



**Evaluation  
of the  
  
Strengthening Economic Think Tanks  
Program**

**A USAID Program  
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**Evaluation Team  
Ekaterina Greshnova  
Oleg Kazakov  
Robert Myers  
Gerald Wein, Team Leader**

**Moscow, Russia**

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## ACRONYMS

FPC	Fiscal Policy Center (a Russian Think Tank)
IET	Institute for Economy in Transition (a Russian Think Tank)
IQC	Indefinite Quantity Contract
IRIS	Center for the Institutional Reform and the Informal Sector
MPSF	Moscow Public Science Foundation
RF	Russian Federation
RFP	Request for Proposals
SETT	Strengthening Economic Think Tanks Program in Russia
SOW	Scope of Work
S.P.	St. Petersburg
TA	Technical Assistance
USAID	U.S. Agency for International Development

## EXECUTIVE SUMMARY

The USAID-financed Strengthening Economic Think Tanks (SETT) Program is designed to increase the number and capacity of economic think tanks in Russia and to improve the production and dissemination of relevant economic analyses and policy advice. The program operates through a \$3.4 million cooperative agreement with the Moscow Public Science Foundation (MPSF). MPSF makes grants to Russian non-governmental institutions and individuals to conduct policy analyses. Technical assistance is provided through a subcontract with the University of Maryland's Center for Institutional Reform and the Private Sector (IRIS).

This document summarizes an evaluation of the SETT program conducted in Russia and in the U.S. during September-November 2001 through a contract with Management Systems International (MSI). The purpose of this evaluation is to determine how well the SETT program is achieving its objectives and how the cost-effectiveness of the program might be enhanced in the future. The four-member evaluation team spent three weeks in Russia. It reviewed the literature on think tanks and program documents, conducted face-to-face interviews with USAID, SETT program, and grantee representatives, and carried out a grantee survey. The team contacted a total of 36 out of the total of 58 grantees (62 percent) either through the face-to-face interviews or survey.

### *Principal Findings* (See pages 8-21.)

During the first two years of its operations, the SETT program achieved a variety of positive results.

- SETT established systems for competitive grants, including the issuance of Requests for Proposals and a three-tiered evaluation system. During the first two years, seven RFPs were circulated widely to appropriate audiences and generated 464 proposals.
- The overall quality of proposals was somewhat disappointing. A significant number of the proposals suffered from one or more of the following deficiencies. (i) They did not demonstrate the authors' familiarity with the international literature related to the proposed research subject. Therefore, the methodology employed in the studies was unclear or not adequately justified. (ii) The policy issue to be addressed in the study was not clearly articulated, making it less likely that clear policy implications would emerge from the work. (iii) They did not adequately lay out plans (or include budgets) to disseminate results beyond academic and professional circles or to advocate for recommended policy changes.
- SETT awarded 58 grants totaling \$1.1 million. These included:
  - 19 Institutional Development Grants, intended to produce policy recommendations and to strengthen Russian think tanks;
  - 21 Research Grants: to individuals or groups of individuals to produce economic policy analysis and recommendations;

- 14 Small Quick Response Grants: grants to individuals focused on topics chosen by the MPSF;
  - 4 Large Quick Response Grants: grants to established analytical groups to carry out analyses on topics of high priority to the Russian Federation (RF).
- SETT achieved a good geographic distribution of its grants, with 41 percent of the grants and 24 percent of the resources going to secondary cities.
- The Russian “think tanks” aided by this program are very small and fragile, having only just begun down the road to sustainability. They typically have only one or two permanent staff members, with a small group of additional experts available to work as needed. By American norms, they are something of a cross between a think tank and a consulting firm; they accept contracts as well as grants, and their work agenda is a mixture of their own ideas and priorities and those of clients.
- The quality of the research/analytical work was mixed, with institutions generally performing somewhat better than individuals. In some cases, the methodology seemed not to reflect the best international practices and/or the policy implications of the work were unclear.
- Grantees disseminated their research findings through a variety of traditional methods: books, reports and journal articles. Many grantees met with government officials. Dissemination activities were generally not designed to promote or advocate policy changes. Few grantees saw their roles as advocating for policy change.
- The program’s Institutional Development Grants strengthened small policy analysis groups to be formed and/or to improve their capacity. The SETT program enhanced their skills, reputations and visibility. A number of these institutions won additional grants and/or contracts after completing their SETT work.
- The program’s reports provide a picture of operations and financial activity. They provide little substantive information on results.

**Conclusions** (See pages 23-26.)

- ***Continued efforts to build Russian think tanks are warranted.*** With the lack of a philanthropic tradition in Russia, few Russian think tanks/consulting groups are likely to evolve into think tanks fitting the U.S. model in the foreseeable future. Nevertheless, these groups exhibit a significant degree of independence and are growing in technical capacity and should play an increasingly important role in providing quality analysis and advice on policy issues. If they take on a greater advocacy role -- informing the public and building coalitions of stakeholders around particular issues -- their impact will increase not only in shaping and improving economic policy but also in strengthening political pluralism.
- ***It is possible and desirable to pursue both institutional development and policy advice objectives simultaneously.*** Experience shows, however, that some strategies are more effective than others.

- *The combination of a Russian lead entity coupled with an American firm or think tank seems to be an effective management arrangement.*
- *The SETT program tried to do too much with the level of resources provided.* By spreading the resources across 58 grants, the level of financial and technical inputs was often inadequate to produce, disseminate and advocate high quality analysis and recommendations or to move those institutions toward sustainability.
- *Although the program did yield some institutional development impact, the participating institutions are far from viable and will require greater levels of assistance.*
- *Policy change is more likely when key government officials are poised to accept the analysis and recommendations and grantees are able to produce high quality work (as in the case of the Large Quick Response grants).*
- *Grants to individuals are difficult to manage and are less likely than grants to institutions to produce high quality analysis and recommendations and to lead to the development of a viable think tank industry.*
- *Most Russian think tanks in this program will require considerable technical assistance on methodological issues, institutional development and dissemination and advocacy to become strong, viable institutions.*

**Key Recommendations** (See pages 26-29.)

- *Continue to pursue both institutional development and policy analysis/advice objectives.* The mechanisms employed should be sufficiently flexible to permit the program to respond rapidly to unexpected opportunities for policy reform.
- *Reduce the type and number of grants and increase their size.*
- *Require that proposals meet higher standards.*
- *Make grants only to institutions.*
- *Focus on a limited number of analytical areas or topics.*
- *Significantly expand technical assistance and collaborative activities.*
- *Include a plan and budget for dissemination and advocacy activities in each grant.*

*It has been almost a decade since Communist governments fell like dominoes in the countries of the former Soviet bloc. The democracies that have emerged since then were shaped in large part by their citizens' desire for an open society. A democratically elected government does not guarantee an open society, however. The people in these countries had to learn to forge dynamic links between themselves and their governments—and think tanks provided an important means for doing so. Like their counterparts in the West, think tanks in Central and Eastern Europe and Russia strengthen democracy by identifying problems requiring public action, studying and analyzing options for dealing with them, and making their findings widely available to the public.<sup>1</sup>*

*Raymond J. Struyk*

## **I. BACKGROUND**

As the U.S. has looked for ways to assist Russia strengthen its fledgling democracy, a key area of interest has been the support and strengthening of institutions -- such as think tanks -- that address important public policy issues. What is the current environment in Russia for these types of institutions?

### **A. Economic Policy Think Tanks in Russia**

#### ***What is an economic policy think tank?***

There are many variations of think tanks, making a precise definition impossible. In the U.S., the country that has by far the largest number of such organizations, economic think tanks are normally private sector, non-profit organizations that do research on economic policy issues and then disseminate their findings and advocate for the policy changes that their work implies. The research may involve data gathering and original research; frequently it utilizes data gathered by others. Sometimes, the basic research has also been done by others. The role of the think tank in such cases is to interpret and to draw the policy implications from the research. Think tanks then present those policy implications to a variety of specific audiences that, depending on the subject matter, might include government policy-makers, special interest groups, businesses, and the general public.

To be successful, think tanks must establish and maintain a reputation for quality analysis and independence. Independence typically means that they are not considered to speak on behalf of a particular political party or faction, industry or special interest group. To maintain their image of independence, most think tanks seek financing through grants from foundations and individuals, and they often reject contracts. Grants, which are expected to have minimal conditions, allow the institution to maintain greater control over its own agenda.

Typically, think tanks are more than university-based policy research institutions in several ways. First, they tend to have their own agenda. That is, they are concerned about specific policy

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<sup>1</sup> Struyk, Raymond J. *Reconstructive Critics: Think Tanks in Post-Soviet Bloc Democracies*, The Urban Institute Press, Washington, D.C., 1999, p. xiii

areas, and they have a viewpoint about the direction that policy in that area needs to move. At the same time, they are committed to quality scientific analysis to make their point. Like the acceptance of money from a key stakeholder (particularly with conditions), sloppy analysis undermines credibility. Second, they seek to use the results of their policy research to draw actionable recommendations. A think tank concerned about the quality of health care for the poor, for example, might be satisfied to provide analyses that graphically show the lack of care. More likely, it will try to point to specific weaknesses in existing policies and to suggest specific reforms in laws or regulations. Third, think tanks tend to invest heavily in disseminating their work in such a manner as to influence key groups. This is more than disseminating a technical paper to peers; it is selling ideas in the marketplace. This role often means that think tanks do not simply issue a technical report on their research; they develop a series of products that present the same results and recommendations employing a variety of methods tailored to key audiences. Some U.S. think tanks (e.g., the Heritage Foundation) spend as much on these “advocacy” activities as they do on research.

***Lessons from other countries.*** Think tanks also exist in many other Western countries, and they differ across nations. In Germany, for example, think tanks tend to be aligned with political parties, whereas in the U.S. think tanks normally try to avoid party labels which they perceive will diminish their credibility with non-party members. Other countries that have sought to make existing public sector research institutions more autonomous and creative sometimes refer to these organizations as “public sector think tanks,” a term that might be considered an oxymoron by many U.S. think tank leaders.

Think tanks function best in a democratic society where ideas compete. Among the other factors that help to encourage the growth of think tanks in democratic countries, several prominent students of think tanks have pointed to the importance of a legal framework in which think tanks can function, the availability of capable policy analysts, sufficient financial resources (preferably from philanthropy), a media interested in and willing to report on the results of policy work, and interest in public policy issues on the part of government policy-makers, special interest groups and the public in general. The tradition of philanthropic giving, encouraged by the tax system, is a key factor in the growth of American think tanks. Important characteristics of America’s political system that are conducive to think tank growth include its federal system, its system of checks and balances, the considerable number of political appointees in the government bureaucracy, and the relatively non-ideological political parties. In Japan, in contrast, the more closed decision-making process in business and government has proven to be a much less fertile ground for the development of think tanks.<sup>2</sup>

***The Russian environment for think tanks.*** Through much of the Soviet period, economic policy analysis was restricted to Communist Party organs and to government ministries. Political ideology determined what issues to look at and how to do so. With respect to economic issues, the system essentially required that markets be “suspended,” rendering irrelevant the various policies most countries utilize to regulate those markets. In their place, State planners determined what was produced, in what quantity, by what methodology, where and by whom. Economic

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<sup>2</sup> Annex J, written by evaluation team member, Dr. Robert Myers, provides a fuller discussion of the role of think tanks in a market economy and the background to the SETT program.



policy analysis essentially deteriorated into an effort to use input-output analysis to administratively allocate resources in production.

Beginning around 1956, some Soviet government policy-makers began to look outside of their ministries for new ideas. To respond to this interest, the Soviet Union began to experiment with semi-autonomous analytical centers under the Russian Academy of Science. More than 200 physical and social science institutions eventually emerged. Ideological parameters still existed within the Academy centers, but these were applied in a less rigid fashion. Particularly for those centers that had dynamic leadership, staff enjoyed some freedom to read Western professional journals and to explore new ideas. Although these centers were not independent and deviation from the Party line entailed risks, they nevertheless laid some groundwork for the post-Soviet period.<sup>3</sup>

Since the collapse of the Soviet government, the Russian environment for think tanks and for non-governmental organizations (NGOs) in general has improved dramatically. The ideological constraints have been removed; there have been important legal changes, and there is greater freedom to propose new ideas and to challenge the government. Nevertheless, constraints on think tank development remain. (i) Russia does not enjoy the philanthropic tradition that has been so important in the U.S.; (ii) the number of well-trained policy analysts is limited; (iii) analysts salaries are very low; forcing most to split their time between several jobs, and (iv) there is little tradition or experience with public advocacy of policy.

Russian think tanks remain in their infancy. The Russian think tank “industry” today is composed of only a handful of reasonably well-known, established institutions and a considerable collection of individuals who have other jobs, and who come together to work on policy research assignments when funds are available. The American label “think tanks” is something of a misnomer to describe these institutions. Russian private sector policy analysis institutions are really a cross between a U.S. think tank and a consulting firm. Their financing comes from both grants and contracts. Grant support has come predominantly from the donor community. USAID, which was instrumental in the creation of the Institute for Urban Economics and the Fiscal Policy Center, has been an important player in the evolution of these institutions. Most of the contract business that the “think tanks” accept comes from the Russian government. With grant money being scarce, most of these institutions would not survive unless they also undertook contract assignments.

## **B. USAID Economic Policy Reform Objectives**

Over the past decade, development economists and donor agencies have often pointed to the pivotal role of sound economic policies – policies that establish a “level playing field” and that allow markets to work. “If you don’t get the policies right,” it is often argued, “donor assistance is unlikely to be effective.” Good economic policy encourages efficiency and rewards contributions to the general welfare.

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<sup>3</sup> For a discussion of the history of economic think tanks and their predecessors, see especially *Russian think tanks, 1956-1996* by William Wallace, published in Think Tanks Across Nations, edited by Diane Stone et al, listed in the bibliography to this report, Annex B.

If this argument is valid for low-income developing countries, and there is ample evidence to suggest that it is, it is certainly doubly so for the former socialist economies. Indeed, Russia's transition from a centrally planned socialist society to a market economy requires a total revision of the economic policies previously in effect. *Policy revision* or *reform* in the post-Soviet context does not mean the kind of marginal reform that donors seek in other parts of the world. In Russia and other former-Socialist economies, reform entails the development of markets where none previously existed, the creation of new institutions or the complete redirection of existing institutions, and fundamentally changing the behavior of many if not all of the stakeholders involved.

Not surprisingly, economic policy reform has been a cornerstone of USAID's program in Russia since the inception of U.S. economic assistance in the early 1990's. USAID's strategic objective is to assist Russia to create an increasingly dynamic and competitive economic system that yields improved living standards throughout the country. In the 1990s, USAID invested in a number of large-scale policy reform efforts to facilitate, for example, reform in fiscal policy, in housing and urban development, and in social sectors. These programs took the form of government-to-government grants and often involved U.S. technical assistance contracts valued in the tens of millions of dollars. An important spin-off benefit was the generation of "think tanks" in the sectors that were supported. These USAID programs, often complemented by the parallel programs of the World Bank and other donors, scored some notable successes, assisting Russia to establish a plethora of market mechanisms and institutions. Nevertheless, virtually all observers agree that Russia has a considerable reform road still to travel.<sup>4</sup>

During the past several years, USAID has shifted its programming strategy for policy reform from the multi-million dollar government programs of the last decade to smaller programs that rely more heavily on the now-larger pool of Russian experts with experience in Western economic principles and practices. Greater reliance on Russian experts seems appropriate at this time when many of the basic economic reforms are in place, and the emphasis is on customizing economic policies and regulations to the unique features of the Russian economic, political and social environment. At the same time, a limitation placed on the percentage of the USAID assistance that is provided to the Russian government has led the Mission to search for Russian non-governmental institutions that could contribute to USAID's strategic objectives (SOs). As part of its newer strategy, USAID has sought to strengthen business associations, think tanks and other institutions that can present the case for market-oriented economic policy reform to the Russian Government.

As noted, several past USAID programs in Russia (e.g., those in fiscal and housing reform) helped to develop strong, independent, non-governmental Russian analytical organizations – the Fiscal Policy Center and the Institute for Urban Economics (IUE). USAID also provided large-scale support to the Institute for the Economy in Transition (IET, a.k.a. the Gaidar Institute). With USAID grant support, those organizations are now providing high quality analysis and policy advice to the Russian government.

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<sup>4</sup> For example, during the period that the evaluation team was in Russia, newspapers were reporting on limited and controversial experiments with private sales of agricultural land, among the first such sales since they were outlawed by the Soviet Government.

## **C. Goals and Objectives of the SETT Program**

As part of this new approach, in 1999 USAID initiated the Strengthening Program for Economic Think Tanks in the Russian Federation (SETT). With this new program, USAID/Russia has sought to greatly expand the number and diversity of organizations capable of carrying out quality economic analysis and presenting policy recommendations to the government and to other stakeholders. SETT is essentially designed to support the development of multiple, competitive think tanks that would form the core of a “knowledge production sector” focused on economic policy.

The SETT program has the following specific objectives:

- To increase the capacity of Russian think tanks and freelance consultants to conduct independent quality analysis of economic policy issues in Russia.
- To increase the breadth of topics analyzed and depth of policy analysis performed, to develop recommendations based on those analyses and to disseminate those analyses and recommendations among all interested users, including policy-makers and the general public.

Although it is not clearly identified in program documents, a third objective seems to have been to enhance the capacity of individual policy researchers and to encourage the spread of policy research beyond Moscow and St. Petersburg to Russia’s secondary cities.

The program operates through a \$3.4 million cooperative agreement with the Moscow Public Science Foundation (MPSF). MPSF, in turn makes grants to Russian non-governmental institutions and to individuals to carry out economic policy analyses. MPSF has contracted with the Center for Institutional Reform and the Informal Sector (IRIS) at the University of Maryland to provide technical assistance to the program.

Clearly, given present USAID budgetary considerations, creating new think tanks through the same types of programs that led to the Institute for Fiscal Policy and the IUE would be neither cost-effective nor feasible. USAID thus sought to experiment with new strategies in the SETT program. This new strategy involves making many small grants to encourage entry into the sector and to help struggling think tanks to survive in the difficult days following the 1998 financial crisis.

## **D. Evaluation Approach**

### **1. Evaluation Objectives and Methodology**

The objectives of this evaluation are (1) to assess the performance of the SETT program against program objectives, determining what works well and what does not and why and (2), based on that assessment, to recommend ways that USAID and the grantee might improve the current program during its final year of implementations and to suggest to USAID ways in which it might structure a more cost-effective program in the future. In sum, this report is intended to identify lessons learned so that they might improve the cost-effectiveness of USAID investments.

This report relied on data from four principal sources: a literature review, a review of program documents, interviews, and a survey of grantees.

**Literature review.** The literature review identified a number of highly relevant books and articles that discuss the role of think tanks in a number of countries, including Russia. A list of these documents is provided in Annex B.

**Program document review.** The evaluation team reviewed a considerable number of program documents. These included the USAID-MPSF cooperative agreement, MPSF's contract with IRIS, annual implementation plans, requests for proposals (RFPs) issued by MPSF, English-language summaries of proposals, English-language summaries of research findings and recommendations, minutes of Program Board meetings, and a limited number of proposals, reports and other documents in Russian. The fact that few of the proposals or products from grantees have been translated into English was a constraint on the team. However, this problem was largely overcome through extensive interviews with program participants.

**Personal Interviews.** Interviews began in Washington, D.C. with the former USAID project officer, IRIS staff, and foundations that have been involved in think tank development in Russia. In Russia, the team met with key USAID and MPSF staff, four Program Board members, a small number of government officials and 21 (36 percent) of the program's 58 grantees. The team separated grantees to be interviewed by the type of grant and by geographic location: Moscow, St. Petersburg and other cities. Within each category, the team selected approximately a third of the grantees to be interviewed. In Moscow and St. Petersburg, the selection of interviewees within each of the four grant types was essentially random. For other cities, the team identified clusters of grantees that could be visited on the same trip without undue travel time or expense. (Annex D, Table 1 table shows the type and location of grantees visited.)

In total, the team interviewed more than 50 people with knowledge of the SETT program or more generally of policy work being done in Russia by independent analytical groups. (Annex C provides a list of the institutions visited and individuals interviewed.)

**Grantee Survey.** The team utilized its interview protocol, slightly modified, to survey all grantees through Email. (The survey instrument is provided in Annex E.). Twenty-six of the 58 grantees responded to the survey. Between the interviews and the survey, the team contacted and obtained information from 36 grantees, or 62 percent of the 58 grant recipients. (See Annex D, Table 2.)

## 2. MSI Evaluation Team Members

The evaluation team consisted of four professionals, two American and two Russian.

- *Gerald Wein*, a former USAID economist and senior manager, served as the evaluation team leader. Mr. Wein has previously led or managed six other program evaluations in Russia.
- *Robert Myers*, Ph.D., is a development economist. Dr. Myers has more than 35 years of development experience, including 21 years with the World Bank. At the Bank, Dr. Myers was involved in many program evaluations.

- *Ekaterina Greshnova* is a graduate of Moscow State Institute of International Relations and has worked in economic research. She has been a leader in efforts to develop sustainable NGOs in Russia.
- *Oleg Kasakov* is a graduate of Moscow State University in Applied Mathematics. He has worked extensively in programs to strengthen civil society and is currently the director of the Non-profit Sector Research Laboratory. Both Mrs. Greshnova and Mr. Kasakov have completed MSI training courses in program evaluation.

A somewhat fuller description of the evaluation team members is provided in Annex G. Olga Alexinskaya competently assisted the team as its translator and logistics coordinator. Victoria Michener provided home office support. Molly Hageboeck, Ph.D., provided assistance to the team on evaluation methodology.

The evaluation team extends its thanks for the time, effort and hospitality extended to it by dozens of Russians who generously devoted time in interviews and/or responded to the team's survey. These individuals clearly shared the team's commitment to finding ways to improve the cost-effectiveness of future USAID efforts supporting Russian think tanks. The findings and recommendations contained in this report are based on the team's collective data gathering and analysis effort. The opinions and recommendations should not be attributed to individuals who provided some of that information.

## II. EVALUATION FINDINGS

The findings of this evaluation are presented in two major sections:

- Program operations
- Assessment of impact on economic policy and development of the think tank sector

### A. Program Operations

#### 1. Management Structure

As indicated above, the SETT program is administered by a Russian non-profit, non-governmental organization (NGO), the Moscow Public Science Foundation<sup>5</sup> (MPSF). USAID awarded a cooperative agreement to the MPSF in September 1999 with expected three-year funding totaling \$3.0 million. The amount of the award was subsequently increased to \$3.4 million. The MPSF provides the bulk of these funds to Russian non-governmental institutions to carry out economic policy research.

The MPSF uses a portion of SETT funds for a contract with the Center for Institutional Reform and the Informal Sector (IRIS), a center at the University of Maryland. IRIS' role has been to assist the MPSF to manage the program, to develop grantee selection methods and criteria, to provide external technical assistance to the Program Board and to selected grantees, to assist with conferences and workshops intended to strengthen grantees and linkages among them, and to comply with USAID rules, procedures and reporting requirements.

The SETT program's structure is somewhat unusual in that USAID provides its funds directly to a host country organization that in turn has sub-contracted with a U.S. organization for technical support. A more common pattern in USAID projects is to provide the funds to the U.S. organization that often has more familiarity with USAID accounting and reporting rules. Reversing this arrangement has a number of consequences. On the positive side, providing funds directly to a host country organization suggests a more mature, Russian-American partnership. Host country organizations also have a better understanding of local conditions and practices, and they often provide services for much lower cost than do their American counterparts. On the negative side, there is sometimes reluctance on the part of host country organizations to expend resources on "expensive" foreign technical assistance, preferring instead to see resources end up in the hands of its own nationals. Although the SETT program has utilized IRIS to provide only limited technical assistance (as will be discussed below), the level of foreign technical assistance provided to date seems to be consistent with that anticipated in the MPSF/IRIS proposal and in the USAID/MPSF grant agreement. Thus, the limited amount of external TA appears to reflect a conscious decision (made by the grantees and concurred in by USAID) that it would be better to maximize the resources available through grants to Russian entities, i.e., that those institutions which are the focus of the SETT program were far more in need of financial resources than technical assistance.

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<sup>5</sup> The MPSF has administered other donor-financed grant programs, earning a reputation for transparent and honest operations. USAID/Russia selected the MPSF on the basis of a competitive procurement involving both U.S. and Russian firms.

The MPSF has named two SETT co-directors, Drs. Lev Jacobson and Leonid Polishchuk. Each devotes approximately 25 percent of his time to this program. Both Drs. Jacobson and Polishchuk are Ph.D. economists with extensive experience in policy research. Neither of the co-directors is a member of the MPSF staff. Dr. Jacobson is on the faculty of the Higher School of Economics, and Dr. Polishchuk is on the IRIS staff at the University of Maryland. The Co-directors supervise two MPSF program operations officers who work full-time administering SETT operations in Moscow.

The MPSF created an expert panel, the Program Board, that helps the co-directors to set policy and to oversee the grant competition process. The Board approves the RFPs and, following two rounds of screening out weaker proposals, makes the final decisions on grant awards. The Board's role is focused primarily on these "front-end" processes; it has no responsibility for reviewing implementation of the grants once awarded, disseminating results or assessing impact.<sup>6</sup>

The Board presently consists of 15 members, most of whom are prominent Russian scholars or government officials. Several Americans and a USAID representative also participate on the Board. Board members, who receive a stipend for their services, appear to have taken their Board duties seriously. One Board member mentioned to the evaluation team the need to spend many evenings reviewing grant proposals prior to meeting to select winners. (A list of Program Board members is provided in Annex F.)

Grantee contact with the SETT program is primarily through the two MPSF program officers. Grantees indicate that they were satisfied with the ability of those MPSF staff to provide answers to administrative questions and to resolve difficulties that arose. Grantees interviewed rarely mentioned dealing directly with the co-directors and they were generally unaware of who served on the Program Board. Once grants were awarded, grantees appear to have minimal contact with MPSF on technical, policy or dissemination issues related to their work.

The MPSF's decision to recruit two part-time co-directors had a number of consequences. It allowed the project to involve two exceptionally well-qualified individuals whose expertise certainly strengthened the program. Further, their strong reputations almost certainly were a factor in program's ability to recruit and manage the prominent Russians who comprise the Program Board. On the other hand, utilization of two people, both part-time and outside the MPSF structure, created an awkward chain-of-command, particularly as each of the co-directors had numerous other responsibilities. That such an odd management structure has worked reasonably well is a tribute to the considerable talent and commitment of the four key individuals (the two co-directors and the two program officers) involved.

## **2. Generating Proposals**

Much of the success in a grants program is determined by how effectively the program is able to generate and select quality proposals. Accordingly, MPSF devoted considerable attention to developing and circulating RFPs and to the development and management of a system to

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<sup>6</sup> There is some informal Board member participation in dissemination and assessment. For example, Michael Dmitriev, Deputy Minister of Economic Development and Trade, has communicated back to the Board and to the Co-directors about the effectiveness of several grants.

impartially review the proposals submitted. During the first two years of the program, MPSF issued seven RFPs. Those RFPs convey information to prospective grantees about the types and purposes of the grants, topics that would be considered, standards for proposals, deadlines for submission and criteria that would be used for making decisions.

In quantitative terms, it is clear that the MPSF's procedures for circulating RFPs and generating proposals were very effective. The program's seven RFPs generated 464 proposals, of which 58 (12.5 percent) received grant awards.

In qualitative terms, the evaluation team attempted to assess how successful the proposal solicitation and review process was in generating research that focused on important policy issues, utilized the best methodology available, and paid appropriate attention to dissemination and advocacy.<sup>7</sup> This assessment is summarized in the following paragraphs.

***Policy relevance.*** The SETT program's RFPs point out that the research is intended to produce relevant policy advice, not simply interesting scientific findings of academic interest. The RFP for competition #3 (Fall, 2001) indicates, for example, that the program's objective is "to stimulate economic analysis in order to produce professionally substantiated recommendations on key problems of economic policy at the federal, regional and local levels."<sup>8</sup> The RFP continues with a warning that proposals "...not aimed at producing specific, meaningful and practicable conclusions and recommendations ... will not be accepted."<sup>9</sup>

The RFPs' admonitions undoubtedly encouraged proposal writers to move somewhat from academic-oriented to policy-oriented research. Nevertheless, a significant number of proposals seemed to focus on developing analytical tools or analyzing economic and social conditions without drawing policy implications. In reviewing some of the winning proposals the evaluation team found it difficult to identify the policy changes that the authors thought might emerge.<sup>10</sup>

***Thematic or Subject Area Priorities of the Program.*** Policy analyses and recommendations are obviously more likely to attract the attention of decision-makers and to be implemented if the topic is important and timely. In the SETT program, decisions about thematic priorities reside with the Program Board. The Board is appropriately composed of Russians knowledgeable about the economy and politics.

With respect to determining priorities, the SETT program followed two distinct strategies. For the Quick Response Grants, the SETT program identified what it considered to be priority topics, based on its reading of the current economic environment. These grants often produced analyses and recommendations of interest to policy-makers.

Institutional Development and Research Grants had more of an institutional development thrust and were designed to reflect USAID's stated goal (see Section II.C. above) of "increasing the

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<sup>7</sup> The team's assessment was limited to proposals that were awarded grants, which were presumably the best of those submitted.

<sup>8</sup> RFP#3 p. 1

<sup>9</sup> RFP#3 pp.1-2.

<sup>10</sup> The Co-directors acknowledge that some of the winning proposals did not explicitly specify the anticipated policy implications, but they point out that the Program Board nevertheless considered that these (a) studies dealt with issues of high relevance for policy-making and (b) had sufficient potential to generate policy implications.



breadth of topics analyzed.” by Russian think tanks and individual researchers. For these grants, limitations on grant topics were minimal. MPSF’s RFP for the latest round of competition, for example, indicated that priority would be given to proposals in the following ten areas:

- 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
- financial aspects of pension reform

These priorities areas are exceedingly broad, encompassing just about anything related to economic policy. Moreover, the RFP goes on to broaden the categories even further, indicating that the Program Board will consider applications in other fields of policy analysis as long as such applications target issues of high practical relevance for Russian economic reform.

Leaving the initial selection of topics largely in the hands of prospective grantees encourages them to play a role that American think tanks often do – to raise policy issues they think are important, rather than simply responding to government or donor indications of priorities for analysis. The problem with this approach, however, is that it is likely to generate proposals on topics that are of marginal interest to Russian policy-makers and to Russia’s economic transition. If program managers have a sense of what the priority issues are and of the areas in which they plan to award research grants, there would be a considerable savings of resources currently devoted to grant writing and reviewing were RFPs to reflect those priorities.

SETT’s broad range of acceptable topics announced in the RFPs led to a diverse range of proposals. Even after some narrowing during the proposal review process, the range of topics awarded Institutional and Research grants remained broad. The Program Board is well qualified to determine priorities for policy analysis; it seems to have been reluctant to do so. According to the co-directors, the range of thematic areas for the Institutional Development and Research grants was a matter of considerable deliberations at the Program Board. The choice of a less-restrictive approach was predicated on the idea that the thematic focus should incorporate judgments about priorities from the supply side as well as the demand side. (See also the discussion in Annex J.)

**Analytical Methodology.** One of USAID’s objectives in this program was to encourage policy analysts to become familiar with and to utilize the best, modern research methodologies available internationally. In this regard, SETT RFPs advised prospective grantees that “projects not relying on contemporary research methodology and appropriate information [would] not be accepted.”<sup>11</sup>

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<sup>11</sup> RFP #3, pp.2-3.

Because only proposals summaries were available in English, the evaluation team was limited in its ability to evaluate the appropriateness of the planned methodological approach. To overcome this limitation, the team asked grantees that it interviewed to describe the data and methodology that they had employed. Results of these discussions are presented in Section 5 below.

***Dissemination and advocacy.*** SETT RFPs indicate that proposals are to include plans to use the results to influence decision-making and public opinion. Dissemination is one of ten criteria on which proposals will be judged. There is no specific mention of advocacy. Proposals tended see dissemination in terms of publishing a report, rather than more broadly as providing think tank endorsement for and expending resources to “sell” policy advice. (Dissemination and advocacy are discussed further in later sections.)

### **3. Assessing Proposals and Awarding Grants**

The Program Board established ten criteria for judging proposals. In addition to questions about the relevance of the topic, the quality of the proposed methodology and the planned dissemination activities, SETT assessed the qualifications and experience of the personnel involved, the reasonableness of the budget and other characteristics of the proposal and the grantee. (A list of the SETT proposal evaluation criteria is provided in Annex H.) Although not explicitly stated in the criteria, SETT quarterly reports indicate that, consistent with USAID desires, the program has ensured the participation of the regions (i.e., cities other than Moscow and St. Petersburg).

MPSF utilizes a three-stage proposal assessment process. First, MPSF personnel screen proposals to ensure their compliance with the rules of the program. Second, two referees, experts in the technical fields for which there are applications, review and rate the proposals against the announced evaluation criteria. The referees are appointed by SETT’s co-directors. To ensure impartiality and objectivity, the referees’ names are not shared with either the applicants or the other members of the Program Board. Each referee is required to sign a no-conflict-of-interest pledge. Third, the highest rated proposals are forwarded to the members of the Program Board for review. The Board normally reviews many more proposals than the number it expects to accept. The Board then meets, discusses the proposals and votes to determine which proposals will be awarded grants.

As the evaluation team was unable to observe the proposal review process in action and it did not review proposals that had been rejected, the team cannot fairly assess how well the process succeeded in selecting the best proposals. Certainly, the description of the process sounded rigorous and appropriate to the task. Discussions with the program’s co-directors suggest that weaknesses exhibited in some of the grants (with respect to focus on key policy issues, methodological rigor and dissemination and advocacy) reflect the overall weakness of proposals and not deficiencies in the proposal review system.

### **4. Implementation of Research Grants**

***Types, numbers and size of grants.*** In the first two years of its operations, the SETT program awarded 58 policy analysis grants totaling \$1.1 million. These grants fell into four categories:

- 19 Institutional Development Grants to help think tanks get started or grow and to carry out policy analysis and to develop recommendations on topics of their own choosing.
- 4 Large Quick Response Grants, awarded to established analytical groups, focused on specific issues of high-level government interest.
- 21 Research Grants to individuals or groups of individuals to enhance the capability of individuals to produce quality, timely and relevant policy analysis and recommendations on topics of their own choosing.
- 14 Small Quick Response (QR) Grants support a number of individual researchers to work on a topic identified by the SETT program, with results shared in workshops attended by the grantees, interested policy-makers and other stakeholders.

The Institutional Development and Research Grants are competed on an annual cycle. These programs place considerable responsibility on the grantees for topic selection and research, research design and dissemination. They emphasize capacity development and contributions to what is typically a lengthy policy process. Small Quick Response Grants are made to individual researchers on topics selected by the SETT management team and USAID.

The Large Quick Response Grants, not initially a part of the SETT program, were added in the year 2000 to respond to a request from then President-elect Putin's transition team. That team approached USAID for assistance in obtaining analytical expertise that would permit the government to move ahead quickly with a number of major economic policy reforms. USAID viewed this as an unusual and very significant opportunity to promote economic reform, provided that it could move quickly to procure the needed expertise. USAID and MPSF determined that the then existing SETT mechanisms would not meet this need. Timing was a major issue: the SETT program's next planned round of competition was some months away, and the announcement-response-selection process would have required at least an additional four months before analytical work could even begin. The ceiling dollar level of those programs was also an issue: the expected level of the new studies exceeded the \$50,000 ceiling that had been set for grants up to that time. A new mechanism was needed. USAID and MPSF thus collaborated to develop out-of-cycle RFPs for four larger research activities (Large QR Grants) that responded directly to the specific government requests.

Another important development in the program involves the grants to individuals. According to a reinterpretation of Russian tax law that emerged earlier this year, the SETT program is required to withhold income and social taxes on grants to individuals. As U.S. legislation does not permit USAID to finance the direct payment of taxes, the MPSF has been forced to halt those programs. Currently, 13 grants to individuals have been suspended until this problem can be resolved.<sup>12</sup>

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<sup>12</sup> The SETT co-directors report that these grants are currently being restructured to ensure compliance both with Russian tax law and USAID rules. This problem has affected other programs, as well.

The 58 grants<sup>13</sup> that the SETT program has awarded to date total \$1.34 million. Table 1 shows for each of the grant categories the number and percentage of grants and the resources allocated to them.

**Table 1<sup>14</sup>**  
**Number and Percentage of SETT Grants, by Type and Value**

Type of Grant	Grants		Budget (\$000)		
	No.	%	Total	Av.	%
Institutional Development Grants	19	(33%)	668	35.2	59
Research Grants	21	(36%)	164	7.8	14
Small Quick Response Grants	14	(24%)	46	3.3	4
Larger Quick Response Grants	4	(7%)	256	64.0	23
Total Grants	58	(100%)	1,134	19.6	100

Table 1 shows that the size of grants varied widely by categories, with Institutional Development Grants being 4.5 times larger than Research Grants and more than ten times larger than Small QR Grants. The larger size of Institutional Development Grants is not explained by the modest institutional component of those grants, but by the fact that those grants were provided to institutions that involved multiple researchers.

Table 1 also shows the proportion of the budgetary resources allocated to each category of grant. Institutional Development and Large QR Grants, the two types that provided to institutions, represented only 36 percent of the grants awarded but almost 82 percent of the resources. Conversely, there were 35 Research and Small QR grants to individual researchers, 60 percent of the number of grants awarded, absorbed only 18 percent of the resources.

In a policy project of this type, one would expect a predominant share of the resources to be utilized in the country's capital, but that other regions would also be represented. Table 2 shows that the program was quite successful in meeting USAID's objective of extending SETT program activities beyond Moscow and St. Petersburg. Secondary cities received 24 grants (41 percent of the total), although 18 of these (three-fourths) were in the categories of relatively small grants to individuals. The achievement of this level of participation by secondary cities required a conscious, sustained effort from the grantee and its Program Board.

**Table 2**  
**Number of SETT Grants, by Type and Location**

	Moscow		S.P.		Other		Totals	
	No.	%	No.	%	No.	%	No.	%
Institutional Development Grants	10	53%	3	16%	6	32%	19	100%
Research Grants	11	52%	4	19%	6	29%	21	100%
Small Quick Response Grants	2	6%	0		12	46%	14	100%
Large Quick Response Grants	4	12%	0		0		4	100%
Total	27	46%	7	12%	24	41%	58	100%

<sup>13</sup> The scope of work for this evaluation (Annex A) shows 67 grants. However, a number of the grants listed are to collaborators on the same study. The evaluation team found it more appropriate to treat these as one study, thereby reducing the total number of activities (grants) to 58. Annex A indicates where these adjustments occurred.

<sup>14</sup> All tables in this report were developed by the evaluation team based on data provided by MPSF.

Table 3 shows how financial resources were allocated among the programs and geographic areas. As the table shows, Moscow-based institutions and individuals received \$723,000 in grants (64 percent), St. Petersburg \$135,000 (12%), and secondary cities received a respectable \$277,000 (24 percent) of the resources.

**Table 3  
Value of SETT Grants, by Type and Location**

	Moscow		S.P.		Other		Totals	
	(\$000)	%	(\$000)	%	(\$000)	%	(\$000)	%
Institutional Development Grants	368	55%	105	16%	196	29%	668	100%
Research Grants	95	58%	30	18%	39	24%	164	100%
Small Quick Response Grants	4	9%			42	91%	46	100%
Large Quick Response Grants	256	100%					256	100%
Total	723	64%	135	12%	277	24%	1,135	100%

Table 4 shows how resources were utilized by the institutional grantees.<sup>15</sup> Salaries are the major expense item. Consistent with the program’s institutional development objective, Institutional Development Grants and, to a lesser extent, Large Quick Response Grants, include line items for Equipment and Other Expenses. Interviews suggest that those expenses were primarily for computers and other office equipment and, to a lesser extent, for legal fees related to registration. Expenditures for these institutional development activities are modest.

The Travel and Transportation and the Technical Assistance line items for the grants are also modest. The low budgets for travel and transportation may reflect a tendency to utilize existing data rather than to collect new data – certainly an acceptable procedure for policy analysis. The low budgets for technical assistance reflect MPSF’s practice of budgeting such TA as was used within the IRIS contract (i.e., outside of grant budgets) and the limited use that has been made of technical assistance.

**Table 4  
Budget Allocations within Grants, by Type of Grants\*  
(All figures are percentages)**

	Inst. Devel.	Large QR
Equipment and related costs	15	7
Travel and transportation	2	1
Administration/management	20	15
Salaries, incl. social tax pmts.	60	77
Technical assistance	3	0
Total	100	100

Source: Evaluation Team table based on MPSF data  
Data on Research Grants and Small QR Grants are not available.

Table 5 below provides a summary of the overall SETT budget. The table shows that planned expenditures for IRIS, some of which is for technical assistance to improve the quality of

<sup>15</sup> The final report will include data on the use of funds within all four categories of grant if this information is available.

analysis and to strengthen participating think tanks, represented approximately 13 percent of the budget. Another four percent is budgeted for workshops and conferences. Even if this entire amount had financed TA to grantees (which is not the case), expenditures for TA would be extremely low in view of the considerable needs of grantees with respect both to analytical capacity and to institutional development. (These issues will be discussed in greater detail in the following sections.)

**Table 5**  
**SETT Program Obligations and Expenditures, Sept. 1999-Sept. 2001**

	Obligations		Expenditures	
	\$	%	\$	%
Administration/Management*	\$557,424	16%	\$281,569	18%
Workshops/Conferences	\$134,210	4%	\$5,262	0%
IRIS/Technical Assistance	\$438,366	13%	\$233,000	15%
Subgrants	\$2,275,000	67%	\$1,049,660	67%
Totals	\$3,405,000	100%	\$1,569,491	100%

Source: MPSF data, Oct. 2001

\* Combines MPSF budget categories of Personnel and Administration, Operations, and Audit, Evaluation and Database

**Length of grants.** SETT grants may last only up to eight months. In the opinion of the Program Board, eight months is usually sufficient for a well-organized policy-oriented analytical project. The Board considers the imposition of this limit as part of an effort to get think tanks to think more about the needs of policy-makers and less like academics. A number of grantees commented that the program's eight-month limit on grant activities was inappropriate. They argued that the length of a grant should depend on the complexity of the task and the amount of resources involved.

**Research Methodology.** In its interviews with grantees, the evaluation team asked researchers to explain their methodology. Some respondents provided clear and concise answers; others seemed unable to do so. Particularly for a number of the smaller grants, the methodology seemed confused and not based on a review of the literature on similar studies in Russia and elsewhere. These factors raise doubts about the methodological rigor and robustness of the results.

**Technical Assistance Support to Grantees.** SETT program documents indicate that technical assistance, including professional consultations on policy analysis and institutional development, would be provided to grantees. This assistance was to be provided by consultants (Russian and foreign experts and organizations) designated by the Program Board, based on the content of project proposals. Consultants were to assist with research data collection and methodology for analysis, institutional development issues (for institutional grant recipients), and circulation of project study results.

Almost all grantees, both institutions and individuals, reported that they had some access to international experience related to their research. Publications and the Internet were the most accessible to almost all grantees, and most institutional grantees reported some contact with international experts.

Grant giving institutions sometimes attempt to improve proposals through a dialogue with those submitting proposals. This practice is not common in the SETT program, perhaps because of the large number of proposals or because SETT does not have a technical staff that could engage in such dialogue. This would appear to eliminate an opportunity to make methodological suggestions, encourage that more attention be given to dissemination and to strengthen institutional development activities.

The amount of technical assistance provided by the SETT program was very modest. Among the grantees that the team sampled only half of the Institutional Development grantees and about a third of the Research and Small QR grantees reported receiving assistance from a technical consultant provided through the program. MPSF's list of technical assistance collaborators for the year 2000 shows a total budget of \$28,500 for consultants to fourteen grants with combined grants totaling \$498,000. (See Annex I.)

USAID also provided a small amount of additional technical assistance to several think tanks from non-SETT funding.

Grantees with whom the team spoke who had received technical assistance reported that it had been highly useful. All respondents -- both grantees that had received technical assistance and those who did not -- commented that more assistance would have improved the quality of their work.

Aside from this small amount of TA, opportunities to expose SETT grantees to both Russian expertise and international experience were limited to one conference and a few topic-focused roundtables. Several respondents, particularly those from cities outside Moscow and St-Petersburg, indicated that more professional contacts -- through both regular meetings and Internet fora -- would be of great value. According to one of them, "that would help to break the individual shells [in which we live]."

The SETT consultants that were provided focused on research activities. As far as the team could determine, none of them advised on advocacy or institutional development issues. Advocacy, in particular, is quite a new notion in Russia, suggesting that training in this subject would be quite useful. The team did encounter grantees who seemed quite interested in developing strategies to promote policy changes.

TA on institutional development was also minimal. With the exception of sessions on organizational issues and networking at SETT's December 2000 conference for grantees, the SETT program has not provided significant TA in this area. Many of the researchers with whom the team met have an academic orientation to policy research and little if any familiarity with the policy and advocacy-oriented think tank models as practiced in the West. An Institutional Development grantee in Barnaul, for example, admitted that she had only a vague idea of what a think tank really is. The best activities that the evaluation team heard about to expand the vision of Russian organizations and individuals in this regard were the study tours to visit U.S. think tanks arranged by IRIS under another USAID program. USAID and IRIS have wisely utilized this other program to expand the horizons of some SETT grantees.

SETT plans to expand professional exchanges during the final year of the program. These efforts include Internet fora and the creation of a national association of economic policy analysts and think tanks. SETT also plans to complete and publish a study on Russian think tank development and to produce a tool kit on establishing and operating a think tank in Russia.

*Monitoring and Reporting.* The SETT program itself does not have technical staff assigned to monitor and coach grantees and instead relies on consultants or collaborators. When a consultant is assigned to a grant, that person is expected to monitor progress and to help to resolve issues. This system presumably has the benefit that the program can select experts who match the work being done. As there is no regular reporting from consultants to MSRP on technical progress and issues, it is difficult to assess how well this relationship works.

Grantees are required to report periodically on progress, and the occasional workshops and conferences provide some additional opportunity for the program's co-directors to assess progress. The co-directors indicate that they do read final reports.

MPSF's reporting to USAID focuses on process, primarily indicating what research actions have been planned or completed. These reports provide little information on dissemination activities, and they do not provide information on results and policy recommendations.

The evaluation team did not look into financial control matters, but notes that the MPSF arranges for independent audits by the firm Ernst & Young, and these appear to be in order. Several grantees commented that financial controls are tight. Grantees also noted that they had good access to the MPSF program coordinators who provide guidance on operational matters.

## 5. Dissemination and Advocacy

*Dissemination and advocacy.* SETT program documents indicate that research is to be "aimed at producing specific, meaningful and practicable conclusions and recommendations"<sup>16</sup> and that proposals will be evaluated, in part, on "ways and channels through which the results of the studies will [influence] economic policy making, development of private sector and public policy debates."<sup>17</sup> The RFP indicates that acceptable expense items include travel expenses (e.g., tours to conferences); expenses for preparation, printing and circulation of publications; and Internet and other telecommunication services.

Individuals involved in the SETT grants tend to come from the academic community, to describe themselves as scientists and as members of research institutions, and, as previously noted, to see dissemination largely in the traditional academic terms. Like most scientists, they publish lengthy reports, books, and journal articles, place results on the Internet and participate in professional conferences. Indeed, the team found that many of the program's grantees made considerable efforts to disseminate their work through these methods. A few also wrote press articles or gave press conferences.

Interviews suggested that grantees do not see their role as including advocacy for their recommendations. Consistent with that finding, the evaluation team saw little evidence of

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<sup>16</sup> RFP #3, p. 1.

<sup>17</sup> RFP #3, p.7.



materials specifically aimed at government decision-makers, legislators and other stakeholders and only modest efforts to use the media to influence public opinion. Although many grant recipients met with government officials, the grantees descriptions of these meetings suggest they were to share information – in itself a valuable service – but not to advocate policy change. Among the grantees with whom the evaluation team met, only two or three spoke of the need to build coalitions of stakeholders to promote policy reform.

Dissemination and advocacy efforts for the Large Quick Response grants, in contrast, were quite extensive. Participating think tanks prepared and provided draft laws, policy papers, briefs and other outputs. One established a Macroeconomic Forecasting Club where top government officials, including the Prime Minister and the Minister of Finance, meet regularly with economic policy experts. Those experts also hold seminars for media representatives. Another project launched an Internet site for on-line policy debates.

SETT grantees do perceive a need to do more to disseminate their results. Eighty-four percent of the survey respondents indicated that more resources were needed in this area.

*Networking.* According to program planning documents, the development of a network of think tanks across the country was to be an important component of SETT's efforts to encourage the development of think tanks as viable institutions. To date, little progress has been made. The project co-directors plan to make this a priority of the final year of the program, now underway.

## **B. Assessment of Impact**

### **1. Impact on Economic Policy**

In looking for program impact on economic policy, it is important to remember that this program has been in operation for only two years, that its resources are spread over a wide range of topics and institutions, that it has expended less than \$2 million, and that the nature of the policy process is such that it is very difficult to track changes back to specific interventions. Nevertheless, the evaluation team considered it useful to explore this topic to see how those closest to the project perceived results and to determine whether it could find cost-effective ways to increase that impact.

There is little doubt that the impact on economic policy was greatest from the four Large Quick Response Grants. Some important changes have already resulted, including the passage of new legislation. The relative success of these activities seems to reflect the fact that (1) they focused on technical areas known to be of great interest to senior government officials and carried out analyses that led to specific policy recommendations; (2) the grants were given to institutions that were among the most technically competent, the most sophisticated in dissemination and advocacy and the best connected politically; and (3) those grantees received by far the largest amount of resources, including international technical assistance. These conditions might be considered something of a formula for success in future economic policy reform programs, but they may be difficult to replicate. And, of course, limiting grants to the most competent organizations is probably not the best way to expand the think tank industry.

Looking more generally at the program's actual policy impact, data are difficult to find. The evaluation team will summarize the grantees' self-assessment of impact.

Most grantees (about 75 percent) believe that their work with SETT funds has had some impact on the thinking of government policy-makers. Approximately the same number of grantees believes that their work has helped to change public opinion. About one-third of the grantees indicated that their work had helped to change public policy. These figures are very high for a policy reform program, particularly one that is so new and in one in which the financing is extremely modest (per grant) and the efforts are so widely disbursed. Even if these estimates overstate the actual impact, the modest size of the grants suggests that they may be considerably more cost-effective than the far more costly programs based on foreign-based policy advice. However, except for the Large QRs and a few of the Institutional Development grants, the evaluation team's interviews did not reveal many specific examples to substantiate these claims.

Grantees were also asked to assess the Russian environment for think tanks. Respondents reported that the lack of money to finance the work was the most serious constraint on the development of Russian think tanks. Grantees view Russian traditions and the shortage of skilled policy analysts as other serious constraints. Analysts who had received individual grants (Research and Small QR Grants) tended to rate the lack of interest of government officials in receiving outside advice as a very serious constraint. Institutional grantees, who perhaps tend to be more prominent and to have stronger ties to government, found this not to be the case.<sup>18</sup> Grantees generally acknowledged that the “the think tank industry” itself is still very weak.

## **2. Impact on the Sustainability of Russian Think Tanks**

Although there was an opportunity in every grant to increase the capacity of individual Russians to do policy analysis, the program's efforts to create or strengthen Russian think tanks was concentrated in the Institutional Development grants. As noted in Section III.B. above, Institutional Development Grants averaged about \$35,000. Of this modest amount, by far the largest proportion was to finance research activities. Only about \$5,000 was specifically budgeted for institutional development activities, largely for the purchase of office equipment. In some cases, the SETT supplemented the grant budgets with modest technical assistance and with opportunities to attend regional conferences.

Comments that grantees<sup>19</sup> provided to the evaluation team suggest that the small investments that the SETT program made in this area were quite cost-effective in terms of helping small groups of researchers to create an institution. Most grantees also indicated that, as a result of their involvement in the program, they had learned to use new methodologies, learned about relevant experience in other parts of Russia or in other countries and established contacts with others working on similar issues. Half of the grantees indicated that the work had led them to shift the emphasis of their work somewhat from academically-oriented to policy-oriented work.

The grantees assisted through SETT's Institutional Grants are “start-ups” or very small organizations. Typically, the staff of institutional grantees was not more than one full-time administrator who could call on a core group of professionals who had multiple jobs. When new grants or contracts are obtained, these professionals devote more time to their think tanks and

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<sup>18</sup> Interestingly, the government officials with whom the team met, a small and non-representative sample, expressed great interest in receiving analysis and advice from independent think tanks.

<sup>19</sup> The evaluation team visited seven organizations that received eight of the 19 Institutional Development grants. Ten Institutional grantees responded to the team's email survey.

presumably increase their income. These organizations are not-for-profit, and they welcome contracts as well as grants. In this sense, they are part-think tank and part-consulting company, probably more closely resembling the latter.<sup>20</sup> In almost all cases, the MPSF grant represented a very large percentage of the institution's budget. Responses to the team's survey showed that, for Institutional Development grantees that responded, the MPSF grant (averaging \$35,000) typically represented 60 percent of revenues during that year, and some interview respondents mentioned figures as high as 90 percent. Without the USAID funds provided through the SETT program, many of these institutions might not be functioning, particularly given the lack of Russian funding following the 1998 financial crisis.

As reported above, the SETT program did not provide significant technical assistance to these grantees in organization and management, marketing or other aspects related to the creation and management of running a service-based business. Nevertheless, MPSF institutional grants did help these institutions to get started and to grow. Aside from obtaining a small amount of equipment and acquiring (in some cases) juridical status, participation in the SETT program seems to have helped these institutions to attract additional resources. A number of interviewees reported that they had subsequently been rewarded grants or contracts from international donors or government. Among the institutional grantees responding to the team's survey, more than half indicated that the MPSF work had already helped them to attract new clients.<sup>21</sup>

Despite the fact that the grant recipients remain very fragile and their sustainability is uncertain, the SETT program has yielded a significant positive impact on the institutions involved.

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<sup>20</sup> This model is certainly not unknown in the U.S. The Urban Institute is an example of an organization that is often thought of as a think tank that also does contract work.

<sup>21</sup> Individual grantees also reported that their work under the SETT program had helped them to attract new clients.

### III. CONCLUSIONS ABOUT THE SETT PROGRAM

***The SETT program's twin objectives -- the development of economic think tanks and the provision of high quality policy analysis and recommendations – are appropriate and complementary.*** SETT initially tested three types of grant programs. The need to add a fourth type, Large QR Grants, showed that the program as initially structured did not adequately provide policy analysis and recommendations to policy-makers. With the Large QR Grants, those needs were satisfactorily met. This experience illustrates that program components are likely to meet one objective better than the other. Nevertheless, the evaluation team believes that well-designed program components can contribute effectively to both objectives.

***The SETT program has developed an efficient grant-making mechanism.*** MPSF has implemented the planned strategy faithfully, setting up a fair and transparent system for announcing competitions and making decisions among those soliciting grants. The program succeeded in awarding a large number of grants that were thematically and geographically disbursed. The SETT program also seems to function well in maintaining financial controls and in other operational matters.

***The SETT program attempts to do too much with the available resources.*** SETT's multiple programs and 58 grants stretched financial and technical resources. In the trade-off between quantity and quality, the SETT program is stronger on quantity. SETT's large number of grants awarded meant that the majority of the grants were small, and grantees could not be supported with levels of financing or technical assistance sufficient to ensure high quality research, dissemination and advocacy, and institutional development. The results to date, the evaluation team believes, suggest that this is not the best strategy to produce quality analysis, policy recommendations, dissemination and advocacy that in turn will yield the desired institutional development and policy impact.

***The SETT program has under-invested in technical support activities.*** The quality of proposals was disappointing; policy issues were not always clear and the methodology not always the best. This reflects the weak state of the think tank industry, which is of course one of the primary reasons for the program. Those technical weaknesses cannot be overlooked if the analyses are to influence policy, and simply providing funding to carry out research activities and buy a small amount of equipment will not address the institutional weaknesses. Russian think tanks require a higher level of nurturing than the SETT program is currently able to provide. Higher levels of technical assistance and training are needed to ensure that policy analyses are carried out at a high quality level, to improve dissemination and advocacy, and to enhance the capacity of institutional grantees to be managers of enterprises specializing in policy analysis and advocacy.

***The program provides reporting on finances and operations but does not have an adequate system for reviewing products and reporting technical results (e.g., policy recommendations).*** Although it is appropriate that individual grantees take primary responsibility for dissemination and advocacy, there are audiences in Russia (e.g., the Board members, economic policy-makers) and in USAID that would like to see a summary of the program's results. Currently, SETT program reporting to USAID gives little indication of the policy advice offered or the efforts to

disseminate and advocate for its acceptance. The evaluation team understands that the SETT program managers will make additional efforts to resolve this problem during the coming year.

***The combination of Russian and American institutions to manage the program is attractive.*** Russian and American groups bring distinct advantages to a program of this type. Although the sharing of responsibilities between MPSF and IRIS has not always worked perfectly, this is probably due primarily to structural and financial constraints.

***The unusual management structure has probably contributed to some of the weaknesses noted above.*** Responsibility for technical issues on the program is shared by two one-quarter time co-directors, technical reviewers for proposals, the expert consultants who work with some grantees, and the Program Board. With the exception of one person on the Program Board, none of these people works for the MPSF. Although the individuals involved on technical issues seem to be highly competent and motivated, it would be difficult to describe them as a team; the evaluators had the sense that there is no shared vision of how Russian think tanks should operate nor, beyond making grants and building a think tank network, how the SETT program could contribute to the realization of that vision. The fragmentation of responsibility for technical coaching, review and oversight has contributed (along with the program's financial limitations) to what the evaluation team views as too little attention to technical questions.

***The Program Board, with its prominent and well-placed Russian members, plays a useful role.*** The Board aids in the grantee selection process, and it ensures that the program has a good sense of Russia's priorities for economic reform. However, the very wide array of possible themes in the RFP and in the grants awarded raises a question as to whether the Program Board exercised its authority to focus the program.

***Grants to individuals are problematic.*** To ensure the quality of output and the effectiveness of dissemination and advocacy of the small individual grants, the program would need to spend far more on technical assistance than it does on the grants themselves. This would not be cost-effective. This factor, coupled with the tax issue noted above, raise serious questions about the desirability of future grants to individuals.

***The range of research themes is very broad, and some topics seem to be of marginal importance.*** Although think tanks should have some latitude in setting their own agenda, the success of the Large QR grants suggests that the SETT program would have more impact on policy if it established subject area priorities that reflect the interests of senior Russian officials. The Program Board seems well qualified to do so. The successful experience of the Large QR Grants also suggests that some involvement at the outset of the policy-makers (the clients for the study) might help to ensure that the study is correctly focused and likely to receive appropriate attention when completed.

***Fixing the maximum length of grants at eight months seems arbitrary and unnecessary.*** The eight-month time frame that SETT established for carrying out grants met the needs of most but not all grantees. Some work may be so urgent that it must be completed in two months. In some cases, eight months is inadequate to achieve the desired results, either in terms of policy analysis or institutional development. Greater flexibility with respect to the length of grants might be warranted.

***Dissemination is often pursued with very traditional methods and the role of advocacy is not appreciated nor widely practiced.*** Grantees do appreciate the importance of dissemination but have a limited awareness of alternative approaches. The idea of tailoring products to target audiences is not well appreciated, and the idea of actively trying to convince policy-makers and others to implement recommended policy changes is quite a foreign concept. To increase the possibility of impact, dissemination and advocacy should be linked to research and analysis at the outset. This means specific dissemination and advocacy activities with line items in grant budgets should be required for approval of proposals.

***The SETT program has had some impact on institutional development, but much more needs to be done.*** Institutional Development grants permitted a number of new analytical organizations to get started, enhanced their skills and increased their visibility in the market. However, most grant recipients live a highly precarious organizational existence.

The progress that has been achieved was accomplished with minimal programming of institutional development activities. Research has predominated program activities and funding almost exclusively. The fact that the program is administered chiefly by Russian professionals and staff, that the Board is predominantly Russian, that the TA used has been primarily Russian, that workshops, seminars and networking has occurred exclusively in Russian institutions all serve to strengthen Russian groups. However, beyond these factors, little thought (or funding) seems to have been given to specific actions of institutional strengthening. To significantly affect this program objective will require concrete program actions supported by financial resources, considerably more than an eight-month grant limited largely to the salaries of key staff.

Even with more concentrated assistance, the Russian environment for these private sector analytical groups is such that stability and sustainability will be a struggle for the foreseeable future. USAID should not expect a program of this type to produce institutions that resemble the IUE or the Fiscal Policy Center, much less U.S. think tanks, any time soon. Nevertheless, the potential role and impact of these Russian-style organizations on economic policy do justify a continued investment.

***Some impact on policy has been achieved, particularly from the large QR Grants.*** The large QR grants had a significant policy impact, demonstrating the importance of responding to a serious government request and of providing adequate resources to ensure that the work is done at high professional standards. With respect to other elements of the program, it is too new, most of the grants too small and the dissemination and advocacy too limited to expect to see much of an impact on policy. Nevertheless, many grantees believe that their work has influenced the thinking of policy-makers.

## IV. RECOMMENDATIONS FOR FUTURE PROGRAMMING

### A. Program Strategy and Focus

- ***Continue to pursue both institutional development and policy analysis/advice objectives.*** Both of these objectives are important to Russia's economic transition, and they are essentially complementary to one-another. USAID can learn from the SETT experience to craft a program strategy that contributes effectively to both objectives.
- ***Use a strategic team concept to manage its various programs related to policy reform and think tank development.*** The Mission has already demonstrated a capacity to get complementary programs working together (e.g., SETT, the Visiting Expert Program, and the program through which Russian think tank leaders have participated in U.S. study tours). The Mission's new Think Tank Partnership program that creates partnerships between Russian, Eastern/Central European and U.S. think tanks should complement these existing efforts. The Mission will want to see that the implementing institutions continue to work as a team rather than compete.
- ***Reduce the type and number of grants and increase their size.*** Focus on a smaller number of institutions and topics and provide them with substantially increased resources. This will allow more serious and sustained analytical work, substantially increased efforts to disseminate results and to advocate for change, and much increased investment in institutional development. Such grants might cost \$75,000 to \$200,000/year, including technical assistance.
- ***Make grants only to institutions.*** The focus needs to be on building institutions, not on training individual researchers. Competent individuals who want to participate in the program can affiliate with a Russian analytical group to do so

An interesting exception to the focus on institutions might be to assist individuals only with financing for the dissemination and advocacy of completed, published research (in an appropriate journal). Such a component might allow the effective use in policy debates of research that would otherwise remain buried in academic circles. The dissemination and advocacy activities could be implemented by a participating private sector policy research organization, although the source of the research could be from outside that institution (e.g., an individual researcher or a government research institute that was interested in exploiting the policy potential of the work that had been done).

- ***Include a strong institutional development component in every grant.*** The focus should be on strengthening existing institutions more than on creating new ones.
- ***Focus policy research on a smaller range of topics.*** If the program gives fewer grants, it will be forced to fund proposals covering fewer topic areas. Even if this were not the case, the importance and timeliness of the topic needs to be one of the primary criteria for awarding grants. In general, it is better (for the Program Board) to make decisions on policy research priorities before RFPs are issued so that interested organizations do not waste resources

writing proposals that will inevitably be rejected and so that the program uses fewer resources in evaluating proposals.

- ***Consider multiple grants on the same topic.*** The SETT program's experience with Small QRs suggests that this strategy offers opportunities for professional exchange and enrichment and is likely to offer policy-makers a fuller analysis of the issues and policies options.
- ***Continue ad hoc competitions.*** The conditions that led USAID and the MPSF to add the Large Quick Response grants will reoccur, and the program must accommodate them. There assuredly will be changes in economic conditions, key officials and other conditions will create new "windows of opportunity" and "hot topics," just as occurred last year. The program should deal with these situations as it did then, by setting up ad hoc competitions. If the level of financial resources for the program are fixed, the following year's budget will need to be reduced accordingly. Experience suggests that these special needs grants are likely to be the program's most effective component in terms of producing useful policy recommendations. There is no reason why such grants could not include an institutional development component and focus on the improvement of dissemination and advocacy skills.
- ***Require that proposals meet higher standards.*** A new program that makes fewer and larger grants needs to establish higher standards for grant proposals. Proposals need to provide clear evidence that grantees have the capacity to complete the analytical work (with technical assistance) at international standards. Proposals should demonstrate the author's knowledge of the international literature on the research question and explain how the proposed methodology compares with that utilized by others. Proposals should also contain clear statements of the policy issue(s) and the types of policy recommendations that might emerge. Finally, proposals should include a proposed dissemination/advocacy plan accompanied by an appropriate schedule and budget. Additionally, the implementing institutions should ensure that there is a well-written and clear executive summary of each proposal in English. The executive summary needs to include sufficient information about the data sources, methodology and policy relevance to brief USAID and non-Russian speaking members of the Program Board.
- ***Expand technical assistance to grantees.*** The level of technical assistance provided to grantees should be substantially increased. That assistance needs to be in three principal areas: research methods, dissemination and advocacy, and institutional development. The team believes that every grantee institution should have an international technical collaborator or mentor, typically an economist with considerable policy research experience, with whom it can discuss data and methodological problems. While Russian collaborators might be used in some cases, the use of international collaborators would encourage the Russian grantees to become more effective participants in the international dialogue on economic issues. Part of the role of the U.S. contractor should be to identify and recruit several possible collaborators for each study. The final selection of collaborators might then be left to the grantee.

Technical assistance should be provided to increase the capacity of participating Russian analytical groups to develop dissemination and advocacy strategies and materials. This program component could build on and complement USAID's current program with IRIS



that takes Russians to the U.S. to meet with think tank operators and on the planned program to match Russian and U.S. think tanks.

With respect to institutional development, the needs are also considerable. Private sector think tanks are not-for-profit businesses, and the people who start these organizations tend to be social scientists with no business experience. However, the absorptive capacity for technical assistance may be limited, and this will need to be judged when grantees are selected. When there is interest in receiving assistance on institutional development issues, it does not necessarily need to be provided by a grantee or contractor working specifically on this program. Much of the institutional development TA that might usefully be provided is not specific to think tanks. Thus, it may be possible to achieve economies of scale by offering a single institutional development TA and training program to think tanks and to other organizations, particularly to NGOs, that the Missions wishes to assist.

- ***Improve technical monitoring and reporting.*** Since the technical consultants would continue to carry much of the burden for technical monitoring of progress, those consultants should play a role in the grantees' periodic reporting of progress to the Russian grant-making organization and to USAID. This reporting should summarize the analytical results and recommendations and report on dissemination and advocacy.
- ***Allow flexibility in the length of grants.*** The team recommends much greater flexibility with respect to the length of grants. Consideration should be given to allowing multi-year grant awards, contingent on rigorous annual reviews.
- ***Continue efforts to develop a network of Russian think tanks.*** The evaluation team views a think tank network as potentially useful for sharing information of various types and to encourage collaboration, when this makes sense. On the other hand, the evaluation team is not convinced that a network has much of a role to play (as suggested by one of the co-directors) in dissemination, which the team believes must be carried out by the institutions that produce the analyses and the policy recommendations. Nor does the team see that the proposed network will have much of an impact on the growth or sustainability of these institutions. Also, the team would caution planners against having the network play any licensing or certification role that would serve to limit entry into the field.
- ***Consider options for expanding the number of independent analytical groups.*** One option for expanding the number of independent, private sector groups doing policy analysis might be to privatize selected institutions that are part of the Russian Academy of Science. The evaluation team believes that this idea might be worth exploring; it did not have time to do so during this assessment.

## **B. Management & Budget**

- ***Continue to use a Russian intermediary to manage the program.*** This program can probably best be managed by a Russian organization. The program would benefit from having a full-time director responsible for all aspects of the program. The continued functioning of a Program Board composed primarily of Russian experts and leaders is also desirable.

- ***Continue to use a U.S. contractor to provide TA.*** Much of the TA will need to be from external sources as it is intended to introduce grantees to models and methods not generally used in Russia. The TA component of the proposed program would be considerably larger than in the SETT program and would likely require at least one full-time staff member.

# ANNEXES

- A. Evaluation Scope of Work**
- B. Bibliography**
- C. List of Institutions Visited and Individuals Interviewed**
- D. Table of Grantees Visited**
- E. Interview Protocol and Survey Questionnaire**
- F. SETT Program Board Members**
- G. MSI Evaluation Team Members**
- H. SETT Criteria for Assessing Grant Proposals**
- I. Collaborators/Consultants Under the SETT Program**
- J. Reflections on the Role of Think Tanks in Market Economies**

<b>TITLE: Evaluation of the Think Tanks Program in Russia</b>
USAID/Russia requests proposals for evaluation of Strengthening Economic Think Tanks (SETT) program in Russia.  This is to be a Task Order under IQC AEP-1-00-00-00024-00.

You are invited to submit a proposal/bid in accordance with the requirements of the following Solicitation: [X ] Request for Proposal, [ ] Invitation for Bid. Proposals/Bids must be received by the Government no later than the local time on the Due Date stated in the table below. Potential offerers/bidders are asked to complete and submit a proposal/bid intent form

**Note: Funds are not yet available for this procurement**

When submitting proposal please provide the DUNS No.

Solicitation Number:	118-01-0012
Issue Date:	August10, 2001
Due Date:	August 17, 2001
Time:	5 PM Moscow time
Program Office:	BDI
Contracting Officer:	Gary Juste
Contact Point:	Alexander Borzov
Phone:	7 (095)728-5282
Fax:	7 (095) 960-2140
E-Mail:	aborzov@usaid.gov
Set Aside:	

**ATTACHMENTS TO THIS SOLICITATION:**

Statement of Work - see pages 2-15.

## SCOPE OF WORK

### FOR EVALUATION OF STRENGTHENING ECONOMIC THINK TANKS (SETT) PROGRAM IN RUSSIA

### ACTIVITY TO BE EVALUATED

The focus of this evaluation is USAID/Russia's Strengthening Economic Think Tanks Program. Under this program, Russian think tanks and analysts have the opportunity to build their institutional and research capacity by competing for grant funding. The SETT program has been implemented by the Moscow Public Science Foundation since September 1999. This evaluation should cover the program implementation period from September 1999 to the present.

The SETT Program contributes to USAID/Russia Strategic Objective (SO) 1.4; Improved Economic Infrastructure to Support Market Oriented Growth. In addition, this program contributes specifically to Intermediate Result 1.4.4; Economic Think Tanks' Analytical and Policy Advice Capabilities Strengthened to Support Sound Policy Formulation.

#### **BACKGROUND**

Building the capacity of Russian think tanks and analysts is a key component of USAID's strategy to improve the economic infrastructure for market oriented growth in Russia. In developed 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 recent years, as Russian professionals and analysts have gained experience and expertise in market-oriented economic policy, independent economic think tanks have started to spring up across Russia. These relatively new think tanks are now beginning to play a crucial role shaping the Russian economic policy debate and in developing key economic reform legislation.

At the present time, much of USAID/Russia's economic policy reform portfolio is implemented through Russian think tanks. For example, under a three-year grant agreement with the Moscow based Institute for Economy in Transition (IET), USAID funds analysis on topics such as tax reform, pension reform, trade policy, and customs reform. Similarly, in the public finance sphere, USAID has a three-year contract with another Russian think tank, the Fiscal Policy Center (FPC), to reform intergovernmental fiscal relations and to analyze various aspects of public spending under the Russian Federal budget.

In addition to funding the IET and the FPC, USAID also seeks to develop a broad base of Russian think tanks and analysts that are capable of providing the Russian government and public with sound free market policies and strategies after USAID assistance ends. In order to achieve this objective, USAID began a separate grants program to Strengthen Economic Think Tanks (SETT) in September 1999. Under this three-year \$3 million program, emerging think tanks and analysts from across the Russian Federation are able to apply for research and institutional strengthening grants. These grants are awarded on a competitive basis. The program is administered by the Moscow Public Science Foundation (MPSF) which acts as an umbrella organization in overseeing the grant application and selection process, as well as the grant monitoring process.

In the two years since the program's inception, demand for SETT grants has been high. To date, a total of sixty-seven grants have been awarded through four rounds of competition. Grant awards have focused both on building the institutional capacity of think tanks and also on funding research and policy proposals on current economic reform issues. In fact, several key pieces of economic reform legislation have been

developed by Russian think tanks through SETT grant funding. These proposals include draft legislation pertaining to deregulation, pension reform, and administrative reform, all of which are currently before the Duma.

The evidence seems to indicate that the SETT program has been able to fund policy proposals on topical economic reform issues while at the same time supporting the institutional development of several emerging Russian think tanks. Because the SETT program is currently entering its final year of activity implementation, and because the USAID/Russia Office Economic Policy Reform (EPR) is currently contemplating a follow-on program, now is an opportune time to formally evaluate this program.

### **III. INFORMATION SOURCES**

The following is not an exhaustive list of available information sources, but the items below provide the evaluation team with the most essential information:

1. Cooperative Agreement #118-A-00-99-00142-00 with the Moscow Public Science Foundation (MPSF) for the period September 27, 1999 to September 26, 2002.
2. Sub-agreement between MPSF and IRIS issued under Cooperative Agreement #118-A-00-99-00142-00.
3. Quarterly Reports on the SETT program covering the period from September 1999, through June 30, 2001.
4. Annual work plans for the SETT Program covering the period from September 1999 to the present.
5. SETT grant approval manual outlining criteria for grant application and selection process.
6. All grant awards issued under the SETT program from September 1999 to the present (please see attached chart for complete list of SETT grants).
7. All final reports or studies produced by grant recipients under the SETT Program (please see attached chart for complete list of SETT Grant Studies).
8. All conference reports and materials produced under SETT Program.

### **IV. PURPOSE OF EVALUATION**

The SETT program is currently entering its third and final year of funding under USAID's existing cooperative agreement with Moscow Public Science Foundation. As such, this evaluation has three principle purposes:

1. To assess the impact of grants awarded under the SETT program in order to determine if grant funded activities are achieving the overall goals of the program.
2. To examine the overall performance of the Moscow Public Science Foundation (MPSF) in implementing and managing the program.
3. To provide concrete recommendations and suggestions that will inform the design of a follow-on program.

This evaluation should reveal both strengths and weaknesses of the SETT program. The evaluators should closely examine the various types of grants (research/policy grants, institutional strengthening grants, quick response grants, individual research grants) awarded under the program to determine whether the SETT program, as currently designed and implemented, is able to effectively develop institutional capacity of a significant number Russian think tanks while also funding relevant economic policy and research work.

## **V. EVALUATION QUESTIONS**

The evaluation should address three general question areas:

- (I) Is the SETT program as currently designed and implemented meeting the overall goals and objectives of the program?
- (II) As the umbrella organization implementing this grants program, is MPSF adequately fulfilling its managerial and administrative role?
- (III) What sort of improvements can be made in designing a follow-on program?

The following list of specific questions is not meant to be exhaustive, but illustrative of the issues that should drive this evaluation.

- (I) Is the SETT program as currently designed and implemented fulfilling the overall objectives of the program?
  1. Do the various types of grants available under the SETT program allow the program to both fund relevant economic policy work while also building the institutional capacity of a sufficient number of think tanks?
  2. What impact are these grants having on the recipient organizations? With respect to institutional strengthening grants in particular, is the impact significant and sustainable?
  3. Are the grants awarded under the program significantly impacting the economic policy debate and current economic reform agenda in Russia?
  4. What are the criteria that MPSF uses to award grants? Are the criteria for awarding grants adequate to effectively identify think tanks that can fulfill the basic objectives of the program?
  5. The program awards small research grants to individuals in addition to the larger grants awarded to think tanks. Do these individual grants significantly detract from the program's goal of strengthening the institutional capacity of think tanks?
  6. In general, how is the quality of work produced under the research/policy grants?
  7. Does the program make a sufficient effort to award grants to think tanks located in areas outside of Moscow and St. Petersburg? Is the geographical distribution of grantees sufficient to address the needs of think tanks in the regions? Do regional governments turn to think tanks for policy analysis support?

As the umbrella organization implementing the SETT program, is MPSF adequately fulfilling its managerial and administrative role?

1. How has MPSF performed relative to the requirements of its cooperative agreement?
2. Is MPSF adequately fulfilling program reporting and administrative requirements in a timely manner?
3. As a Russian organization that manages a program that awards grants to other Russian organizations, has MPSF been able to effectively maintain impartiality throughout the grant selection process?
4. In the two years since the program began, how flexible has MPSF been in responding to changing conditions and contingencies?
5. Has MPSF adequately monitored the performance of grantees under the program?
6. How successful has MPSF been in publicizing the SETT program and in disseminating work produced under SETT grants?
7. What role has MPSF's US based subcontractor, IRIS, played in this program? Has IRIS added sufficient value to the program?

(II) What sort of improvements can be made in designing a follow-on program?

1. What are the main strengths of the program?
2. What are the major constraints facing the program?
3. How can these constraints be ameliorated in the design of a follow-on program?
4. What are the lessons learned that can be drawn from this program?
5. How can USAID better use think tanks to effect policy?
6. Is it desirable to continue implementing this program through a Russian umbrella organization? What are the benefits of using a Russia umbrella organization? What are the drawbacks?
7. What are the greatest accomplishments/success stories from this program?

## VI. EVALUATION METHODS

The evaluators in collaboration with the USAID/Russia will finalize the overall evaluation methodology. However, USAID expects that at a minimum the evaluators will:

1. Review and analyze the existing performance information.
2. Interview field staff of USAID, the implementing organizations (both MPSF and its sub-grantee IRIS), all members of the SETT Grant Selection Committee, and a representative number of think tanks and analysts that have received grants under the SETT program.
3. Interview representatives from the home office of IRIS, the US based subcontractor of MPSF.
4. Interview government counterparts.
5. Visit and interview a representative number of grant recipients located in at least three cities outside of Moscow and St. Petersburg.

## VII. SCHEDULE

Approximately eight weeks are estimated to complete this evaluation with an assumption of a five-day workweek. If necessary, a six-day workweek is authorized. A representative work schedule is indicated below, but it may be modified on mutual agreement between the outside team and the Evaluation Coordinator from USAID/Russia.

Activity	Description	Location	Approximate Dates
Outside team selection	Selection of contractor, negotiations Sign contract	Moscow	August 24 – 31
	USAID/Russia will provide general background, program and other documentation.	Washington	August 31 – Sept.7
Background	Finalize schedule, review background documents and performance information, design a list of interviews, develop survey instrument(s), if necessary, and report outline.  Finalize and discuss the methodology and the scope of work with Evaluation Coordinator (by e-mail).	Washington	Sept. 7 – 14
Interviews I	Start all logistical arrangements. Select sites to visit and draft schedule. Interview staff from home office of IRIS.	Washington	September 14 – 17
Interviews	<b>Interviews with Mission and MPSF staff, subcontractors, counterparts, NGOs, and organizations implementing affiliated programs.</b>  Review methodology and refine, if necessary.	Russia	September 20 – 24



Activity	Description	Location	Approximate Dates
	Finalize travel schedule with Evaluation Coordinator.  The team may wish to split into two sub-teams and visit grantees from at least three different regions where the project has been implemented.		September 24-28
Site Visits	Discuss structure of report with USAID/Russia evaluation team. Begin drafting reports.  Before departure to Washington, prepare the first draft of the report, and provide exit briefing to USAID/Russia.	Russia	October 1-5  October 1-2
Analysis, Report	Draft final report design, additional interviews, if necessary.  Report draft submitted to USAID/Russia for comments.  USAID/Russia reviews and comments on final draft.  Incorporate the comments into the report, finalize and submit to USAID/Russia.	Washington	October 9- 10  October 10  October 10 – 16  October 16 - 20

The final report is expected to be submitted to USAID no later than October 23, 2001.

### **VIII. REPORTING AND DISSEMINATION REQUIREMENTS**

The final report will include an overall assessment of the issues listed in the section “IV. Purpose of Evaluation” and will address the questions listed in the section “V. Evaluation Questions”.

Other information to be included in the report will be determined in consultation with USAID staff over the course of the evaluation.

The final report will be submitted to USAID/Russia on diskette in MS Word with ten hard copies as well. The structure and format of the report will be proposed by the evaluator and approved by the Evaluation Coordinator at the beginning of the evaluation. The evaluation report will primarily be for internal use by USAID project management and ENI/UDH in USAID/Washington. It may, at USAID’s determination, be disseminated to outsiders.

### **IX. TEAM COMPOSITION AND PARTICIPATION**

A team comprised of two US consultants and two Russian consultants will carry out the evaluation with one of these experts acting as team leader. Additionally, one support staff person will support the team as an interpreter and logistics coordinator. Fieldwork may be augmented by USAID Mission staff, as available. The members of the team are as follows:

- Team Leader: Responsible for coordinating and directing the reporting effort, including preparation and submission of the draft and final report. The incumbent should have extensive overseas program evaluation experience, including USAID experience, preferably in the ENI region. He/she must be thoroughly familiar with techniques of program appraisal. As team leader, the incumbent should possess excellent organizational and team-building skills.
  
- Three economic policy/institutional strengthening experts: Must possess both overseas and evaluation experience and be familiar with USAID programs in the areas of economic reform and institutional strengthening. These consultants should have a combination of consulting

experience that includes economic policy formulation, institutional strengthening experience and civil society development skills. If possible, these consultants should also have experience administering small grants programs.

- Interpreter and Logistics Coordinator: He/she should have knowledge of terminology related to small business activities. He or she will translate conversation between the evaluation team and Russian-speaking program participants, as well as any Russian language documents provided to the evaluation team. Experience in simultaneous translation is desired. This person will be also responsible for all necessary actions as a Logistic Coordinator (i.e. schedule, meeting arrangement, tickets, etc.).

## **X. BUDGET**

The current Cooperative Agreements does not budget funds for an evaluation. PD&S funds will be used to finance this evaluation. Team members from USAID, if necessary, will be funded from their contracts.

An estimated budget for this evaluation is attached.

**ATTACHMENT**

**Winners of the grants under the Strengthening Program for Economic Think Tanks  
 in the Russian Federation**

Winners of the grants under the Strengthening Program for Economic Think Tanks in the Russian Federation, for Institutional development:

?	City	Applicant	Project title
1.	St. Petersburg	Northeastern Market Research Center, Savatyugin Alexei Lvovich	Northeastern Market Research Center
2.	Moscow	Development team, Baskakov Valery Nikolayevich	Independent Actuarial Evaluation of the State Socioeconomic Policy in the Field of Professional Pension Insurance "Life Expectancy in Russia: lessons of XX century"
3.	Moscow	Development team, Center for Macroeconomic Analysis and Planning, INP Institute of the Russian Academy of Sciences Belousov Andrei Removich	Systems Analysis of Economic Development Factors and Medium-term Scenario Forecasting Studies on Russian Economic Development , No.2, 2001
4.	Moscow	Public Contract Foundation, Tambovtsev Vitaly Leonidovich	Credit Institution Investor's Ownership Right Protection Mechanism
5.	St. Petersburg	MTsSEI Leontyev Center, Zhikharevich Boris Savelyevich	Private/public Partnership in Developing and Realizing Territorial Investment Strategy
6.	Moscow	Development team, Aukutsionek Sergei Pavlovich	Tax Burden Impact on Enterprise Operation: Possible Changes and Expected Effect
7.	Moscow	ZAO Economic Expert Group, Kulikov Maxim Valerievich	Medium- and Long-Term Optimization of Fiscal Policy
8.	Tambov	Development team, Sazonov Sergei Nikolayevich	Setting Up an Independent Economic Center for Farmer Problems
9.	Rostov-on-Don	Sodeystviye 21st Century Innovation and Economic Technology Foundation, Belokrylova Olga Spiridonovna	Development and Monitoring of Regional Policies in the Field of State-run Procurement
10.	Voronezh	Development team, Perevozchikov Sergei Viktorovich	Behavioral Aspects of Informal Economic Relations in Voronezh

Winners of the grants under the Strengthening Program for Economic Think Tanks in the Russian Federation, for research grants:

?	City	Grantee	Project title
11.	Moscow	Kuznetsov Pavel Vladimirovich	Analysis of the efficiency of governmental participation in joint-stock companies
12.	Moscow	Muravyov Alexander Aleksandrovich	Analysis of the efficiency of governmental participation in joint-stock companies
13.	Moscow	Levin Mark Iosifovich	Impact of the corruption on innovations and investments
14.	Moscow	Krasilnikova Yulia Olegovna	Impact of the corruption on innovations and investments
15.	Moscow	Kleiner Georgiy Borisovich	Competition within the corporate management structure and corporate efficiency
16.	Moscow	Kachalov Roman Mikhailovich	Competition within the corporate management structure and corporate efficiency
17.	Moscow	Nagrudyana Natalia Borisovna	Competition within the corporate management structure and corporate efficiency
18.	Moscow	Danilina Yaroslava Vladimirovna	Competition within the corporate management structure and corporate efficiency
19.	Krasnoyarsk	Zhizhko Yelena Valerievna	State employment service and private recruiting companies; labor market segmentation and social protection capabilities
20.	Moscow	Gurkov Igor Borisovich	Realizing the innovation potential of the national industry: organizational and institutional approaches
21.	Moscow	Avraamova Yelena Mikhailovna	Realizing the innovation potential of the national industry: organizational and institutional approaches
22.	Moscow	Mikhailyuk Mikhail Vasilievich	Realizing the innovation potential of the national industry: organizational and institutional approaches
23.	Moscow	Tsukhlo Sergei Vladimirovich	Determining state competition policy priorities based on the monitoring of competition and its impact on operation of Russian enterprises
24.	St.-Peterburg	Bondarenko Igor Anatolievich	Corruption within regional economic regulation organisations: sources and main approaches to its extirpation
25.	Novosibirsk	Kolomak Yevgeniya Alexandrovna	Russian sub-federal economic policy: trends, patterns, effectiveness
26.	Khabarovsk	Blyakher Leonid Yefimovich	Competition for the taxpayer: regional versions of fiscal mythology
27.	St.-Peterburg	Paneyakh Ella Lvovna	Competition for the taxpayer: regional versions of fiscal mythology
28.	Ekaterinburg	Karpov Anton Yevgenievich	Competition for the taxpayer: regional versions of fiscal mythology

Note: In the above table, the following grant recipients worked together on the same activity: numbers 11-12; numbers 13-14; numbers 15-18; numbers 20-22; numbers 26-28. This evaluation thus reduced the number of grant activities from 67 to 58.

Winners of the grants under the Strengthening Program for Economic Think Tanks in the Russian Federation, for research on “Regional and Local Fiscal Policies”.

?	City	Grantee	Project title
29.	Toliatti	Panaiotov Alexei Fedorovich Berdnikov Vladimir Alexeevich Verkhovskaya Svetlana Cergeyevna Kayuchkina Olga Leonidovna Yerokhin Vladimir Nikolayevich Kulikova Yelena Anatolievna Manapov Renat Fakhrislamovich Melnik Anatoly Nikolayevich Popova Olga Anatolievna Poruchikova Oxana Nikolayevna Rzheutskaya Marina Anatolievna Yurova Yelena Vasilievna	Key Steps Towards a More Efficient Uniform Tax on Imputed Output for Certain Types of Business.
30.	Perm	Mingaleva Zhanna Arkadievna Tkacheva Svetlana Vladimirovna	The Impact of Tax Holidays on Innovation-driven Regional Development
31.	Moscow	Timofeev Lev Mikhailovich	Tax Losses from Expanding Shadow Economy in the Rural Sector (Ryazan and Rostov regions of Russia) and Suggested Ways of Reducing Such Losses
32.	Moscow	Zadorin Igor Veniaminovich Leonenko Dmitry Alexeevich Konovalenko Dmitry Nikolayevich Alexeyev Oleg Borisovich	Municipal Bond as a Mechanism for Attracting Private Savings to Local Investment Budget. Review of recent years' experience, recommendations to RF regional governments and local self-governance bodies.
33.	Tomsk	Kalmykova Yekaterina Yurievna Lapitsky Fedor Alexandrovich	Improving Taxation of Small Manufacturers.
34.	Novokuznetsk	Babun Roald Vladimirovich Mullagaleeva Zumfira Zanyapovna Malkovets Natalia Vladimirovna Sushchenko Yelena Nikolayevna	Improving Vertical Inter-Governmental Relations Within a Constituent Region of the RF (taking Kemerovo oblast as example).
35.	Novosibirsk	Tokarev Anatoliy Nikolayevich	Taking Dynamic and Social Aspects into Account in tax policy making by oil- and gas-producing regions. "Taxation of oil and gas sector: regional aspects"

Winners of the grants under the Strengthening Program for Economic Think Tanks in the Russian Federation, for research on "Housing and Utilities Sector Reform. Regulation of natural local monopolies and municipal land use"

?	City	Grantee	Project title
36.	Velikie Luki	Semyonova Yelena Vasilyevna	Division of authorities as a basis for improvement of financial and economic foundation and functions of housing and communal services.
37.	Obninsk	? rekhovsky Pyotr Alexandrovich	Communal services tariff reform and efficiency of activities of communal organizations in the cities of ? bninsk, ? ?loyaroslavets and Balabanovo of the ??luga ?blast.
38.	Chelyabinsk	Barkhatov Viktor Ivanovich	Projections modelling of economic development of the enterprises providing services for the city heating systems in the process of restructuring natural local monopolies (city of Chelyabinsk).
39.	Rostov-on-Don	Yermishina ? nna Veniaminovna	Institutional analysis of the state regulation of local natural monopolies.
40.	Izhevsk	Kozyrev ? ikhail Stanislavovich	Demonopolization and development of new forms of housing and communal services market management in the Republic of Udmurtiya.
41.	Irkutsk	Belousova Svetlana Vladimirovna	Improvement of the stimulating price regulation mechanism for enterprises of housing and communal services being local natural monopolies (i.g. communal services market in the Irkutsk oblast).
42.	Kaliningrad	Kharin ?lexander Gennadyevich	Development of the mechanism for managing activities of the housing and communal services sectors (i.g. heat-and-power engineering in the city of Kaliningrad).

Grants for institutional development projects under the Strengthening Program for Economic Think Tanks in the Russian Federation in 2001:

?	City	Grantee	Project Director, Project title
43.	Moscow	Analytical laboratory V?di	Vedev Alexei Leonidovich, Macroeconomic development of Russia and assessment of potential for servicing RF sovereign debt in medium-term.
44.	Moscow	REB-Monitoring, Non-commercial partnership	Aukutsionek Sergei Pavlovich, Investment behaviour of the Russian enterprises: current status and prospects.
45.	St. Petersburg	"North-Western Financial Market Research Center", Non-commercial partnership	Savatyugin ?leksei Lvovich, Monitoring of behavior of corporate insiders and outsiders.
46.	Moscow	Research team, Zhuravskaya Yekaterina	Zhuravskaya Yekaterina Vsevolodovna, Streamlining the structure of inter-budgetary Relations in RF in medium- and long-term: analysis of causality between budgetary incentives for government officials and social and economic situations in subjects of the RF and municipalities.
47.	Moscow	Research team, Aivazyan Sergei Artemyevich	Aivazyan Sergei Artemyevich, Establishment of an independent Russian-Swiss economic think tank in the form of non-commercial partnership "Center for Applied Econometrics", based on a permanent research group.
48.	Kirov	Research team, ? reshkovich Yekaterina Vsevolodovna	? reshkovich Yekaterina Vsevolodovna, Management of mortgage lending system development in Russia and evaluation of extent of its impact on regional economy enhancement. Development of comprehensive, conceptual recommendations.
49.	Petrozavodsk	Research team, Morozova Tatyana Vasilyevna	Morozova Tatyana Vasilyevna, Establishment of an independent social analysis and reconstruction think tank.
50.	Barnaul	Research team, Sergiyenko Aliya Mustafaevna	Sergiyenko Aliya Mustafaevna, Establishment of a Research Center for Social and Economic Problems and Regional Policy.
51.	Moscow	Economics and Mathematics School Support Foundation	Grigoryev Leonid Markovich, Creation of a virtual communication network for economic research institutes and universities in Russia.

Analytical research grants under the Strengthening Program for Economic Think Tanks in the Russian Federation in 2001:

?	City	Grantee	Project Title
52.	Novosibirsk	Alekseev Aleksei Veniaminovich	Adaptive and non-adaptive transformations of the Russian economic institutions: macroeconomic analysis.
53.	Moscow	Shagas Natalya Leonidovna Lukash Yevgeny Nikolaevich Tumanova Yelena Alexeevna Barabashova Natalya Yevgenyevna Kogutovskaya Natalya Yevgenyevna Poleshchuk Viktoria Viktorovna Studnikov Sergei Sergeevich	Application of macroeconomic models for efficiency analysis of Russia's economic policy.
54.	Ufa	Akhmitzyanov Ramsis Raisovich	Evaluation of the flows' dynamics: dual labor markets of a big multi-center Russian city in the period of transition.
55.	Moscow	Avdasheva Svetlana Borisovna Rudenskiy Pavel Olegovich	Competition and efficiency on the Russian insurance market.
56.	Moscow	Afontsev Sergei Aleksandrovich	Economic and political determinants of the foreign trade flows structure in contemporary Russia.
57.	Moscow	Guriyev Sergei Maratovich Manaenkov Daniil Aleksandrovich	Barter and corporate governance in Russia
58.	Saratov	Kuznik Natalya Prokopyevna Golovashchenko Yelena Gennadyevna Shabanov Viktor Lennarovich	Role of personal subsidiary plots in overcoming poverty of the rural population.
59.	St. Petersburg	Golikov Demid Valentinovich Kuga Yakov Toivovich Posessor Anna Vladislavovna	Overcoming dollarization of the Russian economy - role of institutions and macroeconomic policy.
60.	St. Petersburg	Vatnik Pavel Abramovich Baranov Igor Nikolaevich Kotelkina Yelena Ivanovna Zhilin Vladimir Aleksandrovich	Formulation of the real sector development policy by the government authorities in the subjects of the RF.
61.	Moscow	Kondratyev Vladimir Borisovich Varnavsky Vladimir Gavrilovich	Economic aspects of reforming state management of industrial and social infrastructure on the basis of concessions.
62.	Rostov-on-Don	Nivorozhkina Lyudmila Ivanovna Kokina Yelena Pavlovna	Gender asymmetry of registered unemployment.
63.	Moscow	Yusupova Gyuzel Fatekhovna	Analysis of transport tariff role on the Russian commodity markets.



**Winners of the grants for analysis projects**

?	City	Organization	Project director	Project title
64.	? ?scow	Independent actuarial information and analysis Center	Baskakov Valery Nikolayevich	Prospects for reforming the pension system in the Russian Federation  "Life Expectancy in Russia: lessons of XX century"
65.	? ?scow	National Project Institute - Social Contract	? uzan ?lexander ?lexandrovich	Development of proposals on some aspects of deregulation of the Russian economy
66.	? ?scow	Expert Labor research Foundation - ELF	?udyukin Pavel ? ikhailovich	Economic aspects of the administrative reform
67.	? ?scow	Inter-regional Public Foundation "Promotion of creation and development of the Consumer Disposition Index"	?lepach ?ndrei Nikolayevich	Monetary policy under conditions of transition to sustainable economic growth

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- Telgarsky, Jeffrey and Kakiko Ueno (editors); Think Tanks in a Democratic Society: An Alternative Voice; The Urban Institute, Washington, D.C., 1996.

## Evaluation Team Interviewees and Contacts, by Institution

### USAID/Russia; 728-5000

- Chuck Drilling, Executive Officer, X 5966; [cdrilling@usaid.gov](mailto:cdrilling@usaid.gov)
- Brooke Isham, Director, Office of Economic Policy Reform
- Denis Korepanov, Senior Evaluation Officer; Program Office, X 4849
- Carol Peasley, Mission Director; Tel. 728-5282 (secretary); 728-5422
- Steven Pelliccia, Deputy Director, Office of Economic Policy Reform; Tel. 728-5366, X 5982; [spelliccia@usaid.ru](mailto:spelliccia@usaid.ru)
- Alexi Verbetsky, Project Management Specialist and CTO for SETT Evaluation; Office of Economic Policy Reform; Tel. 728-5366 or 728-5000, X 4882; email: [averbetsky@usaid.ru](mailto:averbetsky@usaid.ru)

### USAID/Washington

- Elaine Grigsby; formerly USAID Russia economist and project officer for this program; 202-712-4627
- Elizabeth McKeon; 202-712-1026; [emckeon@usaid.gov](mailto:emckeon@usaid.gov)

### Moscow Public Science Foundation (MPSF); Bolshoy Kozlovsky 13/17; 10100 , Moscow, Center; Central PO Box 245); Tel.: (095) 928-4632; fax 928-7943

- Vladimir B. Benevolenski, President, Tel.: 789-3067
- Lev Jakobson, Ph.D.; Program Co-director; (20 Myasnitskaya Street); First Vice-Rector, Higher School of Economics; Tel. 928-0451; email [roomjakobs@hse.ru](mailto:roomjakobs@hse.ru)
- Leonid Polishchuk, Ph.D.; Program Co-director
- Oxana O. Prasolova, Program Coordinator; Tel. 928-4632; [prasolok@monf.ru](mailto:prasolok@monf.ru)
- Ekaterina Nikolaeva, Program Coordinator; Tel. 928-4632; [niko@monf.ru](mailto:niko@monf.ru),

### Institutional Reform and the Informal Sector (IRIS), University of Maryland

- Leonid Polishchuk, Co-Director of SETT; 301-405-3150 (H: 202-332-2195);
- Charles Cadwell; IRIS Director; 301-405-3175; [chas@iris.econ.umd.edu](mailto:chas@iris.econ.umd.edu)

### Russian Government Officials

#### Russian Federation (RF)

- Mikail Dmitriov; First Deputy Minister of the Economy
- Arcady Dvorkovich, Deputy Minister of Economy and Trade

### **State and Local Officials**

- Nina Posupon'ko, Chief, Department of Financial Resources and Municipal Contracts; Rostov-on-Don
- Vitaly Zolotukhin; Deputy Director, Dept. of Economic Development, Rostov-on-Don
- Valery Vakula, Chief of Department of Economic Reforms, Regional Ministry of Economics, International Economic Relationships and International Development; Rostov-on-Don Region (Oblast)

### **MPSF Program Board Members**

- Mikhail Dmitriyov; First Deputy Minister, Ministry of the Economy
- Lev Jakobson, Ph.D.; Program Co-Director; (20 Myasnitskaya Street); First Vice-Rector, Higher School of Economics; Tel. 928-0451; email roomjakobs@hse.ru
- Andrey Klepach, Vice Director; 11, Masha Poryvaeva, Moscow 107078; Tel. 234-0978; Email: [klepach@dcenter.ru](mailto:klepach@dcenter.ru)
- Leonid Polishchuk, Program Co-Director; Tel. 301-405-3150 (H: 202-332-2195)

### **Russian Grantee Institutions and Individuals**

#### **Grantees: Moscow-based Russian Think Tanks**

##### *Independent Actuarial Information and Analysis Center (#2, 64)*

- Valery Nikolayevich Baskakov;

##### *ZAO Economic Expert Group (#7)*

- Maxim Kulikov, Director; Tel.: 926-4580; 956-6338; Email: [kulikov@eeg.ru](mailto:kulikov@eeg.ru)

##### *Center of Applied Econometrics (#47)*

- Seguei A. Aivazian, Doctor of Mathematics, Deputy Director; *Central Economics and Mathematics Institute*, Russian Academy of Sciences Tel. 129-1300; Email: [aivazian@cemi.rssi.ru](mailto:aivazian@cemi.rssi.ru)
- Vladimir V. Kossov, Ph.D., President; Tel: 921-6228; Email: [v.kossov@econometrica.ru](mailto:v.kossov@econometrica.ru)

##### *National Project Institute – Social Contract (#65)*

- Alexander Auzan, Ph.D.; President; Tel. 298-3278; email [auzan@inp.ru](mailto:auzan@inp.ru)
- Anastasia Ovsiannikova, Executive Director; Tel. 298-3279; email [no@inp.ru](mailto:no@inp.ru)

##### *Development Center (#67)*

- Andrey Klepach, Vice Director; 11, Masha Poryvaeva, Moscow 107078; Tel. 234-0978; Email: [klepach@dcenter.ru](mailto:klepach@dcenter.ru)

### Grantees: St. Petersburg-based Russian Think Tanks

#### *Northwestern Market Research Center (#1, 45)*

- Alexei Lvovich Savatyugin; Tel. 095-733-9524 or 812-294-8387; Email: [als@rux.ru](mailto:als@rux.ru)

#### *Leontief Centre (#5)*

- Irina A. Karelina, Ph.D; General Director; 6-b, per. Antonenko, St. Petersburg; 190000; Tel. (812) 314-4119; Email [karelina@leontief.spb.su](mailto:karelina@leontief.spb.su)
- Leonid E. Limonov, PhD; Director-Coordinator, Research Programs; 14, Izmaylovsky Prospect, St. Petersburg 198005; Tel (812) 316-6246; Email [limmonov@leontief.ru](mailto:limmonov@leontief.ru)
- Boris Savelyevich Zhikharevich; 14, Izmailovskiy Prospekt, Room 422; St. Petersburg; Tel. 316-6346 and 941-7894 (mobile); Email [zhikh@leontief.ru](mailto:zhikh@leontief.ru)

### Grantees: Other Cities-based Russian Think Tanks

#### *(#9) Sodeystviye 21<sup>st</sup> Century Innovation and Economic Technology Foundation (Rostov-on-Don)*

- Olga Belokrylova; Chairperson and Principal Investigator
- Rostislav Ponomarev, Director
- Anna Gorshkova, Consultant

#### *(# 50) Research Center for Social and Economic Problems and Regional Policy (Barnaul)*

- Alia Sergiyenko, Director
- Ludmilla Rodionova, Senior Researcher
- Alexander Trotskovsky, Professor
- Tamara Emelyanova, Researcher
- Ekaterina Kobylenko, Researcher
- Irina Sharovatova, Accountant

### Grantees: Moscow-based Individuals and Groups

- (#15) Georgiy Borisovich Kleiner; Central Economics and Mathematics Institute, Russian Academy of Sciences; Tel. 332-4227; email [george.kleiner@mtu-net.ru](mailto:george.kleiner@mtu-net.ru) and Roman Mikhailovich Kachalov, Tel. 332-4383; email [kachalov@cemi.rssi.ru](mailto:kachalov@cemi.rssi.ru)
- (#20) Igor Borisovich Gurkov; Professor, Head of the Center for Organizational Development, Higher School of Economics; Tel. 152-0941; Email [hstud@glasnet.ru](mailto:hstud@glasnet.ru)
- (#31) Lev M. Timofeev; Head, Center for Research on Extralegal Economic Systems, Russian State University for Humanities; 6 Miusskaya pl.; Moscow 125267; Tel. 973-4253; Email [letim@rsuh.ru](mailto:letim@rsuh.ru)
- (#23) Sergei Vladimirovich Tsukhlo, Ph.D.; Head, Business Surveys Department, Institute for the Economy in Transition; Tel. 229-9391; Email [tsukhlo@iet.ru](mailto:tsukhlo@iet.ru)
- (#55) Svetlana Borisovna Avdasheva (for Pavel O. Rudenski); Tel.

### Grantees: St. Petersburg-based Individuals and Groups

- (#24) Igor Anatolievich Bondarenko; Tel. 118-6534 or 118-6536; Email [bank@tchimb.spb.su](mailto:bank@tchimb.spb.su)

### **Grantees: Other City-based Individuals and Groups**

- (#25) Yevgeniay Alexandrovna Kolomak (Novosibirsk)
- (#34) Roald Vladimirovich Babun, Zumfira Zanyapovna Mullagaleeva, Natalia Vladimirovna Malkovets and Yelena Nikovayevan Sushchenko (Novosibirsk)
- (#35) Anatolly Nikovayevich Tokarev (Novosibirsk)
- (#37) Pyotr Alexandrovich Orekhovsky, Dmitri and Elena Slesarev (Obninsk);
- (#50) Aliya M. Sergiyenko (Barnaul)
- (#62) Yelena P. Kokina (Rostov-on-Don)

### **Other Sources in Russia**

*The Center for Fiscal Policy, 11A Novinsky Prospect; Tel. 777-6582 or 205-3536*

- Galina Kurlyandskaya,; Email [gkv@fpcenter.org](mailto:gkv@fpcenter.org)
- Dr. Antonina Kovalevskaya, Deputy Director for Business Development; Email [ankoval@fpcenter.org](mailto:ankoval@fpcenter.org)
- Elena Nikolayenko, Deputy Director and Leading Consultant; Email [enik@fpcenter.org](mailto:enik@fpcenter.org)

### **Other Institutions and Consultants**

*Carnegie Endowment for International Peace; 202-483-9266*

- Andrew [Kutchins](#); Director of Russian and Eurasian Programs, 202-939-2293; [akuchins@ceip.org](mailto:akuchins@ceip.org)

*Center for International Private Enterprise*

- Dana [Southworth](#); 202-721-9216

*EurAsia Foundation; 14 Volkhonka Street, Moscow; 202-234-7370*

- Cliff [Kupchan](#), Regional Vice President for Russia; Tel 956-1235; Email [ckupchan@eurasia.msk.ru](mailto:ckupchan@eurasia.msk.ru)

*Global Development Network; 2600 Virginia Ave., NW; Washington, D.C.*

- Lyn Squire, Director; Tel. 202-338-6360; Email [lsquire@GDNet.org](mailto:lsquire@GDNet.org)

*Kenan Institute for Advanced Russian Studies, The Woodrow Wilson Center*

- Blair [Rubble](#), Director; 202-691-4100

*World Bank Institute; World Bank, Washington, D.C.*

- Erik Johnson (formerly at CIPE); Tel. 202-458-9891; Email: [ejohnson1@worldbank.org](mailto:ejohnson1@worldbank.org)

*Urban Institute; 2100 M St., NW; Washington, D.C.*

- Raymond Struyk (by telephone); Email: [Rstruyk@ui.urban.org](mailto:Rstruyk@ui.urban.org)

**Individual Consultants**

- John Nellis; consultant on privatization and former World Bank privatization expert for the transition countries; Tel.: 301-656-8151; Email: [jnellis@starpower.net](mailto:jnellis@starpower.net)
- Diane Stone (via email); Email: [posaz@csv.warwich.ac.uk](mailto:posaz@csv.warwich.ac.uk)

**Table D1**  
**Russian Grantee/Think Tanks Interviewed for this Evaluation**  
**by Type of Grant, Location and Grant Number\***

Type	Moscow	St. Petersburg	Other Cities	%
Inst. Devel.	(#2) Independent Actuarial Information and Analysis Center ( <u>Baskakov</u> ) (#7) ZAO Expert Group ( <u>Kulikov</u> ) (#47). Center for Applied Econometrics ( <u>Aivazyán</u> )	(#1, 45) North-western Market Research Center ( <u>Savatuyugin</u> )  (#5) Leontyev Center ( <u>Zhikharevich</u> )	(#9) Sodeystviye 21 <sup>st</sup> Century Innovation and Economic Technology Foundation (Rostov-on-Don) (#50) Research Center for Social and Economic Problems and Regional Policy - <u>Sergiyenko</u> (Barnaul)	8 of 19 42%
Resrch Anal.	(#15) Georgiy B. <u>Kleiner</u> (#20) Igor B. <u>Gurkov</u> (#23) Sergei V <u>Tsukhlo</u>	(#24) Igor A. <u>Bondarenko</u>	(#25) Yevgeniy A. <u>Kolomak</u> (Novosibirsk) (#62) Yelena P. <u>Kokina</u> (Rostov-on-Don)	6 of 21 29%
QR/Sm	(#31) Lev M. <u>Timofeev</u>	No grants given	(#34) Roald V. <u>Babun</u> , Zumfira Z. <u>Mullagaleeva</u> , Natalia V, <u>Malkovets</u> and Yelena N. <u>Sushchenko</u> (Novosibirsk) (#35) Anatolly N. <u>Tokarev</u> (Novosibirsk) (#37) Pyotr A. <u>Orekhovsky</u> (Obninsk)	4 of 14 29%
QR/Lg	(#64) <i>Independent Actuarial Information and Analysis Center</i> ( <u>Baskakov</u> ) (#65) National Project Institute – Social Contract ( <u>Auzan</u> ) (#67). <i>Development Center</i> ( <u>Klepach</u> )	No grants given	No grants given	3 of 4 75%
Totals And %	Team visited 10 of 27 activities 37%	Team visited 4 of 7 activities 57%	Team visited 7 of 24 activities 29%	21 of 58 36%

\* Grant numbers (#) shown in this table correspond to the list of 67 grantees provided in the evaluation scope of work (Appendix X). In some cases, that list assigns different numbers to researchers who were collaborating on the same study. The evaluation team has combined individuals working on the same study and thus calculates that there are currently 58 policy research activities.



**Table D2**  
**Number of Grants Covered by Interviews And/Or Survey**

<b>Grant Type</b>	<b>Number of Grants Awarded</b>	<b>Number of Grantees Interviewed</b>		<b>No. Both Interviewed <u>And</u> Surveyed</b>		<b>Grantees Responding to Survey</b>		<b>Number Interviewed <u>Or</u> Surveyed</b>	
Institutional Development	19	8	42%	4	21%	9	47%	13	68%
Research	21	6	29%	3	14%	9	43%	12	57%
QR/S	14	4	29%	2	14%	6	43%	8	57%
QR/L	4	3	75%	2	50%	2	50%	3	75%
<b>Totals</b>	<b>58</b>	<b>21</b>	<b>36%</b>	<b>11</b>	<b>19%</b>	<b>26</b>	<b>45%</b>	<b>36</b>	<b>62%</b>

## QUESTIONNAIRE FOR POLICY RESEARCH/THINK TANK MPSF GRANT RECIPIENTS

*Dear colleagues!*

The Moscow Public Science Foundation (MPSF) provided financial support to you under a program of support for economic policy research. The sponsor of this program, USAID, has asked that a team from the consulting firm Management Systems International (MSI) assess the current project to determine what is working well and what could be improved in the future. To help the MSI team to address those issues, we would greatly appreciate your answers to the following questions. Thank you.

### Respondent Information

*MPSF Grant #*

Amount of Grant: US \$:  
Russian Rubles:

Principal Investigator:

Name of Organization: City:

Name of Grant: Person (people) responding:

1. Had you previously applied for grants from other sources?  
 Yes       No
2. Was the level of financial support from MSPF adequate to do the work in a timely and professional manner?  Yes  No       Cannot say (Please, comment)
3. Has MPSF provided a technical consultant to assist in the implementation of your project?       Yes       No
4. If yes, using a scale of 1 to 5 (1 = useless; 5 = very useful), evaluate the role of the technical consultant in your project      \_\_\_\_
5. Did you contact/use international experience during your study?  
 Yes       No       Cannot say  
If yes, please indicate the sources of international expertise:
  - Publications (books, articles)
  - Internet
  - Contacts with international experts
  - Other (please, describe)
6. Would greater access to international information or experts have improved the quality of the work?       Yes       No       Cannot say (Please, explain)

7. Which statement most closely describes the reason behind or the origin of your grant proposal?

- The grant proposal responded to the government's view that the underlying policy issues needed to be addressed at this time.
- The grant proposal reflected the view of the person (people) who drafted and submitted the proposal view that the government needed to address the underlying policy issue and that this work would draw government's attention to that need.
- The idea for submitting our proposal is not described by either of these statements. (Please briefly describe the reason(s) for raising the issue that you proposed.)

8. If you had not won this grant from the MPSF, would you have found alternative financing and completed this research work?

- Yes, definitely                       Yes, probably  
 Probably not                               Cannot say

9. Did this grant change your activity plans for the year?

- Yes       No       Cannot say      (Please explain briefly.)

10. Please summarize (in one or two sentences) the two most significant policy recommendation(s) that resulted from your work under this grant.

11. Publications: Please list the publications that resulted from this grant. What written products resulted from the work done under this Grant? Please specify, length and to whom these publications been distributed?

Type of publication (e.g. report, article, pamphlet, book)	<i>Title</i>	<i>Length</i>	Written for and Distributed to (e.g. federal or local officials, the media, the public, other policy researches, etc.)

12. If your results were presented in meetings, seminars and/or conferences, to whom were your results presented:

- federal government officials
- local of state government officials
- other researchers interested in public policy issues (through specialized publications)
- the media (television, radio, print journalists)
- other audiences (please specify):

13. Has the work under this grant:

A. Changed the opinions of government policy-makers?

No       A little       Considerably       Definitely, yes

Comment/evidence:

B. Changed public opinion?

No       A little       Considerably       Definitely, yes

Comment/evidence:

C. Changed public policy?

No       A little       Considerably       Definitely, yes

Comment/evidence:

14. Did the grant that you received from the MPSF help to create or to increase the capacity of a Russian economic think tank?

Yes       No       Cannot say (Please explain briefly)

15. If the work under this grant was done by an organization, is that organization more appropriately described as:

a think tank       a consulting firm       other (please explain)

16. If this grant was to an organization,

A. What share of that year's total revenue/expenditures was this? \_\_\_\_\_%

B. What are your organizations other sources of revenue?

- There were no other revenues
- Other grants from foreign donors
- Grants or contracts from Russian government
- Gifts/grants from private Russian sources
- Contracts from Russian private sector organizations
- Other

C. From what sources of funding do you expect to receive funding in the next 12 months?

17. Did any of the following occur to increase the capacity or to change the orientation of those who worked on this grant program?

- Learned to use new methodologies
- Learned about relevant experience in other parts of Russia and/or other countries.
- Established contact with others working on similar issues
- Received useful technical advice from Russian or international experts
- Acquired new skills in disseminating information on policy issues
- Shifted somewhat from academically-oriented work to policy-oriented work
- Other (please, explain briefly)

18. Do you think that the work under this grant changed the government's or the public's perception of your organization or the work that you do?  
 Yes       No       Cannot say (Please explain briefly)
19. Did the work under this grant help to attract new clients for your think tank?  
 Yes       No       Cannot say (Please explain briefly)
20. Is it important whether economic think tanks:  
 respond to government requests or take the initiative in raising issues?  
 take the initiative to raise important issues?  
 both of the above  
 other (explain)
21. Which of the following statements most closely describes the situation of economic policy think tanks in Russia?  
 There are too few think tanks in the country  
 The majority of think tanks are too weak  
 Existing think tanks correspond adequately to current needs
22. In future grant programs, do you think that a portion (or a larger portion) of the resources be allocated for dissemination of findings and advocacy?  
 Yes       No       Cannot say      If yes, what percentage? \_\_\_\_%
23. Using a scale of 1 to 5, please indicate whether the following are important obstacles or constraints to the development and the effective use of economic think tanks in Russia at the present time? (1 = not important; 5 = extremely important).  
 Lack of interest on the part of government in receiving advice from outside the government itself  
 Lack of money to finance the work of economic think tanks  
 Shortage of skilled economic policy analysts to staff economic policy think tanks  
 Russian traditions  
 Other (please specify)
24. What changes, if any, would you recommend for similar grant programs in future (e.g., in terms of priorities, financial support, administration)?
25. Is there something additional that a program like that administered by MPSF could do in the future to help to overcome constraints on the role that think tanks can play in Russia?

Thank you!

**SETT Program Board Members**

Alekseev, Michael  
Professor, Indiana University

Auzan, Alexander, Ph.D.  
President, National Project Institute  
International Confederation of Consumer  
Societies (ConfOP)

Avtonomov, Vladimir  
Deputy Director  
IMEMO, Russian Academy of Sciences

Cadwell, Charles A.  
Director, Institutional Reform & the  
Informal Sector (IRIS)  
at the University of Maryland, College Park

Dmitriyev, Mikhail  
First Deputy Minister of Economic  
Development

Jakobson Lev, Ph.D.  
SETT Program Co-director  
First Deputy Rector  
Higher School of Economics

Jakovlev, Andrei; Ph.D.  
Deputy Rector  
Higher School of Economics,

Kortunov, Andrei, Ph.D.  
MPSF, President  
Open Society Institute, Executive Director,  
Project "Education Development in Russia"

Lipsits, Igor; Ph.D.  
Head of Department  
Higher School of Economics

Murrel, Peter  
Professor  
University of Maryland

Poletayev, Andrei; Professor, Ph.D.  
IMEMO, Russian Academy of Sciences  
Head of Sector

Polishchuk Leonid, Ph.D.;;  
SETT Program Co-director,  
IRIS, University of Maryland, College Park

Vasilyev, Sergei  
Board Director  
International Investment Bank

Verbetsky, Alexei,  
USAID Project Officer for SETT

Vyugin, Oleg  
Executive Vice-President,  
Chief Economist  
ZAO "IK "Troika-Dialog"

## **MSI Evaluation Team Members**

**Ekaterina Greshnova** is a graduate of Moscow State Institute of International Relations. She has worked as an economic journalist with two different news agencies. Since 1993, she has been involved in NGO development activities, providing and managing training and consulting services in institutional development to NGOs. For almost ten years she has worked with NGOs in Russia, Ukraine, Kazakhstan, Tajikistan and Uzbekistan, consulted dozens of NGOs and grassroots organizations of many different kinds. She has lead workshops for the USAID Mission in Central Asia, IREX Institutional Partnership Program, Soldiers' Mothers, International Republican Institute, National Democratic Institute, Institute for Women's Rights and Development, Open Society Institute, World Bank Institute, UN Development Program, UNHCR, and others. Ms. Greshnova is a former participant in an AED/NET NGO Management program at California State University at Chico and in MSI's Evaluation Training Program offered in Moscow in 1997. From 1998-2001, she served as Monitoring and Evaluation Specialist for the USAID-sponsored NGO Sector Support Program, an NGO development effort administered by World Learning Inc. and the Center for NGO Support. Ms. Greshnova is currently a Co-Director of the Center for NGO Support, founded in 1997 with the assistance of World Learning Inc.

**Oleg Kazakov**, a policy researcher and institutional development expert, has a masters degree in applied mathematics from Moscow State University (Moscow, Russia). After additional studies in demography, he was elected to the Moscow City Council in 1990. In 1994 he participated in Johns Hopkins University's International Fellows in Philanthropy Program. Since that time his professional life has been devoted to policy studies and other activities to promote the development of the nonprofit sector in Russia. In 1996 he founded the Nonprofit Sector Research Laboratory (LINKS) and continues to serve as that institution's director. LINKS provides research, analytical and consultancy services to Russian authorities, nonprofits and international development agencies and foundations. As an independent consultant, Mr. Kazakov has participated in evaluation activities for the Eurasia Foundation/Russia, the Charities Aid Foundation (U.K.) and Russian NGOs.

**Dr. Robert Myers** has a PhD. in economics from Syracuse University. He has worked as a development economist for over thirty-five years. Following two three-year assignments as a Ford Foundation Project Specialist in Tanzania and Nigeria and four years of teaching economics at university, he joined the World Bank. Over the next twenty-one years he served as an Economist, Senior Economist and Principal Economist, working on specific countries (Nigeria, Zambia, Zimbabwe and Yugoslavia/Hungary) or on research (fiscal and financial reform and country borrowing). His last five years prior to retirement (1996) were spent doing evaluations in the Bank's Operations Evaluation Department. The major focus throughout his Bank career has been on the design and introduction of appropriate country economic policy. Following retirement from the Bank, Dr. Myers has undertaken multiple consulting assignments for USAID in the Republic of Georgia, Egypt, Botswana (for SADC) and Russia, again focused on designing appropriate country economic policy. His web page is: [www.erols.com/rmyers1](http://www.erols.com/rmyers1)

**Gerald Wein**, the MSI team leader for this evaluation, has masters degrees in economics from the University of California (Berkeley) and in public administration from Harvard. Mr. Wein's career has been devoted to development work, mostly with USAID. He worked for USAID as an

economist and project planning and evaluation specialist in Latin America and Africa, and he later served as the deputy or acting USAID mission director in Nicaragua, Tunisia and Ecuador. After leaving USAID in 1992, Mr. Wein worked for four and a half years at Abt Associates as the director of two large worldwide projects on health sector financing and policy reform. During the past three years, Mr. Wein has worked as an independent consultant on a variety of projects, including the design and management of seven program evaluations for USAID/Russia.



### **SETT Criteria for Assessing Grant Proposals**

SETT criteria of evaluating applications for grants are as follows:

- relevance of proposed studies for economic policy making and their conformity with the thematic focus of the Program;
- professional soundness of the proposed program of study, including proposed research techniques and information to be made use of;
- professional level of applicants for grants, evidenced by their publications and the results of prior research;
- indication of ways and channels through which the results of the studies will be used to influence economic policy-making, the development of private sector and public policy debates;
- contribution to the development of a network for independent expert appraisal of economic policy;
- clear indication of means by which support rendered by the Program will contribute to professional and institutional growth of the applicants for grants;
- quality of organizational and financial management and control (for operational think-tanks);
- substantiation for proposed grant budget;
- compliance with requirements and conditions of the Program.
- institutional component (for project proposals that include institutional component).

Other conditions being equal, priority will be given to projects of non-profit organizations and/or organizations which have access to matching sources of funding.

**Collaborators/Consultants Under the SETT Program**

<b>Collaborators: Institutional and Research Grant</b>	<b>Grant Amount</b>	<b>Budgeted for Technical Assistance</b>	<b>Collaborator</b>
006/1-00	\$33,506	\$3,500	Shastitko A.
012/1-00	\$40,120	\$3,500	Grigoriev L./ Astapovitch
032/1-00	\$51,310	0	IRIS
062/1-00	\$40,585	\$4,000	IRIS
063/1-00	\$53,900	0	None
069/1-00	\$45,280	0	IRIS
070/1-00	\$43,335	0	IRIS
074/1-00	\$41,400	0	None
078/1-00	\$25,000	\$5,000	IRIS/ Serova E.V.
132/1-00	\$41,971	\$3,000	IRIS / Smirnov V.
152/1-00	\$40,330	\$5,500	Yakovlev A.
047/2-00	\$10,000	\$1,000	Presnyakov V.
012/2-00	\$9,970	\$1,000	Kossov V.
089/2-00	\$7,000	\$1,000	Satarov G.
129/2-00	\$5,700	0	Lavrov A.
112/2-00	\$8,684	\$1,000	Maleva T.
<b>Totals</b>	<b>\$498,091</b>	<b>\$28,500</b>	

Source: Combination of two tables provided by the MPSF, October 2001

Draft

**Reflections on the Role of Think Tanks in Market Economies**  
**By Dr. Robert Myers**

1.1 Economists have a full appreciation of the significance to economic development of the growth in and acceptance of timely and relevant economic policy advice/information. It is natural, therefore that they would concern themselves with how to hasten the growth and acceptance of high quality policy advice in Russia. A decade of involvement by the World Bank and IMF suggests that advice given from external institutions is not readily accepted even when it is good, relevant and applicable. Instead, it appears that policy advice that is universal or international in character is more readily accepted if it is processed by and comes through Russian institutions. It is for this reason that USAID, emulating what has occurred so successfully in the USA, is looking to the development of small private enterprises to provide good policy advice that is acceptable to public and private policy users and the public-at-large in Russia.

1.2 There is a strong presumption amongst policy experts that good economic policies induce developmentally favorable economic behavior. It is generally accepted that good policies establish incentives, rather than directives, that cause more developmentally beneficial behavior. This leads to the concern that the policies being considered for adoption are understood, or at least appreciated by the public. Producing good, relevant policy advice and explaining or advocating it to politicians and the public are the two major policy related functions that must be performed in Russia. These functions can best be performed by small private policy oriented enterprises that can be called think tanks and/or consulting firms. It is the need for these enterprises that led USAID to initiate the SETT Program.

**A. The Environment for and Potential Role of Think Tanks in Russia**

What Are Think Tanks?

2.1 Ray Struyk<sup>1</sup> presents a five-way classification of the potential functions of the think tank/consulting firm sub-sector. His classification can be telescoped into four sub-headings as follows. Think Tanks/Consulting Firms can serve as:

- (i) A source, evaluator and advocate of socially valuable economic policy proposals;
- (ii) An evaluator of existing economic policies, processes and programs;
- (iii) A source of personnel for higher-level government positions;
- (iv) A source of information to news organizations about current economic policy/program issues.

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<sup>1</sup> Ray Struyk, Reconstructive Critics: Think Tanks in Post-Soviet Democracies Urban Institute, 1999, pp. 20&21.

2.2 In fact, each of these functions can be performed by any private institution, whether it is a nonprofit or for-profit enterprise. What distinguishes these functions is that they have "social" as opposed to commercial or market value.

The suggestion in the literature<sup>2</sup> is that these "social" functions are the sole focus of think tanks. However, they are an ancillary output of any private economic enterprise/institution. They enhance GDP, but because of free-rider problems, the costs of their provision can't be covered through user fees. All four functions constitute economic externalities that must be available in abundance, and used, if development is to be rapid. The fact that any private enterprise/institution can provide these functions is an important reason for the institution-building focus of this USAID SETT program.

2.3 The cost of their provision must be covered through financial transfers from funds garnered through commercial transactions. There is a strong presumption that these funds must be provided privately rather than through government tax transfers. This will insure that the size and orientation of the sub-sector is freely determined by a collection of individual choices rather than by government administrators/politicians. It is this fundamental point that rationalizes tax legislation allowing altruistically motivated or philanthropic giving to think tanks.

### The Demand for Policy Advice

3.1 The demand for policy advice is most intense in the USA, a democratic, free market nation where competition abounds. In this setting there is enormous political and economic uncertainty and correspondingly significant attempts to reduce it. Attempts to reduce uncertainty give rise to think tanks and consulting firms. In the USA this vibrant demand for policy advice supports a large sub-sector of fragmented, privately owned enterprises denoted as think tanks or consulting firms. The distinction depends mainly on whether the enterprises have, or don't have non-profit tax status. Together, think tanks and consulting firms provide huge amounts of policy relevant advice, thus reducing uncertainty, while adding significantly to the employment of professionals and to the GDP in the USA.

3.2 It is clear that the demand for policy advice is so buoyant in the US because of the appreciation of the economic, political and social value and importance of information in a free, democratic society. In the US it is clear that the economy has grown relatively rapidly because of growth in the use of policy advice. On the other hand, it is also true that the supply of policy advice has increased significantly because of rapid economic growth in the USA.

3.3 Given this, it is a source of some wonderment that the policy advice sub-sector has not developed rapidly along with the economy in other countries, notably Japan.<sup>3</sup> The difference, on the demand side at least, seems to be due significantly to the "closed" nature of Japanese society

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<sup>2</sup> For example in: Diane Stone, "Capturing the Political Imagination: Think Tanks and the Policy Process" (Frank Cass, London, 1996).

<sup>3</sup> This question is central to the book by Jeffrey Telgarsky and Makiko Ueno, eds. Think Tanks in a Democratic Society: An Alternative Voice. (The Urban Institute, 1996).

and to the acceptance of monopolies. Political, economic and business managers seem less concerned about uncertainty. They feel more in control of the variables that policies are supposed to affect and therefore less interested in obtaining large amounts of policy advice from multiple, competing sources. In such controlled, monopolized settings, political and economic success, at least after a fashion, seems attainable without large amounts of policy advice.

3.4 The past extent of direct economic controls may well explain why there was scant demand for and interest in publicly acceptable policy advice in Russia before 1990, when the transition started. Russia's economy was a command one where behavior was dictated and economic development was defined in terms of growth in state control over economic resources. The failure of this Communist approach was slow in coming, but complete. Households were "voting" against the system by reducing contributions to the state in favor of "shadow" activities, such as private farming and dacha building/owning that directly increased household welfare outside the Communist economic system. In a sense, the failure of Communism as an economic system is due to the impossibility of obtaining and putting to use the vast amounts of information needed to make the system work.

3.5 This changed in 1990 when Russia embarked on the transition to allowing market mechanisms and price/wage incentives to stimulate growth in GDP and household welfare. Unlike the Japanese, Russians are a diverse people with an ingrained distrust of monopoly power. A successful transition to a market economy will require the adoption of large amounts of new, incentive-based economic policies that have been exposed to public scrutiny.

3.6 The desired speed of transition determines the rate of increase in the demand for appropriate policy advice. Increases in the supply or policy advice and the pace of its acceptance will determine the speed of the transition itself and of economic development in Russia. In sum, the embarkation on the transition has introduced a rapidly expanding demand for appropriate, publicly appreciable policy advice. Although it is not clear that the informational implications of the transition are widely understood, it is clear that Russian professionals appreciate them, and see that these new informational needs provide excellent income possibilities.

4.1 The Supply of Policy Advice Policy knowledge/advice is produced in an economic sub-sector consisting of privately owned/managed service-providing enterprises. These are called think tanks and consulting firms in the US. These enterprises are knowledge/information middlemen or brokers who process and package basic economic research so that it is understood and adopted by policymakers and appreciated the public.<sup>4</sup> Basic economic research is internationally tradable and obtainable almost without cost by free riders. However, it appears that information brokerage services aren't easily internationally tradable. Instead, the expanding demand for good relevant, publicly appreciable policy advice must be met through development of local brokerage enterprises. The onset of a rapidly expanding demand for such brokerage services implies that this sub-sector will be a rapidly expanding one in Russia for the next several decades.

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<sup>4</sup> Diane Stone, "Capturing the Political Imagination: Think Tanks and the Policy Process" (Frank Cass, London, 1996).

4.2 Ironically, the supply of policy advice on liberalization began in Russia in the mid-1950s in a few scientific institutes supported by the state through the Russian Academy of Science (footnote this). At the time there was no demand for this advice and the professionals providing it were labeled dissidents and sometimes jailed. (fill this in from the book)

4.3 These dissidents aside, the institutes supported by the Academy were not thought of as knowledge brokering enterprises. Instead, they were (and still mainly are) dominated by the belief that they must be supported by the Government in order to do basic research. Perhaps as a remnant of the Cold War, basic research is seen in Russia as being neither complementary across countries nor cheaply or freely obtainable internationally. Because of this, the institutes themselves, although not some of their staff, seem unsuitable for becoming privately owned enterprises brokering policy relevant knowledge. This means that the supply of policy relevant knowledge can and will expand to meet rising demand mainly through proliferation of new private enterprises in the think tank/consulting firm sub-sector.

#### The Evaluation of Policy Advice: What is "Good" Policy Advice?

5.1 It is crucial to the success of the sub-sector and to economic development that the policy advice produced by think tanks and consulting firms is analytically based and "socially valuable". In quantitative terms the measure of their social value is the GDP produced by the enterprise sub-sector consisting of think tanks and consulting firms. This is determined by summing the revenues received by and the (equal amount of) expenditures, in terms of wages, rent and interest and profits, paid out by the enterprises in the sub-sector. However, what is of interest to Government and USAID officials is the quality of the policy advice provided, or the sub-sector's indirect contributions to GDP. Unfortunately there is no administrative way to ensure that such "quality" advice is produced by the sub-sector. Instead, it is likely that the quality of policy advice supplied by the sub-sector will be better, the more fragmented and competitive the sub-sector is and the more transparency and advocacy there is.

5.2 The social valuation of policy advice can be distinguished from commercial, or regional valuations by reference to beggar-thy-neighbor policies. Such policies enhance the welfare of some by reducing that of others, e.g., by proposing tax transfers that reduce producer incentives and decrease GDP growth. As a generalization, beggar-thy-neighbor policy advice will not be socially valuable and will not withstand widespread public scrutiny or transparency. An example of social welfare increasing advice is recommendations that cause increases in the income of poorer families without reducing or transferring it from richer families. This would be the case, for instance, with a policy recommending breaking up a monopoly into several competing firms. Adoption of such a policy would increase GDP, wage income and employment. It would also more likely lead to faster GDP growth by fostering more rapid and beneficial technical change.

5.3 The Role of Foreign Research, Analysis and Expertise It was noted above (paragraph 3.1) that basic research and analysis still tends to be viewed as non-tradable and non-importable in Russia. This is at odds with a more general belief that the policy advice sub-sector can effectively process for Russian use, basic economic research and analyses that are undertaken abroad.

5.4 The implications of the above are that the evaluation of policy advice is more of an institutional than an administrative process. If think tank/consulting firm revenues and expenditures are growing, the sub-sector is making positive and growing contributions to GDP. If they are providing increasingly valuable output in a competitive atmosphere, unfettered by monopolies or administrative limitations, and they are widely publicizing and advocating their policy advice, then there is the likelihood that the output of the sub-sector is socially valuable. Their social value may be over/under stated, however, if there are artificially imposed limits on voluntary giving to think tanks, and/or if administrative evaluations (e.g., cost/benefit analyses) are used to pick winners and losers or limit entry into the sub-sector.

5.5 Another View of Value Good economic policy advice can provide significant external economies. In fact, one view of globalization is that it involves the capture of informational externalities from policy advice that is freely available internationally, but is generated and paid for by particular countries/enterprises. Though large but not quantifiable, these positive externalities rationalize USAID grant-funding of institution building of Russian Think Tanks/Consulting Firms. However, if the externalities are to be realized, the institutions fostered by USAID grants must primarily seek and broker policy relevant knowledge from the international rather than local realm. Otherwise, the grant subsidizes employment rather than knowledge transfer.

## **B. The Rationale for USAID Support for Think Tanks/Consulting Firms in Russia**

6.1 At its broadest level USAID is trying to subsidize the private provision and advocacy of socially valuable policy advice. As has been noted (paragraph 5.5) there are significant development benefits or external economies associated with the use of growing amounts of socially relevant policy advice. The amount of such advice will increase with the size of the sub-sector, or the number and size of privately owned think tanks/consulting firms. The "quality" of this policy advice is sensitive to the amount of transparent advocacy by the firms in the sub-sector. At the margin, quality is also sensitive to growth in the number, rather than size of privately owned think tanks/consulting firms, once each enterprise attains a sustainable size.

6.2 Essentially success in expanding the demand and supply of analytically based, relevant policy advice attempt rests with encouraging growth in private enterprises/institutions that employ policy professionals. These are mostly academically trained professionals who will process basic research into socially valuable policy advice and disseminate it, or advocate its adoption. In addition to salaries, the professionals should anticipate institutional support in obtaining and analyzing/processing basic research and in disseminating and advocating activities. An important, somewhat expensive element of this institutional support involves providing professional staff with access to international expertise in their areas of competence. The diversity of policy menus and the requirement that policy prescriptions be advocated suggest that it is best if there is complete freedom of entry into the sub-sector and a larger number of smaller, rather than a few very large institutions.

6.3 A growing demand for and supply of policy advice will significantly benefit economic development and welfare in Russia. It is assumed that the policy advice will be of high quality and socially rather than commercially valuable. To a significant extent the quality will be assured as long as the structure of the sub-sector is appropriate. That is, that the think tanks/consulting firms are fragmented and numerous enough to insure the advocacy of a diverse set of professionally undertaken analytically based policy proposals.

6.4 Earlier (paragraph 4.3) reference was made to the absence in Russia of a tradition of international networking amongst professionals in the undertaking of basic research. The same seems to be true with respect to policy advice formulation, even though its importance is appreciated amongst Russian professionals. Going it alone, without international input and scrutiny is a sub-optimal approach, perhaps decidedly so. Encouraging and subsidizing international networking is crucial if the nascent policy advice sub-sector is to provide high quality, socially valuable output. This is a role that USAID and other aid donors are uniquely qualified to provide.

### **C. The Goals and Objectives of the SETT Program**

7.1 The primary two initial goals of the SETT program were to, a) support the establishment and development of a diverse set of think tank-like institutions that would, b) provide increased amounts and public awareness of timely, relevant, high quality policy advice. Given what is said above, it appears that this initial conceptualization was a correct one but somewhat limited one. It recognizes the importance to Russia's political and economic development of the production of large quantities of high quality policy advice. In addition, it recognizes the relationship between sub-sector growth through proliferation of smaller, but sustainable enterprises and the production of high quality policy advice. Unspoken, and perhaps not sufficiently emphasized, was the assumption that the institutions to be supported were to be privately owned and managed.

7.2 It was also decided to attempt to achieve these goals by providing financial support to Russian professionals through competitions run by the Moscow Public Science Foundation (MSPF). An important influence on the competition process was that the awards process should appear to be impartial. In the climate of the times, this too was prescient. However, it may have led to excessive attention being paid to the employment of professionals and may have caused a lack of attention to the role that the grants could play in bolstering the development of small private service providing enterprises.

7.3 Experience of the first two years of the SETT program suggests that the original goals and objectives were somewhat too narrowly conceived in two respects, both affecting the quality of proffered policy advice. By comparison to the ideal, there was too little involvement of (and budget for) international expertise in the policy output of the competition winners. In addition, there was too little emphasis on the importance (and cost) of advocacy of policy advice by the winners. Both of these are essential for improving the quality and reception of think tank output.