non-government non-profit policy institutions encountered throughout the 1990s serious and systemic developmental problems. In large part, these problems reflected an absence of a *nation-wide network* of independent economic think tanks. As a result, a majority of Russian policy analysts continued to operate in a largely non-reformed institutional environment, had no access to common sources of professional, organizational and logistical support, networks of professional exchanges, and systems of communication of analytical outputs to policy makers and the general public. International donor support offered to non-governmental centers of economic and social research did not come complete with mechanisms for dissemination of professional and institutional know-how. Such support was also delivered to a small number of pre-selected think tanks that were centered around a particular research methodology, political platform, or an economic interest group. Exclusive assistance provided to such organizations by international donors did not foster competition of schools of thought, approaches and analytical tools. Besides, the prevailing assistance mode did little to facilitate *formation* of independent economic think tanks and to lower barriers into the field for qualified entrants.

The problems were not confined within the think tank sector, since the Russian society and polity were lacking the culture and habit of looking at think tanks for professional opinions while making policy decisions and forming policy preferences.

To address the above problems, the reporting SETT program was launched. The purpose of the SETT program was two-fold: (1) provide direct policy advice and analyses to policy-makers, and, (2) support and strengthen civic participation in the economic and public policy process. The program objectives were defined in the Cooperation Agreement as follows:

This Cooperative Agreement will support USAID/Russia's Strategic Objective 1.4 "Market-Oriented Reforms Developed and Implemented in Selected Sectors" and specifically contribute to Intermediate Result 1.4.1 "Independent Russian Economic Think Tanks Strengthened". This program will contribute significantly to the achievement of the following key results of USAID/Russia assistance:

- The management practices and financial status of (sub-grantee) Russian economic think tanks will improve. USAID funded think tanks will develop multiple sources of funding; the share of USAID funding in think tanks' budgets will decrease significantly; think tanks will expand their client base.
- High quality, timely, and relevant analyses on key economic policy issues such as deregulation, tax reform, including the small business tax regime, pension reform, intergovernmental fiscal reform, etc. will be developed. Specific recommendations for Russian policy makers will be prepared, presented, and incorporated into legislation and other policy initiatives.
- The Program will contribute to the development of a wide geographically diverse network of independent think tanks in Moscow, St. Petersburg, and Russian regions. This network will consist not only of the Program grantee think tanks but also of all regional economic policy institutions interested in exchanging experiences in developing, advocating, implementing, and monitoring policy reform at regional and federal levels.
- Independent Russian analysts and the general public will be more engaged in discussions on cutting edge issues of economic policy. This will be achieved primarily through public advocacy activities under the new SETT Program and other economic policy portfolio programs under USAID/Russia's Strategic Objective 1.4.

To achieve the above *strategic targets*, the program's work plans defined the following main *operational objectives*:

- Support high quality and relevance policy studies advancing economic and social reform and development in Russia
- Enhance and sustain civil society-based capacity for independent policy analysis
- Increase public awareness of policy issues and promote open policy debates
- Promote think tanks communication with stakeholders in government, public sector and civil society
- Build partnerships and support communication between Russian think tanks and with their US counterparts
- Support nascent think tanks in Russian regions

An important goal of the activities of the program was to increase the visibility of the think tank sector and the public awareness of the potential of independent policy analysis, and thus to increase the demand among government officials, political leaders, and business community for think tanks' outputs.

A geographic priority for the program was the Russian Far East, in accordance with USAID/Russia's overall emphasis on this region. In 2007 the specific geographical focus on the Russian Far East was added through a Modification of the Cooperation Agreement, although throughout 2003-2007 regional partners were often drawn from the Russian Far East.

Since 2006, a further strategic objective of the program had been fostering professional collaboration and exchanges between Russian and US think tanks. This newly added objective was also reflected in the 2007 Modification of the Cooperative Agreement. This component of the program was administered by the IRIS Center. To reflect the added strategic objective one more specific *activity priority* was added to the program by the Modification of the Cooperative Agreement in 2007. It was a Russia –US Think Tank Partnership Grant category. Partner grantees conducted professional exchanges, collaborative studies, know-how transfers, held joint public events, etc. US partners, drawn from American think tanks, universities and consultancies, were immediate recipients of grant monies, responsible for their disbursement and financial reporting. This grant category was administered by the IRIS Center.

3. Activities

To achieve the above objectives, the program implemented a set of activities, the core of which was the grant component, complete with dissemination, outreach, and capacity building efforts.

3.1. Grants

3.1.1 Grant categories

The program offered policy analysis/institutional strengthening grants available on a competitive basis to Russian think tanks. The program's requests for proposals generated 366 proposals, of which 108 received grant awards in following four categories: 64 regular grants; 16 quick-response grants; 12 regional development grants; and 16 US-Russia partnership grants.

Regular grants were the main grant-making instrument of the program. These grants were awarded for a period of up to one year to implement analytical projects of high relevance for Russian economic reform and development, to disseminate project outputs, and to strengthen the institutional capacity of the grantee institutions, including their analytical, organizational, and outreach skills and practices.

Regular grants were awarded to Russia's most advanced think tanks with track records of and/or credibly evidenced potential for sustainable development, proven ability to conduct policy studies of high quality and relevance, disseminate outputs, share analytical tools and management practices, efficiently absorb donor's assistance, and serve as leaders of the Russian think tanks movement. The pivotal role that the grantees were expected to play in the Russian think tanks sector, and substantial funding required setting high requirements and standards that applicants and their proposals had to meet to win grant awards.

The total budget of 64 regular grant awards made by the program was \$2,684,296.

Quick response grants were used to respond in a flexible and timely way to urgent needs of the Russian reform process in professional policy studies, when such needs could not be fully foreseen at the time of regular grant awards. The Russian policy making agenda was fluid through the life of the program, both in terms of reform priorities and “windows of opportunities” when configurations of political forces become conducive for a rapid advance in an important direction, calling for a prompt delivery of think tanks’ policy assessments and blueprints. Vice versa, when such “windows” were closing, the program saw its role in promptly alerting the policy community and civil society of urgent development problems that did not receive proper attention, and thus providing independent and credible inputs for pro-reform advocacy. Meeting such needs was the objective of quick response grants.

Such grants were initiated between regular grant cycles by Advisory Board members suggesting thematic focuses for the proposed quick response studies. Once the subject area for a quick response grant was identified, a request for grant proposals followed. Just as regular grants, quick response grants have been awarded on a competitive basis.

The total budget of 16 quick response grant awards made by the program was \$446,010.

Development grants were an auxiliary grant category earmarked for think tanks based outside of the capital cities. Development grants assisted most promising among regional policy institutions in catching up with the leading think tanks based in Moscow and St. Petersburg. Such grants funded direct professional support to grantee institutions in the areas of policy analysis, organizational development and management, outreach and advocacy. The program dispatched a team of think tank development experts that traveled to the home city of a grantee institution for on-site consultations and training. It also provided grantees with necessary materials and analytical tools. Development grants funded professional visits of staff members of supported institutions to partner think tanks based in the capital cities, to attend conferences, etc.

The total budget of 12 development grant awards made by the program was \$370,352.

Russia-US think tanks partnership grants are described in separate Section 3.4 later in this report. The total budget of 16 partnership grant awards made by the program since 2006 to 2009 was \$335,423.

3.1.2 Program’s principles and priorities in delivering the grant component

Program’s principles and priorities in delivering the grant component were to *ensure professionalism, transparency and impartiality of grant-making procedures*, and to maintain full conformity with pre-announced thematic priorities, eligibility rules, and evaluation criteria. To this end, grant-making authority was vested with the Program Board comprising recognized experts in economic transition from Russia and abroad (Annex 1). The Board’s roles included determination of the thematic scope of grant programs, and evaluation and selection of best

proposals for funding. Board's funding recommendations were subject to approval by USAID that had a representative among Board members.

Evaluation criteria of grant proposals were as follows:

- Relevance of the proposed study for Russian reform and policy process
- Credentials of participating institutions and analysts
- Soundness of proposed analytical methodology
- Elaboration of outreach and dissemination program
- Reasonableness of the proposed budget
- Institutional strengthening component (for institutional development grants)

To ensure policy relevance, the program consulted with Board members to identify thematic priorities of grant competition. While applicants were encouraged to submit proposals falling into the priority thematic areas, proposals addressing other issues, if properly substantiated, were eligible for funding as well. This flexibility was intentional, allowing members of the Russian community of policy experts to participate in identifying the thematic scope of the program.

Thematic focus of the program evolved throughout the implementation period. The following is a sample set of thematic priority areas of the program

- macroeconomic policy
- taxation and budgetary policy
- economic aspects of government regulation and public sector reform
- restructuring of enterprises and corporate management
- development of competition and antimonopoly policy
- reform of financial sector
- labor market development
- economic problems of social sector reform
- fiscal policy and social sector reform
- regional development strategies, including specifically development strategies for the Russian Far East and North Caucasus.

Topics for *quick response grants* themes were solicited through the Program Board. Board members served as liaisons between the program and the main stakeholder constituencies, including policy-makers, private sector and civil society organization, etc. USAID/Russia played an active role in shaping the agenda of the quick response grant competitions.

Development grant themes were established in consultation between the program Board and USAID/Russia to reflect regional and other development priorities of USAID/Russia. The Russian Far East was chosen as a priority region for think tank development grants.

Thematic focuses of *Russia-US partnership grants* reflected most topical issues on Russia's economic development and policy reform agendas, from responses to the recent financial crisis to economic implications of climate change, innovations marketing, and natural resources management. This modality of think tank support was also consistent with the overall emphasis of USAID/Russia on partnerships between Russian and US businesses, government agencies, civil societies and professional communities, and by replacing traditional technical assistance by collaboration in areas of common national interest. At the pre-“reset” period in relations between Russia and the US, SETT partnership grants fostered collaboration, shared values and mutual understanding between Russian and US think tanks influencing policy-makers, private sectors, and opinion leaders in the two countries.

The list of thematic areas by grant category and year is attached (Annex 2).

3.1.3 Solicitation of proposals

Another priority of the grant component of the program was *to inform potential applicants as fully as possible about grant contests*. To this end, the program developed detailed Requests for Proposal (RFP) and broadly circulated them through various channels, including the program's web site, media announcements, direct e-mailing etc. Moscow Public Science Foundation had acquired and honed a two-decade-long experience of circulation of grant programs information across the communities of potential applicants, and this experience was fully contributed to the reporting program. The program has also assembled a comprehensive database of think tanks and experts with over 400 entries, that was used in circulation of RFPs and other program materials. This database, jointly assembled by MPSF and IRIS with inputs from other grant-making organizations and programs, included the following groups of organizations and individuals:

- existing think tanks, centers and groups of economic and social policy analysis, NGOs in the field of economic and social research and consulting;
- universities (departments of Economics, Public Administration, Business Management and other disciplines dealing with social and economic policy issues, chairs and laboratories of the above departments with appropriate standing and agenda);
- research institutes (selected divisions with appropriate standing and agenda);
- private economic consulting firms;
- research groups experts from different institutions;
- individual economists and analysts.

Special efforts were taken to reach out to potential grantees in regions, thus compensating for a lack of opportunities for regional economists and policy analysts to participate in grant programs and to become integrated in nation-wide professional networks. Program database of institutions and policy experts was expanded and updated throughout the program implementation.

Program staff members were available to consult prospective applicants, answer their questions, and otherwise assist in filing grant applications.

The above combination of RFP circulation tools and techniques produced the desired results, which can be seen from the fact that the program's RFPs generated 366 proposals, of which 108 received grant awards.

The list of awards by category and year is attached (Annex 3).

3.1.4 Grant-making process

Proposal evaluation process consisted of several stages. First, MPSF personnel screened proposals to ensure their compliance with the rules of the program. Second, two referees, experts in the technical fields for which there are applications, appointed by the program co-directors, reviewed and rated the proposals against the announced evaluation criteria. The referees remained anonymous for applicants or other members of the Program Board. Third, the highest rated proposals were forwarded to the members of the Program Board for review. The Board normally reviewed many more proposals than the number it expects to accept, and retained the option to include in the discussion all submitted proposals, including those that were not initially included in the final round's competitive range. Based on discussion at Board session, grant awards were recommended, usually by consensus of Board members, but if necessary through voting procedures. Board recommendations for grant awards were forwarded to USAID/Russia for approval, and on all occasions such approvals were granted.

The program recognized the need to develop a capacity for independent policy analysis that would reflect *Russia's geographic diversity*, and therefore, other things being equal, gave preference to think tanks based outside of Moscow and St. Petersburg. However, a reality of today's Russia is heavy concentration of professional and intellectual resources and information materials in the nation's two capital cities. This, plus the advantages of proximity to the centers of policy-making, common for think tanks round the world, tilted the geographic focus of the program towards Moscow and, to a lesser extent, St. Petersburg. Nevertheless, 25 grant awards were made outside of these cities.

The program put in place a system of *reporting and monitoring* that ensured fulfillment by grantees of their contractual obligations and strengthened incentives in the Russian professional community for quality work. Grant monies were, as a rule, disbursed in installments, payable upon submission and approval of grantees' reports. Reports covered substantive policy work by grantees, the institutional strengthening work, dissemination and policy impact. Apart from ensuring payments of the current grants' funds, grantees had an additional incentive to maintain and improve quality of their work, to build up a reputation with the program, from which repeated awards were available, in which case grant decisions reflected track records of applicants with the program.

Program staff conducted on-going monitoring of grantee work through various means, including, when appropriate, site visits.

3.2. Dissemination and outreach

Given the nature of think tank work as meeting demand of the society and its elected representatives and grassroots organizations in policy studies, dissemination and outreach were among the top priorities of the program.

Dissemination and outreach functions were shared (and coordinated) between grantee institutions and the program at large. Such activities included:

- **Public events** held by the program and grantee institutions (conferences, seminars, roundtables, output presentations etc.)
- **Direct forwarding** of policy papers, briefs and drafts to interested audiences, including government agencies, legislators, business associations, etc.
- **Publication** of program materials, including professional papers and media publications, and a think tank book series published by MPSF
- **Program internet site** and web sites of participating institutions

In addition, the program supported a number of thematic roundtables. The list of public events sponsored by the program is attached (Annex 4)

The program had built a number of platforms for public presentation of its outputs. Thus, in Russian Far East SETT supported since 2004 a series of seven Far Eastern Economic Development forums. Similarly SETT supported five Strategic Planning Leaders forums in St. Petersburg. Organizers of the above forums, Far Eastern Center for Economic Development and the Leontief Center, worked in partnership to promote participatory approach to regional planning which provides for broad grassroots involvement in elaboration of regional strategies at the levels of oblasts and krajs, cities, and municipalities, and for public monitoring and oversight of strategy implementation and government performance at large. The purposes of the above forums was to build local civil society-based capacity for regional policy-making, promote public-private dialog for accountable governance, and facilitate networking of policy experts, civil society activists, public servants and business communities.

Program grantees played prominent roles in eight high-profile Annual economics conferences held through the life of the program by the State University-Higher School of Economics (Moscow). With more than 2000 registered participants per conference, these conferences are considered in Russia and internationally as major public event providing a framework for policy discussion involving leading representatives of the expert community and senior policy-makers from the executive and legislative branches of government.

Two other influential and high visibility platforms for public presentation of program outputs were the annual think tank conferences held by the Association of Russian Think Tanks (ARETT) and monthly sessions of the Dispute Club of the same association. Four annual conferences and 51 Dispute Club sessions were held by ARETT through the life of the program. Dispute Club policy debates dealt with such topical issues as Russia's domestic and international energy policy; migration and demographic problems; fighting corruption; Russia's WTO accession; a new social contract for the country; et al. These debates provided a forum where leading Russian and international experts presented a spectrum of views and opinions to the policy community, media and the general public. The debate series filled the void in plurality and open policy discussions, and currently provides Russian think tanks with a joint outlet for dissemination of their findings and conclusions.

Some of the supported think tanks have established ongoing relationships with government agencies which regularly turned to their partner institutions for professional advice and expertise unavailable from government's in-house analytical centers. Examples of such partnerships between government agencies and independent think tanks include:

- Center for Macroeconomic Analysis and Short-term Forecasting provided on-going macroeconomic policy advice to the Prime Minister office *→ which Ministry?*
- Social Contract Institute worked with the said ministry, legislators, and private sector associations to advance de-regulation of the Russian economy
- Economic Expert Group worked in close contact with the Ministry of Finance on Russian tax reform and other topical economic policy issues
- Independent Institute for Social Policy worked with Russian government agencies on establishing alternative civil service in Russia, on the pensions reform and health care system improvement.

These and other think tanks routinely forwarded their studies, assessments and policy proposals to various offices in the executive and legislative branches of the federal and regional governments. Such contributions were often acknowledged and met with gratitude.

Every major grant of the program had its publication component. SETT assisted its grantees in dissemination of their work by running through the life of the program a special series of extended policy papers and monographs were grantees were publishing most significant of their studies. Publications of the series were broadly circulated by MPSF and made available to think tanks, educational institutions, government agencies, international donor organizations, etc. The list of these publications is attached (Annex 5).

MPSF throughout the program maintained a SETT program section on the web site www.mpsf.org which served a dual purpose to inform the Russian policy community of the program and its major events, and to disseminate policy papers and other outputs of the program. The web site presently provides access to an extensive electronic archive of program outputs and documentation (also covering materials and outputs of the previous SETT-I program, implemented by MPSF and IRIS with USAID/Russia support in 2000-2002). The site

is one of the most important among internet resources in Russia featuring full text policy studies and information on think tanks.

3.3. Capacity building

Building capacity for independent policy analysis was one of the strategic objectives of the program. To meet this objective, a number of programmatic tools were used that combined provision of funding, professional resources for modern analytical work and institutional strengthening of participating organizations, and strengthening incentives in the think tank community for quality, professionalism and independence enabling program beneficiaries to make full use of the available resources and accumulate institutional and professional capital for future work.

Capacity building was advanced, inter alia, by the following means:

- Grant awards, including policy analysis and institutional strengthening components
- Terms, conditions, criteria and procedures of grant awards that fostered modern analytical culture, dissemination and outreach, competition and track record building
- Dissemination of professional and institutional experience accumulated by think tanks throughout the sector of independent policy institutions
- Creation of a think tank network for professional exchanges and joint outreach and advocacy actions
- Supporting partnership relations between Russian and US think tanks for know-how transfer and implementing joint policy research.

The competitive grant award system employed by the program has proven to be an efficient capacity-building vehicle. It allowed to support best-performing and/or most promising think tanks with considerable resources available in the course of several years, and at the same time made access to such resources conditional on performance, thus solving the incentive problem and avoiding creation of “aid monopolies”. Submission of grants proposals for competitive selection made participating think tanks aware of the emerging industry standards, and created incentives for learning and adoption of best professional and institutional practices available in Russia and abroad, including the know-how disseminated through the program.

The program therefore served as a substitute for the conventional market for policy analysis, where non-profit institutions compete for funding and recognition. In Russia such market was just beyond an embryonic stage in the reporting period, and in fact the program contributed to its creation, thus making a yet another important step towards sustainability of the think tank sector. The Russian think tank movement has increased its visibility and recognition in the government and society, which should help its development in the future.

The program became the de-facto hub of a think tank network, which supplied this network with various resources, provided platform for competition, cooperation, and professional exchanges.

In order to sustain such network beyond the life of the program and make it fully civil society-based, the program facilitated the creation of the Association of Russian Economic Think Tanks (ARETT) and supported this association financially, organizationally, and professionally. ARETT has become an active and prominent force in the Russian civil society and the national policy process. It maintains ongoing policy dialogs with Russian legislators and leading business associations, and actively participated in the “Civic G8” Forum held prior to the 2006 G8 summit in St. Petersburg.

Instead of holding conventional training sessions, the program integrated its training components in its other activities, and also relied extensively on synergies with sister think tank-support programs carried out in the reporting period by implementing organizations. Thus, concurrently with the program’s launch, the IRIS Center implemented a USAID-funded Thinking Like Think Tanks training session in the US for Russian think tank managers, policy experts, and staff members. The session involved site visits to leading US think tanks as well as lectures, consultations and roundtable discussions on think tank operations, fundraising, outreach, quality control etc. with prominent US experts and leaders of the national think tanks sector.

To the same end, the reporting program was coordinated with the Regional Partnership Project in which the IRIS Center was an implementing, and MPSF – a partner organization. That project, implemented in 2002-2004, supported trilateral think tank partnerships involving Russian, Central/Eastern European, and Western think tanks, and supported various public events, training and dissemination activities in Russia, Europe, and the United States. SETT grantees en masse participated in those events at no cost to the reporting program.

Such “front-loading” of the reporting program with training activities allowed the implementing organizations to continue training and other capacity-building activities through the rest of the program in a highly efficient learning-by-doing mode in the course of think tank partnerships, networking, joint projects and public events. Thus, the above described Russia-US partnership projects included as an important ingredient visits of Russian think tank managers and experts to their US counterparts, where the Russian visitors received first-hand exposure to and knowledge of US think tanks’ operations and practices. The same training model of direct know-how transfer and learning in the course of joint work was employed in Russia-Russia think tank partnerships, e.g. between the Leontieff Center and the Far Eastern Economic Development Center. Various public events of the program, especially the annual ARETT conferences, worked to the same end. Overall the training strategy of the reporting program achieved cost-efficiency and flexibility, targeted specific needs of participating think tanks, and emphasized dissemination through the think tanks community of best practices of advanced think tanks in Russia and the US.

3.4 Russia-US think tanks partnerships

IRIS's main activity under the subcontract was the administration of the US-Russia partnership grants component of SETT. The US-Russia Partnership Grants category was introduced in SETT in 2006 and confirmed as a special focus of the program by the Modification of the Cooperative Agreement in 2007; since then there have been five waves of grant awards, two in 2006 and one in 2007, 2008, and 2009. A total of 16 partnership projects have been supported through the life of the program, involving 10 Russian and 13 US leading think tanks, universities, and consultancies (some Russian and US grantee organizations participated in more than one partnership under SETT). Elite institutions from both countries, such as Stanford, Columbia, NBER and Brookings Institution in the US, and the Higher School of Economics, CEFIR, and the Leontief Center in Russia, took part in the program. The geographic scope of supported partnerships ranged from St. Petersburg to Vladivostok and from Boston, MA, to Juneau, AK. Thematic focuses of these partnerships reflected most topical issues on Russia's economic development and policy reform agendas, from responses to the recent financial crisis to economic implications of climate change, innovations marketing, and natural resources management.

The new realities of Russian think tanks operations and their greater sustainability and increased professional maturity called for appropriate adjustments in think tanks support programs, and in particular for changing focus of such programs from foreign *assistance* to Russian think tanks to fostering their *peer-to-peer collaboration and partnership* with similar institutions in the US.. Throughout the reporting period SETT was the only international capacity building program offering such grants: while a number of organizations traditionally supported individual academic exchanges between Russian scholars and experts and their foreign counterparts, SETT was unique in expanding such support to policy analysis NGOs. This new modality of think tank support was also consistent with the overall emphasis of USAID/Russia on partnerships between Russian and US businesses, government agencies, civil societies and professional communities, and by replacing traditional technical assistance by collaboration in areas of common national interest.

Globalization of modern policy agendas and hence policy studies, and similarity of project portfolios of Russian and US think tanks were main driving forces of think tank partnerships. While some partnerships were instrumental in delivering know-how from US to Russian partners, others were more symmetric and provided for two-way exchanges of ideas, analytical tools and perspectives. In all cases Russian and US partners drew mutual benefits from such joint ventures.

Selected projects

Center for Macroeconomic Analysis and Short-term Forecasting & Global Insight

Collaboration between these two organizations –one of the most successful and long-lasting – was supported by a series of three partnership grants. Global Insight – a recognized leader in macroeconomic forecasting – shared with the Center for Macroeconomic Analysis and Short-term Forecasting its state-of-the-art tools, data, and methodologies. An important outcome of this cooperation is a macroeconomic forecasting model for the Russian economy which was (and continues to be) actively used in a broad range of applied policy studies (monetary, fiscal, structural, international trade, energy, crises prediction and management, etc.) essential for national policy-making and economic reform. Prominent among such studies were analyses of Russia's international competitiveness and of bottlenecks obstructing national economic development. The main client of such studies in the Russian government was the Ministry for Economic Development and Trade. The partnership enabled the Russian participant to join the Link Project that integrates national macroeconomic models into a global forecasting network. Global Insight's founder and Nobel Prize winner Lawrence Klein was actively engaged in partnership activities.

Center for Economic and Financial Research & Brookings Institution

Russia and US's leading think tanks jointly implemented a comprehensive policy study of Russian international trade policies. The study included analyses of trade and exchange rate regimes, foreign investments and balance of payments, tariff and no-tariff protection, prospects and implications of membership in international trade associations and bilateral trade agreements, etc. One important outcome of that study was an assessment of Russia's comparative advantages and overall position in the global division of labor, and forecasting of potential changes in this position due to trade policy reforms and global economic trends. Implications of changes of international trade regimes and policies for the Russian economy were assessed, and policies that would mitigate possible impact of such changes for adversely affected industries were proposed; these policies included social support for displaced workers, assistance in professional education and training, infrastructure development, economic deregulation, etc.

Social Contract Institute & IRIS Center

The Social Contract Institute which conducts policy studies in the interests of the Russian non-profit sector and civil society implemented jointly with IRIS a partnership project on non-profits' self-regulation. In the course of the project the US and global experience of self-regulation in the third sector was analyzed and interpreted in the light of Russian legal, political and institutional realities. Experience and outcomes of earlier self-regulation and coalition-building attempts in the Russian civil society were analyzed. Methodological base of the project was the theory of collective action by IRIS's founder Mancur Olson. The project resulted in proposals on "division of labor" between official regulation and self-regulation of Russian NGOs. The Russian partner disseminated project findings through a series of public

events. Those findings were instrumental in formulating NGOs' joint position towards a heavy-handed regulatory attempt, and in advancing amendments that made regulatory environment for Russian NGOs more enabling.

"Projects for the Future: educational and scientific technologies" & Harriman Institute of Columbia University

This partnership was built on prior SETT-sponsored work of the Russian partner organization on corporate governance and industrial firms' strategies in Russia. The project team explored ways and means used by Russian companies to respond to competitive pressure, including reliance on formal and informal business networks and associations, personal ties, seeking government support, etc. Analysis of such strategies provided valuable information on behavioral adjustment in the Russian corporate sector to competition and institutional change, and generated important policy implications for government officials, regulators, and business community. A signature feature of the partnership was its reliance on modern political economy and institutional theories in conjunction with using professionally collected and processed survey data. Collaboration between Russian and US partners, kick-started by SETT-II, continues until present and has been expanded to cover a broader range of problems in business-government relations, regulatory environment and associational activities in business-government relations in Russia.

New Economic School & National Bureau of Economic Research

The purpose of the partnership was to assist one of Russia's leading economic universities in establishing and strengthening professional links with distinguished US economists. Research projects which were carried out under the partnership covered political economy, macroeconomics, industrial development, agricultural economics and impacts of global shocks on the Russian economy. Thematic scope of the partnership included studies of political coalition formation; analyses of the relations between social fabric of societies (including ethnic diversity and segregation) and quality of institutions and governance; and implications of globalization for trade policies and firm-level productivity. NBER arranged participation in the partnership of economists from Harvard, Yale, and MIT, some of whom continue their collaboration with NES past the term of the project. Links between NES and the above US universities have been maintained through follow-up exchange visits, joint research etc.

Far Eastern Center for Economic Development & Juneau Center for Fisheries, University of Alaska

The objective of this partnership was to build capacity of the Russian organization for economic and public policy analyses of fishery – one of the main sectors of economy in the Russian Far East which has been notorious for its lack of transparency and poor regulatory oversight. The project enabled the Far Eastern Center for Economic Development to take a prominent role in policy dialog with the federal and regional governments and industry associations on fishery policies, to produce policy reform proposals and assessments, and to offer up-to-date economics of fishery courses at the Far Eastern State University. A prominent US fishery expert traveled to Vladivostok and held extensive discussions and consultations

with officials, experts and industry representatives, and later a team of Russian experts held meetings and discussions with their US counterparts from the Universities of Alaska and Washington as well as with industry representatives and government regulators. Modern tools of policy analysis in fishery and more generally natural resource management were shared with the Russian partner.

Siberian Center of Applied Economic Studies & University of St. Thomas

The primary goal of this partnership was to conduct a comparative study of the local and regional factors that contribute to the development of innovative industries in Novosibirsk region – one of the leading scientific and technological centers in Russia – and the State of Minnesota. The project team produced recommendations on facilitating innovative entrepreneurship in high-tech industries and research institutions, and on marketing of high-tech innovations. The project also addressed problems of technology transfer and investments in R&D leading to high-tech innovations. The study was based on comparative surveys of innovative industries in the two countries. Project findings were disseminated through public events and joint publications, including a policy report on sustaining R&D activities in the market environment and on bridging the gap between R&D and commercial production. The project resulted in a longer-term collaboration between Novosibirsk State University and the University of St. Thomas that envisages faculty exchanges and bilateral training programs.

4. Governance and management

The program was a testing ground for a novel pattern of supporting think tanks in Russia, whereby a foreign donor offers funding to an ingenious umbrella organization that would in its turn administer a grant program.

The program was implemented by Moscow Public Science Foundation (MPSF) in partnership with the IRIS Center at the University of Maryland at College Park (USA). MPSF served as an umbrella organization for the grant, outreach, training and networking components of the proposed program. IRIS, under a cooperative agreement with MPSF, contributed into the program international experience in policy analysis and think tanks organizational management, institutional development, some of the outreach activities and advocacy.

MPSF established a program governance system that included two bodies – the Management Unit and the Program Board.

The Management Unit consisted of two co-directors of the program, Lev Jakobson (succeeded by Vladimir Benevolensky in 2008) and Leonid Polishchuk, MPSF-based program staff, and an IRIS-based program manager. Co-directors held responsibility for the overall governance of the program. Their duties included strategic planning, communication with the Program Board, representation of the program before the main stakeholders, including government officials, opinion leaders, Russian and international policy experts, and USAID.

Day-to-day operations of the program were the responsibility of the MPSF-based members of the Management Unit, under the supervision of MPSF President Vladimir Benevolensky. An IRIS-based program manager was responsible for invoicing, accounting and reporting under the subcontract between MPSF and IRIS, for contracting international mentors and managing their contracts, for translation and editing of program publication in English, and for periodic reports to USAID.

The *Program Board's* main responsibilities were articulation of thematic priorities of the program, evaluation of grant proposals, and recommendation of grant awards. The Board also assisted the Management Unit in program outreach and networking, liaising the program and participating think tanks with policy makers, opinion leaders, the professional community and international donors. The Board comprised distinguished policy experts, leading policy makers, and representatives of think tanks with broadly recognized reputation for professional competence and personal integrity. Members of the Board had to pledge an absence of a conflict of interest over grant proposals, or in case of such conflict recused from proposal discussions and voting on grant award.

Full sessions of the Board were held at least once a year. As per USAID Substantial Involvement clause, Board's grant award recommendations, and the proposed thematic focus will be subject to approval by USAID/Russia. A representative of USAID/Russia office and program co-directors were ex officio members of the Board.

The program was subject to annual auditing by a major international auditing firm from the list approved and recommended by USAID, and to periodic audits by the donor. All such audits have been passed successfully.

5. Main results and their assessment

A major capacity-building and policy analysis program such as the reporting one pursues a number of overlapping and largely qualitative objectives, and such programs assessment and outcome attribution is a challenging task.

Nonetheless in the present case *there is sufficient evidence to conclude main objectives of the program have been achieved*. Significantly, this conclusion is shared by external evaluators of the reporting program contracted by USAID in 2007.

5.1 Meeting performance targets set in the Cooperative Agreement

In conformity with program strategic objectives set forth in the Cooperation Agreement the following main results were achieved:

1. The management practices and financial status of (sub-grantee) Russian economic think tanks improved. A significant number of grantee think tanks developed multiple sources of

funding; the share of program funding in think tanks' budgets decreased significantly; think tanks expanded their client base.

Leaders among Russian think tanks have established solid professional reputations by implementing important analytical projects based on modern methodologies and addressing pivotal policy issues of Russian economic transition. The program has shown that Russian think tanks actively respond to the incentives and opportunities offered by a large-scale grant project, are fast learners, have plenty of professional and entrepreneurial energy, show willingness to network with each other and with foreign partners, and openness to a dialog with various stakeholders in policy making process. The program has evidenced high efficiency of donor funds in supporting the Russian think tanks movement at its early stage, and in advancing market-led reforms through active involvement of think tanks in policy making process. ✓

Prominent examples include the Center for Macroeconomic Analysis and Short-Term Forecasting, the Independent Institute for Social Policy, National Project Institute – Social Contract, the Centre for Economic and Financial Research, which have by the end of the program achieved full institutional and financial independence from program support. By the end of the program the Leontieff Center (St.Petersburg), the Far East Center for Economic Development (Vladivostok), and the Association of Russian Think Tanks (ARETT) sustained their respective core operations independently and relied on program support only to implement major public events or special research projects (e.g. the policy analysis implemented by the Leontieff Center in 2009 – 2010 “Ways of engaging the socio-economic development potential of the Republics of Northern Caucasus”). Further examples include regional think tanks which the program helped to establish and later on supported only one more time, e.g. the Independent Economic Analytical Center on Problems of Peasants (Farmers) Economic Activity in Tambov, the Center for Social Analysis and Reconstruction “Socio-Logos” in Petrosavodsk, the Far East science centre of local self-management (Khabarovsk) and others. These think tanks were able to build their local project portfolios, based on contracts with regional and municipal governments and institutions of higher education.

Some of these organizations (e.g. the Leonieff Center) have established or are in a process of setting up their endowments that will further solidify their institutional and financial sustainability.

2. Program grantee think tanks produced high quality, timely, and relevant analyses on key economic policy issues such as deregulation, tax reform, including the small business tax regime, pension reform, intergovernmental fiscal reform, etc. Specific recommendations for Russian policy makers were prepared, presented, and incorporated into legislation and other policy initiatives.

Think tanks supported by the program consulted the federal, regional, and municipal governments in Russia on almost every major issue of economic development, governance, and policy reform throughout the reporting periods. Examples of subject areas in which Russian think tanks supported by the program have made such contributions resulted in laws, regulations, policy decisions and documents, include: deregulation of the Russian economy; Russian taxation and public expenditure reform; macroeconomic forecasting; corporate

governance; international trade policies; industrial policies and economic restructuring; regional economic policies and intergovernmental fiscal relations; social policies and reforms of social safety nets and social service provision; public service reform, etc. Of particular significance has been the work of program grantees to improve the development conditions for the Russian civil society, including the protection of enabling regulatory regime for Russian NGOs. Think tanks' work was extensively acknowledged by representatives the Ministry of Economic Development and Trade, the Ministry of Finance and other key centers of economic policy-making in the executive and legislative branches of the Russian government. Regional and municipal administrations in St.-Petersburg, Vladivostok, Khabarovsk, Samara, Novosibirsk and elsewhere throughout Russia also acknowledged and praised the work by program's grantees.

Specific examples of such activities ("success stories") are as follows:

- the National Project Institute – Social Contract produced a package of blueprints for new regulatory procedures used by the Ministry for Economy and Trade to reduce regulatory burden on SME; developed amendments to federal legislation to offset the draconian registration and reporting requirements imposed on NGOs in 2006;
- policy analyses by the Independent Institute for Social Policy lead to considerable improvements of social policies and safety nets in Russia benefitting the disabled and the poor which were used by the Ministry for Social Security and Health to introduce targeted government programs to reduce poverty levels in Russia;
- the Institute for Public Finance Reform produced recommendation on mechanisms of financial aid to regional / local budgets, that were adopted by the Russian Ministry of Finance.
- the Centre for Economic and Financial Research and the Projects for the Future: Technologies in Science and Education produced policy studies and documents that improved corporate governance practices in Russia;
- At the regional level local development strategies by the Leontieff Center and by the Far East Center for Economic Development and Far Eastern Research Institute of Market (Khabarovsk) were incorporated in policies of regional and city administrations.

More information on the contribution of grantee think tanks to policy analysis and policy formulation is presented in the section describing program Performance indicators below.

Further details can be found in Annex 2 featuring the list of competition topics by grant category and year, and in Annex 3 featuring program grant awards by category and year. The thematic focus of the program evolved over time reflecting the evolving policy reform agenda in Russia articulated by the program Advisory Board; this focus provided guidance for participating grantee think tanks.

3. The Program contributed to the development of a wide geographically diverse network of independent think tanks in Moscow, St. Petersburg, and Russian regions.

This objective was achieved not only by supporting individual think tanks, but also by directly facilitating their networking, collaboration and exchanges through a range of activities, including: assistance to the Association of Russian Economic Think Tanks (ARETT) which presently has 26 full and 22 corresponding member organizations; support of various think tanks partnerships and collaborative efforts; support of annual Russian think tank conferences and other public events held by the program, ARETT, and participating think tanks; support to thematic and/or regional think tanks networks, including those in the Russian Far East and dealing with regional development and strategic planning. These activities were highly instrumental in ensuring sustainability of the Russian think tanks sector at large.

MPSF has become a hub of the Russian think tank sector. In the course of program implementation a Russian umbrella organization, MPSF, has established and maintained direct links to close to 100 public policy institutions across the nation. The web site of SETT is well known and regularly visited by Russian think tanks and policy experts. The think tanks database of MPSF includes over 130 institutions, which can be contacted by direct mailing. The database and web site provided good opportunities for dissemination of requests for grant proposals and other information circulated by the proposed program.

4. Independent Russian analysts and the general public is now more engaged in discussions on cutting edge issues of economic policy.

This was achieved primarily through public advocacy activities under the SETT Program under USAID/Russia's Strategic Objective 1.4. Program grantee think tanks have learned the importance of informing the public of the results of their policy analysis, of public advocacy and interaction with civil society groups and open policy discussion events have become standard feature of the operations in the Russian think tank community. In addition to think tanks' own dissemination efforts that were conditions of their grant awards, the program has supported various sector-wide periodic public events which are parts of the program's legacy. Those include at least four platforms for public discussion of economic policy: the Far Eastern Economic Development forums held annually since 2004; annual Strategic Planning Leaders' Forums in St. Petersburg; annual ARETT conferences and the ARETT Dispute Club on economic and social policy issues, which holds monthly public debate sessions in Moscow without interruption since March 2006. The program advanced private-public dialog over policy issues, mediated by civil society-based think tanks. 108 public policy events (forums, conferences, seminars, etc.) were directly supported by the program. Many more were organized and held by grantee think tanks with funding other than from the program. The program's acclaimed publication series operated by MPSF produced over the reported period 62 monographs and collections of papers featuring work of program grantees. These research reports were usually introduced at public presentations delivered by grantee think tanks. Full text versions of all reports are available for free download from the program web site. This data base of program outputs is an important legacy of the program.

Throughout its lifetime the program met targets set by USAID Performance Indicators.

In 2003 – 2005 five Performance Indicators were established.

- Geographically diverse network of independent economic think tanks established. The indicator was defined as "Cumulative number of regions with think tanks in the

network” showing number of regions with economic think tanks that are actively participating in networking activities of the program. This number increased from 14 in 2003 to 17 in 2005. The target number was 15.

- Number of analyses prepared by think tanks, incorporated into legislation and other policy initiatives by the Russian Government. This number increased from 67 in 2003 to 93 in 2005. The respective target numbers were 50 and 65.
- Number of funding sources per targeted think tank. Targeted think tanks included the following 8 USAID grantees: the Institute for the Economy in Transition, Fiscal Policy Center, Center for Economic and Financial Research, Leontieff Center, Center for Financial Market Research, Independent Institute for Social Policy, Actuarial Informational Analytical Center, Center for Macroeconomic Analysis and Short-Term Forecasting. This number increased from 4.75 in 2003 to 5.6 in 2005. The respective target numbers were 5.0 and 7.0.
- Number of deregulation measures, prepared by think tanks, submitted to Duma and relevant Russian Ministries. The number of such measures was 15 in 2003 and went down to 0 in 2005 reflecting a change of priorities of Government of Russia (GOR) economic policy. The targets were respectively 4 and 4.
- Number of Russian economic sectors analyzed to assess the potential benefits of WTO accession. The number of such sectors was 15 in 2003, (the target 4); and none in 2005 (the target 4). Again this reflected a change of priorities of Government of Russia (GOR) economic policy.

In 2006 the Performance Indicators were modified by USAID. Three Performance Indicators were established.

- Number of new policy models developed and adopted. “Policy models” means enacted laws, by-laws, rules or regulations developed and implemented/adopted with assistance from USAID-funded organizations. Each model supports social or economic development and is publicly discussed. 7 such models were reported by program grantee think tanks. Six of the policy models reported by think tanks were local, and one regional.
- Number of local governments with active programs for public participation. The definition provided by USAID, was as follows. “Active programs for public participation” means that local government has in place and operational, tools for informing citizens, convening their participation, registering their input, and responding to citizen suggestions and concerns. The adoption of one or more of these tools constitutes participation by local government. 5 such local governments were identified, including 3 in the Far East.
- Number of local and regional administrators trained. Local and regional administrators were defined as paid officials of local and regional governments, NGOs and business community leaders who received USAID sponsored training in democratic governance. In 2006 grantee think tanks provided such training to 99 persons. Three think tanks had such training courses: the Leontieff Center in St. Petersburg; the Far East Center for Economic Development in Vladivostok; the Far East science centre of local self-management in Khabarovsk.

In 2007 the Performance Indicators were yet again modified by USAID. Two Performance Indicators were established.

- Number of Civil Society Organizations using USG Assistance to Improve Internal Organizational Capacity. The number of such organizations decreased from 15 in 2007 to 8 in 2010 reflecting improved institutional sustainability of Russian think tanks. Target number was 10.
- Number of Positive Modifications to Enabling Legislation/Regulation for Civil Society Accomplished with USG Assistance. In 2007 8 such modifications were reported by program grantee think tanks, 11 in 2008, and 4 in each of the two years of 2009 and 2010. The target was 4 per year throughout the period.

For more information on Performance Indicators please see Attachment 6.

5.2 Assessment of operational principles

The program has deployed efficient and fair grant-making procedures. The capacity building within the sector of independent think tanks included the efforts of the program to set and embed within the sector procedural standards to ensure fair and efficient distribution of donor funds designated for the support of non-governmental non-profit institutions. Such organizations are the institutional core of civil society. The MPSF-IRIS team and the Program Board have earned credibility and trust in the Russian Think tanks community. The implementing team has developed efficient, fair and transparent grant-making procedures that were applied in 16 grant competitions without raising a single concern among grantees, from the donor, and in the professional community about the quality and impartiality of allocation of grant funds.

The advisory Program Board was an efficient and authoritative grant-making body. The Program Board, comprised of economic analysts and policy-makers, was responsible for articulation of thematic priorities and vested with grant-making power (subject to approval by the donor) and has been fully successful in meeting the objectives and tasks of the program, and in responding to the realities and challenges of implementations of a large-scale grant project for public policy institutions in Russia.

Basing program implementation at a Russian umbrella organization was administratively and cost-efficient and flexible. In the course of the program 108 grants have been awarded to think tanks studying public policy issues. Successful implementation of the program grant component has proven the validity and effectiveness of the model where a Russian umbrella organization, acting upon advice of an authoritative Advisory Board and in cooperation with USAID, administered a large grant program funded by an international donor. Apart from administrative efficiency, advantages of such models include the development of domestic capacity for coordination and support of the think tanks sector, cost-efficiency, and flexibility in responding to evolving needs and realities of the Russian think tank movement and policy-making process. For example, at the mid-point of implementing the program, the MPSF-IRIS

team, acting on an advice of the donor, has established a new Partnership grant category, which has proven to be highly efficient in meeting the institutional needs of the sector in a timely way.

5.3 Assessment of the Russia-US partnerships component

Russia-US think tank partnerships proved to be highly demanded, innovative, result-oriented and cost-efficient joint ventures between professional communities and civil societies of the two countries. Grantees praised the SETT partnership model for its flexible format and grassroots demand-driven peer-to-peer nature. Partner organizations took advantage of this flexibility by choosing themes, content and modalities of their projects that best suited their capacities, needs, and perceived partnership gains and synergies.

The think tank partnership component revealed the vast and still largely untapped potential of direct collaboration between public policy experts and institutions from Russia and the US. Support of think tanks partnerships continued through a time when Russia-US relations were tense. Stanford professor Kathryn Stoner-Weiss that took part in the project between the New Economic School and the Center on Democracy, Development and the Rule of Law that was implemented in 2007 noted that "... in view of the [then] difficult climate in Russia it is particularly circular time for US and Russian research enterprises to develop close ties". Presently when the two countries are drawn closer, the demonstrated potential and success of SETT partnerships sets stage for a much broader and extensive Russia-US partnership-building effort which is underway with support from governments, private sector, and, increasingly often, co-funded by partner organizations themselves.

The partnership grants component has contributed to strategic objectives of the program in a number of ways.

First, it made a major contribution to building the professional capacity of Russian think tanks by providing them with direct first-hand access to modern tools and techniques of contemporary policy research. Applied policy studies by Russian grantees produced on their own, or co-authored with US partners, bear clear imprints of partnership work.

Second, the program has strengthened the institutional capacity of participating Russian organizations through exposure to operation and management practices of their US counterparts, and through integration in the global policy research community. Direct collaboration between think tanks and in particular visits of Russian experts to the US enabled Russian participants to observe subtle but essential details of US think tanks' communication with stakeholders in the government, private sector, and civil society; such experience could have hardly been transferred by ways other than directly observing real-life think tanks operations.

Third, the partnership grants program opened access for Russian policy analysts to US's legal, institutional and regulatory practices – the knowledge that Russian partners put in use in their domestic operations.

Fourth, the partnership grant program promoted the spirit of cooperation between Russian and US think tanks and policy experts. Influential positions of Russian and US partners in their countries' respective policy communities and civil societies makes such links valuable contributions to greater trust and mutual understanding between the two nations.

Although the main objective of the partnership grants component, as of SETT program in general, was to strengthen Russian think tanks and enable them to better serve Russia's needs in policy analyses, US participants in the program also drew tangible benefits. It was the expectations of such benefits that motivated participation in the program of leading US think tanks and universities, and such expectations have been fully confirmed as indicated by grantees' final reports and their acknowledgements. Another credible sign of US partners' satisfaction with the program and outcomes thereof is the nearly universal willingness to maintain partnerships initially supported by IRIS and, on a number of occasions, successful steps taken to this end.

The partnership grants component of SETT earned praises from Russian and US participants and other stakeholders, including influential policy-makers and civil society activists from the two countries. It was also highly regarded by a mid-term external evaluation of the program.

Further details on the impact of the partnership grants component follow.

5.3.1. Capacity building: Know-how transfer

Examples of successful transfer of know-how and policy analysis tools from the US to Russian partners are as follows.

- In the partnership between the Center for Macroeconomic Analysis and Short-term Forecasting & Global Insight blueprints of an economic forecasting model were shared by the US partner with the Russian one. That model has subsequently become a 'workhorse' for a stream of policy analyses channeled to the Ministry of Economic Development and other government agencies.
- In the partnership between the Far Eastern Center for Economic Development & Juneau Center for Fisheries, University of Alaska, modern analytical tools of assessment and forecasting of fishing stock have been transferred from the US partner to the Russian colleagues. The Russian partner organization learned of the role that bioeconomic analyses can play in resource management decisions and how the interests of industry and government can be aligned when industry is provided with secure access to resources such as marine fisheries.
- In the partnership between the Siberian Center of Applied Economic Studies & University of St. Thomas R&D marketing tools and strategies that were transferred to the Russian partner are being included in textbooks and other educational and training materials produced by the Siberian center.
- US experience of applied equilibrium modeling was brought to Russia to study the impact of international trade agreements, such as Russia's accession to WTO (Center for

Economic and Financial Research and the Brookings Institution) – this closed a critical gap in Russia’s ability to conduct trade policy analyses that would inform national economic policy-making.

- Another important application of applied equilibrium modeling – energy and climate change models and more generally models that incorporate economy and environment – was initiated in Russia by the partnership between the New Economic School and the Environmental Defense Fund.

In all of the above and other projects Russian participants now have a broader understanding of the types of policy issues that are in need of analysis, and the variety of analytical tools that can be brought to bear on those issues.

5.3.2. Capacity building: Learning-by-doing

Joint work with US partners provided invaluable participating Russian grantees with first-hand exposure and experience of applied economic research. The impact of such collaboration was visible to US partners and can also be seen in publications in international peer-review journals, especially by faculty members of the Higher School of Economics and the New Economic School who took part in partnership projects. In the assessment of Timothy Frye, Columbia University professor, “... since [think tank partnership program] I have noticed that [Russian participants’]work has become more methodologically sophisticated and has begun to appear more frequently in higher ranked journals.” Apart from publications in Russian professional and general-audience literature, project participants Andrei Bremzen, Sergei Guriev, Irina Olimpieva, Konstantin Sonin, Ekaterina Zhuravskaya and Andrey Yakovlev have prepared papers for presentations at international conferences and publication in peer-reviewed journals; some of these papers are co-authored with US partners (e.g. Timothy Frye and Andrey Yakovlev, Daron Acemoglu and Konstantin Sonin).

Russian think tanks also learned from their US counterparts their outreach and dissemination practices; thus, in the opinion of New Economic School’s Natalia Tourdyeva, who participated in the partnership project with the Environmental Defense Fund, “...one of the major lessons learned, is EDF’s professional abilities and efforts in translating scientific research to the grounds of policy debate and policy advice. These skills are quite important for any think tank and NES benefited a lot from the observed partner’s experience”.

5.3.3. Capacity building: Modern standards of applied policy research

A major stride towards capacity-building of the community of Russian think tanks has been the strengthening of professional standards of applied economic research by acquiring first-hand knowledge of such standards in the US, and by partners’ peer reviewing of each other’s work. Russian economics and applied policy analyses do not have a sufficiently long history and tradition that sets and enforces contemporary professional standards. The think tanks partnership program enabled participating Russian think tanks to substantially narrow this gap

through joint policy research, professional exchanges and co-authored publications in international journals.

Not only Russian participants have learned new standards and seek their confirmation by international publications, participation in conferences, etc., but they are also actively promoting such standards at their home universities and in the Russian professional community in general. This is an important accomplishment as it contributes to two important goals – (i) improving quality of applied economic policy studies in Russia, and (ii) facilitating integration of Russian policy analysts and institutions in the global professional community through greater compatibility of research standards and methodologies.

5.3.4. Transfer of US's legal, institutional and regulatory practices

Russian grantees has gained experience of practices of US's policy-making and policy discussion processes, which are of high relevance for Russian economic and institutional reform. Examples of such practices transfers are as follows.

- US's approaches to urban development, including public hearings and consultation procedures and protocols were introduced to Russian urban development and regional strategic planning experts from Leontief Center through its partnership with the International Economic Development Center. Leontief Center through its network of urban and regional planners disseminates such knowledge nation-wide.
- Experts from the St. Petersburg Center for Independent Sociological Research have learned US's access to information practices and procedures in the course of their partnership with the American University Terrorism, Transnational Crime and Corruption Center.
- Staff members of the Far Eastern Center for Economic Development through their partnership with the University of Alaska Juneau Center for Fisheries have gained access to the US regulatory and enforcement structures in commercial fishery, and economic and bioeconomic analyses that contribute to the design of governance structures (e.g., individual fishing quotas, territorial use rights, limited entry etc.) and the design of fishery rules enforcement mechanisms. This know-how has been immediately entered to commercial fishery reform debates in Russia.
- Social Contract Institute through its partnership with the IRIS Center has learned US's approaches to NGO's self-regulation, reporting and enforcement practices and used that know-how in the public debates of the Russian NGO law that resulted in an amendment of the law.
- New Economic School faculty acquired detailed knowledge of US's environmental policy-making and enforcement practices through the partnership with the Environmental Defense Fund.

5.3.5. Sustainable partnerships

The program has contributed to the overall sustainability of the *model* of partnership and collaboration between Russian institutions for policy research and their US and other international counterparts, as well as of direct scholar-to-scholar links. The success of SETT partnerships, clearly seen by Russian participants and communicated to policy-making circles, has undoubtedly contributed to the present recognition in the Russian government of the value of professional collaboration with foreign scholars, experts, and research organizations. Significant resources have been made available by the Russian government to these ends. In addition, the Russia-US intergovernmental program on cooperation in higher education provides for cost-sharing by the two governments of competitively selected university partnerships. This major effort is fully consistent in its purpose and operations with the reported SETT partnership pilot. It is noteworthy that the Higher School of Economics – Russia’s leading center of economic education and applied policy studies, which participated through its affiliates and faculty in think tank partnership projects – actively encourages its research units to seek partnerships with foreign universities and think tanks and offers financial support to such partnerships. These are evidences that the demonstration effect of the think tank partnerships supported by SETT-II was among the factors that have triggered a much larger-scale and longer-term partnership support efforts which use local resources and no longer require assistance of international donors.

With almost no exception partners have expressed willingness and commitment to continuing their joint work. Under the present much more enabling environment for Russia-US professional and academic exchanges the experience of past partnership work supported by SETT-II grants, and trust and confidence built by such partnerships are valuable assets that Russian and US think tanks carry into the future. “Good partnerships take time and need to be nurtured” (Keith Criddle, University of Alaska Juneau Center for Fisheries), but once they are established, there is a strong promise of their sustainability. Evidences of such sustainability are as follows:

- exchange visits and joint publications (New Economic School and NBER; Higher School of Economics and Columbia University);
- plans to establish bilateral policy analysis facilities (a “virtual think tank” is being created by the New Economic School and the Environmental Defense Fund)
- successful joint grant applications (Center for Independent Sociological Research and the American University Terrorism, Transnational Crime and Corruption Center have filed a successful joint grant application to CIPE to study business access to information problems, and work on a series of proposals to Global Integrity)
- courses taught at Russian and US universities by their US (resp. Russian) partners (Higher School of Economics and the Harriman Institute at Columbia University are launching a multi-year program of professional exchanges that they jointly fund), etc.

5.3.6. Benefits for US partners

US partners of Russian think tanks saw numerous benefits of partnerships supported by SETT-II.

Thus, Global Insight through its partnership with the Center for Macroeconomic Analysis and Short-term Forecasting has developed a more in-depth vision of the situation in the Russian economy, which is valuable asset for a consultancy with broad international interests.

The Juneau Center for Fisheries at the University of Alaska has benefitted from integrating Russian data and partners in its studies of fishery resources which migrate between Russian and US coastal areas and are being harvested by commercial fishermen from both countries. That partnership provided additional opportunities to stress “the critical need to design governance structures in ways that stop the environmentally and economically destructive race-for-fish and instead induce investment in cost reducing and product quality enhancing harvesting and processing technologies ... My organization benefited from learning about the management and development of marine fisheries in the Russian Far East. The USA and Russia share marine fishery stocks in the Bering Sea. ... While we compete for market share, both nations benefit from careful management of these shared resources (Keith Criddle).

US academics and policy experts from Harvard, Princeton, Yale, Stanford, American University and other participating organizations have gained from over two dozen seminars, presentations and other public events in which their Russian partners took part. “The exchange [with Russian partners] was fascinating for our graduate students and faculty to observe. It was one of the highlights of our fall activities to be sure) (Kathryn Stoner-Weiss, the Center on Democracy, Development and the Rule of Law).

For US scholars studying the Russian economy and society the first-hand knowledge of Russian partners and colleagues was quite valuable. In the assessment of Irina Olimpieva from St. Petersburg Center for Independent Sociological Research, “... [US partners] gained insights and contacts in Russia through the partnership. The Russians were able to provide an assessment and reality check for our work. Such insights were invaluable because it is hard for outsiders to gain effective insights into what is going on in Russia society on their own.”

6. The Russian Economic Think Tank Sector. A Brief Overview.

Russian economic think tanks are a part of the nonprofit sector. Think tanks are independent NGOs and constitute a part of the Russian civil society. Their emergence is one of the results of Russia’s modernization, launched in the early 1990-s with the goal to achieve a transition to democracy and a market economy. Russia’s modernization at that time dramatically changed the policy-making mechanism and put on the agenda new issues demanding new approaches to their resolution. This demand could not be satisfied by old academic institutions. Authorities faced the need for alternative independent policy analysis organizations equipped with sufficient knowledge and skills, using innovative scientific methods and research techniques, being mobile in setting an agenda for research, capable of quick response to policy needs. Besides Russian independent think tanks had to play role of intermediaries between

government authorities and social groups that do not have their own formulated institutional representation.

In the recent past the Russian expert community organized around non-government think tanks made a significant contribution to reform Russia into a market economy and a more open society. Presently Russian think tanks again play an important role in opening a window of opportunity for a new wave of change in the country. Their role has two aspects. First, quite a few leading experts from independent think tanks have been called into senior government positions and keep using in their new jobs the intellectual product turned out by their colleagues remaining in the NGOs. Although one may argue that independent think tanks do not at the moment hold a central position in terms of setting the strategic policy agenda, government agencies do contract NGO Think Tanks for a "second opinion" in the design of strategies and even more so for detailed policy implementation plans, which gives ample opportunity to improve decision making. Second, Think Tank work on selected major issues (mainly in the domain of economic and social policy, e.g. reduction of poverty, inflation, but also in some more politically sensitive areas such as corruption) makes it into the news and fuels whatever public policy discussion there is left in Russia.

The program contributed in a major way to the institutionalization of the Russian economic think tank sector. At the end of the program, in 2011 the sector is embedded as an integral part of Russian civil society. The MPSF program data base which was launched in 2000 at the first stage of SETT contains information on over 130 grantee institutions. ARETT membership includes presently 48 think tanks. The total number of active organizations making up the Russian economic think tank sector may be assessed at 80-90.

The sector can be subdivided into segments according to several criteria.

One such important criterion is the in-house policy analysis capacity. There are three main segments by this segmentation criterion.

The first segment includes think tanks with a considerable in-house policy analysis capacity, which enables them to study a broad range of socially significant issues (e.g. Institute for the Economy in Transition), or which insures in-depth specialization within the scope of one but sizable and meaningful topical area (e.g. Independent Institute of Social Policy, Fiscal Policy Center, Foundation "Institute for Urban Economics" and others). Centers of the first segment are quite strongly integrated into the social and economic policy-making mechanism while their research results and recommendations have been for a number of years in demand at various levels of government and political leadership. These centers have a proven reputation within the Russian civic society.

The second segment includes think tanks with an in-house policy analysis capacity for conducting high-quality applied analysis within a comparatively narrow specialization (e.g. the Leontieff Center, Center for Macroeconomic Analysis and Short-Term Forecasting, Center for Economic and Financial Research, Economic Expert Group and other). Second segment think

tanks have two or three long-standing clients among the government agencies, which are responsible for a particular area of the economic policy, in which the think tank specializes. Public policy leaders outside the government turn to such think tanks for expertise when in the course of Russian reform program implementation a particular policy topic comes to the foreground of the public debate.

The third segment includes a broad category of research groups that have a status of independent legal entities (NGOs), but do not have a sufficiently strong in-house policy analysis capacity. Research staff of third segment think tanks is either small (2-3 quality experts) or larger in numbers, but unstable and is prone to a high turnover. Leading researchers who work for such think tanks have alternative and, quite often, main jobs in other organizations. Third segment think tanks are often established for implementing one or two projects (grants) over a specified period of time. In such cases a third sector think tank can mobilize a strong research group and a substantial expert capacity on a temporary basis for a particular project. Research results are addressed to clients defined specifically by the framework of the project (grant). Project (grant) results and recommendations developed by a third sector think tank can under circumstances be addressed to and used by even the highest level government / public leadership clients. However presently, third segment think tanks are mostly common in regions and deal with issues of regional importance. The following think tanks can be referred to as examples of third segment institutions: Center for Social Analysis and Reconstruction “SocioLogos” (Petrozavodsk), Siberian Center for Applied Economic Studies (Novosibirsk) and Independent Economic Analysis Center for Farmers’ Problems (Tambov).

A second functional segmentation criterion is the capacity of a think tank to perform the dual role of a policy advisor to the government and of an advocacy institution guarding the interests of civic society in the policy process.

Some of the more prominent Russian economic think tanks operate primarily as high-level expert organizations with strong links to government institutions which rely heavily on their advice. These think tanks are with extensive links to the academic community where these think tanks are considered as authority on methodology of applied research and policy analysis in their elected area of competence. Among the examples are:

- Center for Macroeconomic Analysis and Short-term Forecasting providing on-going macroeconomic policy advice to the Prime Minister office;
- Economic Expert Group which works in close contact with the Ministry of Finance on Russian tax reform and other related topical economic policy issues.

For some other think tanks the links to civil society institutions are of primary importance. The activities of these think tanks include civic education and a considerable amount of advocacy. This does by no means imply lesser standards in their analytical work. Prominent examples include

- National Project Institute – “Social Contract” investing considerable effort in advocating interests of the NGO community, promoting self regulation in the NGO sector and

producing analytical evidence against excessive government regulation of non-profits and against administrative pressure on NGOs;

- INDEM Foundation which is deeply involved in policy research and advocacy to fight corruption in Russia;
- the Far East Research Center of Local Self-government in Khabarovsk engaged in promoting citizens' participation in decision making on local development and good governance issues;
- Center of Social Policy and Gender Studies in Saratov advocating a range of social issues from gender equity to the rights of people with limited abilities.

The third and largest segment includes think tanks which seek to find a balance between the policy advisor and civic advocate roles. Prominent examples include

- Independent Institute for Social Policy taking up such issues as establishing alternative civil service in Russia, the mixed consequences of the pensions reform and of the changes in the health care system.
- Leontieff Center (St. Petersburg) and the Far East Center for Economic Development (Vladivostok) both consulting a variety of regional governments on strategies for regional and local economic development and advocating citizens' participation in decision making at the regional and local level.

Due to a drastic reduction of independent donor support (both foreign and domestic) available to think tanks which occurred gradually over the past 4-5 years, the balance tends to be tilted towards more government contract work, and weaker links to civil society institutions.

However one of the great successes of the program is that program grantee think tanks have learned the importance of informing the public of the results of their policy analysis. Open policy discussion events have become standard feature of the operations in the Russian think tank community, and an overwhelming majority of think tanks at least to some extent engages in public advocacy and interaction with civil society groups.

The dialogue between economic think tanks and Russian and international businesses operating in Russia develops. ARETT plays a role as a professional network in this process. Depending on the particular discussion topic high ranking representatives of businesses attend to ARETT Dispute Club sessions. Business representatives are regular participants to Strategic Planning Forums in Vladivostok and St. Petersburg.

Finally, the sector can be segmented according to institutional sustainability which largely depends on the size of the annual budget a think tank is able to raise.

According to a special review conducted by MPSF at program mid-term the sector counted 70 plus organizations with annual budgets above \$50,000. Up to 10 largest organizations had annual budgets of \$500,000 and above and 15-20 think tanks were able to raise annual budgets between \$100,000 and \$500,000. Statistical data for 2005 and 2007 presented by the Public Chamber of the Russian Federation indicates, that Russian NGOs existed at the time on average

annual budgets of \$100,000 (2005) and \$130,000 (2007)¹. This average income level might be considered as sustainability threshold for a Russian NGO. Thus close to one half of the sector was made up of institutions sustainable by Russian standards.

Day-to-day interaction with grantee think tanks and applicant organizations in the course of the delivery of grant competitions, at outreach events and in the process of production of the Research Report publication series produced evidence that between 2005 and 2011 the sector remained fairly stable. There was no massive “drop-out” of institutions, although a few program participants became inactive or merged with larger, mostly government supported, experts institutions. An example of the former is the Center for Economic Research and Dissemination of Economic Information “Open Economy” which in 2002 – 2004 actively sought cooperation with the program (although their applications did not meet requirements and the program did not award support to this think tank). An example of the latter is the Economic Research Foundation “Development Center”: this competent expert team was quite narrowly specialized on issues related to capital markets and the banking system. The “Development Center” merged with the National Research University – Higher School of Economics (Moscow) in 2008 and is presently continuing its work with the status of one of the research departments of the University.

Since 2007 selected think tanks engage in forming their institutional endowments. The Federal Law Nr. 275 of December 30, 2006 “On the Formation of Endowments” established the necessary legal framework. According to information available to the program staff as of the end of 2010 two economic think tanks succeeded to launch endowments: the Foundation “Institute for Urban Economics” and the Leontieff Center. The number of think tanks launching endowments may be expected to grow.

Based on the experience gained in the implementation of the program we conclude that by 2011 the Russian economic think tank sector has acquired reasonable sustainability. There is however a fundamental condition in the Russian think tank sector which causes serious concerns. For an accurate fulfillment of its mission a think tank has to conduct a certain amount of “basic” policy research, invest in improvement of methodology, or in field studies to fill in information gaps resulting from deficiencies of available statistics. A think tank has to be capable to pick up a major unsolicited policy research topic or to engage in advocacy. Unfortunately budgets of independent think tanks in Russia show weakness in this respect. Margins and overheads on a think tank’s contract research, which are a good source of undesignated funds, are insufficient. Russian Government grant programs do not fit the purpose (even if we leave aside unfair administration of such programs). Private domestic donors are few and any major domestic philanthropy is mostly under government control, too. With the end of the Strengthening Economic Think Tanks in Russia the international donor community ceased to play a significant role in supporting the sector. Government contracts for policy studies are likely to account for a growing share of total revenue / income of Russian think tanks, causing the likelihood of conflict of interest situations in policy analysis. One possible

¹ Report on the State of Civil Society in the Russian Federation. 2008. The Public Chamber of the Russian Federation, Moscow 2009, p. 45. // http://www.oprf.ru/files/Doklad-OPRF-2008-ENGL_300409_2.pdf

response of think tanks under these conditions may become forging stronger ties to major universities. Among program grantees the Centre for Economic and Financial Research has close institutional links to the New Economic School (Moscow), the Far East Center for Economic Development has similar ties the Far Eastern State University (Vladivostok). It will take some time before Russia acquires a well-developed system of funding for the independent professional think tank sector, with a considerable number of "neutral" or relatively "neutral" (not having a clearly expressed policy agenda) sources of financing, e.g. major private charitable foundations with support for policy studies on their list of grant making priorities.