

Conversation with Owen Barder of Center for Global Development, July 24, 2013

Participants

- Owen Barder – Senior Fellow and Director for Europe, Center for Global Development
- Cari Tuna – Co-Founder and President, Good Ventures
- Alexander Berger – Senior Research Analyst, GiveWell
- Eliza Scheffler – Research Analyst, GiveWell

Note: This set of notes was compiled by GiveWell and gives an overview of the major points made by Mr. Barder.

Summary

Mr. Barder is the director of the European program of the Center for Global Development (CGD), a non-profit think tank that focuses on international development. GiveWell spoke with Mr. Barder to learn more about CGD in Europe and to hear his thoughts on the role of philanthropy in development. The conversation covered CGD “Europe Beyond Aid” program and other initiatives, the role that CGD plays in the European policy process, what Mr. Barder sees as the advantages of private philanthropy and how it could improve.

Center for Global Development (CGD) in Europe

About CGD in Europe

CGD is based in Washington, D.C., but it has recently established a European program, for which Mr. Barder serves as Director. CGD in Europe is based in London. It currently has 5 research staff, including Mr. Barder, as well as two staff members in charge of administration and external relations.

Funding

CGD in Europe currently receives funding from two small British foundations and a small US family foundation, with the balance funded from an unrestricted Hewlett Foundation grant to CGD in the US.

CGD in Europe currently does not receive funds directly from the British government (though CGD in the US does), to help maintain its distance and objectivity. If CGD in Europe had a more diversified funding base, it would consider accepting funding from other governments, including the UK, in the future.

Strategy

CGD as an organization, including the European program, has a clear mission but not an overriding strategy that determines its research agenda, and the organization itself does not take stances on issues. Rather, issues are chosen based on what CGD staff believe to be important to global welfare and are interested in working on, especially where there is potential to make an impact. For example, when Michael Clemens (a CGD Senior Fellow) started working on migration, some CGD staff were doubtful that the issue was politically tractable, but he has already been involved in influencing policy changes relating to migration with positive impacts on people from developing countries.

Public opinion on assistance for developing countries in Europe and the US

Relative to Americans, Europeans are typically supportive of their governments providing aid to developing countries. Though the economies of Europe and the US are about the same size, Europe provides 60% of aid worldwide, while the US provides 20%. European governments provide some of their funding directly to governments in the developing world, and sometimes provide services directly through NGOs. The US government, in comparison, more often hires independent contractors to administer its programs. European aid is generally thought to be relatively more effective.

On non-aid issues that affect developing countries, the debate in Europe is very similar to that in the US. Politicians generally hold the view that expanding trade relationships with developing countries is as beneficial as aid, but beyond that there is very little analysis of which strategies might have the greatest impact.

Europe Beyond Aid initiative

Since European governments are not sufficiently focused on the impact that non-aid policies have on developing countries, CGD in Europe has an initiative called “Europe Beyond Aid”. The initiative aims to connect academic research to the policy process and build better understanding of the interests of developing countries among European policymakers.

Ten years ago, CGD created a Commitment to Development Index that has received significant interest in Europe; it has even been used to set official government targets in at least two European countries. Now, CGD in Europe is working to produce reports for each of the 7 areas of the Commitment to Development Index: aid, trade, investment, migration, environment, security, and technology. These reports will assess how Europe has scored on various indicators, both over time and in comparison to the rest of the world, and what might explain its relative successes or failures. In addition, the reports will analyze which countries within Europe have been most and least successful and why, in an attempt to identify best practices that could be implemented more widely and identify the areas where countries could make the greatest progress. For example, Austria scores highly on the index on migration, which could serve as a lesson for other European countries. This comparison with the best in Europe also changes the burden of proof by demonstrating that it is possible to do something well. After writing these reports, CGD will convene

expert groups to adapt the analysis and build a consensus around some key policy recommendations.

These reports are intended to serve as a resource for policymakers and to build awareness that there are policies other than aid that have an impact on developing countries. In addition, they will enable CGD to bring together experts from government, think tanks, academia, and NGOs, and build greater consensus on these issues, which could influence policymakers.

Other initiatives led by CGD in Europe

Illicit financial flows. CGD in Europe has a research project focused on “illicit financial flows,” which refers to practices that reduce the resources available to developing countries, either by illicitly taking money from developing countries or by engaging in corrupt or other improper financial exchanges, resulting in money not being used to benefit the public.

Development impact bonds. CGD in Europe produced a report on Development Impact Bonds, a new development financing mechanism similar to social impact bonds. It is now working with donors on how to implement them.

Global market for emissions rights. CGD in Europe is conducting research to model a global market for carbon emissions rights, in hopes of advocating for this kind of system to be included in future climate change negotiations. The modeling addresses questions like how rights would be allocated in such a market, and what the costs and benefits for different countries would be. CGD believes that a market for emissions rights could benefit developing countries, because they tend to have lower emissions rates, and could therefore sell their surplus rights to developed countries that have set targets for reducing their carbon impact.

Transparency and accountability in aid. CGD is working to promote transparency and accountability in the aid system by focusing on the intersection of development and open data. Mr. Barder helped to develop the International Aid Transparency Initiative, which is now being implemented.

Applying complexity analysis to development. CGD conducts some research on applying the tools of complexity analysis from the biological and physical sciences to economic development. Complexity analysis could shed insight on development and the interactions between donor and developing countries.

CGD in Europe’s role in the policy process

CGD in Europe provides analysis and evidence for policymakers and NGOs to help inform the policy process. The approach that CGD in Europe takes to influencing policy begins with conducting research and building expertise on a range of issues so that when NGOs and other advocates start pressuring the government to address something, it has relevant

analysis and recommendations to provide. It works to build consensus among experts, both to improve the quality of policy recommendations and because this can be very persuasive to policymakers. It also meets directly with policymakers to present on the evidence relevant to policy decisions. Sometimes government officials request these meetings and sometimes CGD in Europe proactively arranges them; it's important that CGD in Europe be known as a valuable, independent resource and also that it create opportunities for policy impact. CGD in Europe is not an advocacy organization: it occupies a more neutral role, enabling it to work closely with governments, the European commission, and international institutions like the World Health Organization and World Bank.

Examples of CGD in Europe's role in shaping policy:

- *Advanced market commitments (AMCs) for pharmaceuticals.* CGD was involved in promoting AMCs as a way to incentivize the development of pharmaceuticals targeted at developing countries. This was a case where NGOs were pressuring government to address the lack of access to pharmaceuticals in developing countries; some were advocating for a complete dismantling of the patent system. CGD in Europe had done a lot of work on this issue, and knew that the Group of Eight (G8) was looking for a way to address it. The first AMC (for a pneumococcal vaccine) has now been implemented and appears to be succeeding.
- *Preemptive contract sanctions.* Partly in response to the situation in Syria, CGD is promoting the use of preemptive contract sanctions, which would make the contracts (and therefore debts) of rogue regimes unenforceable in the courts of any country that implements them. This policy is may have relevance in the case of Syria's Assad regime, but could be useful in future cases as well.

CGD in Europe works loosely with the British government, and also with the European Commission. It hopes to continue building its relationship with the Commission and develop stronger connections with other European governments, including the French and German governments. One way to build connections with policymakers is to hire staff who have worked in government – though there is less of a tradition in Europe of policymakers cycling out of government into think tanks and research than there is in the United States.

Role for philanthropy in development

What success looks like

There are two ways of framing success for developing country aid:

- 1) Does it improve people's day-to-day lives?
- 2) Does it lead to long-term, sustainable economic development?

Much of development aid is used to provide goods and services to improve people's lives; this type of impact can be measured so there is evidence that it has accomplished a lot of good. Lant Pritchett's focus on the need for transformational change perhaps too readily dismisses the good that has been accomplished by the goods and services-type aid. Both are important.

Role of private philanthropy versus that of government-funded aid agencies

Aid agencies that are government-funded have to pay attention to how their work will be perceived by taxpayers and the media (including the tabloid press), which limits what they are willing to do. Philanthropic organizations, on the other hand, are more independent: they can take greater risks, support less popular projects, and make longer-term investments. Many private philanthropists will talk about these comparative advantages, but few actually put them into practice. (Though risk-taking can be valuable in general, there are certainly potential costs to be considered, given that philanthropy could have no impact and may even cause harm. Microfinance, for example, has received a lot of philanthropic support, but may actually be hurting the development of competitive and innovative financial systems in developing countries.)

The way that aid is done today is akin to the old “waterfall” approach of software development: large projects are planned far in advance and by many different people, so by the time they are actually implemented, the projects may be redundant or have problems, but it is difficult to change anything or respond to the problems. Software development today is a good analogy for what at least some aid-financed projects *should* be doing: setting shorter term goals, implementing projects in smaller stages, getting feedback from users, and iterating quickly.

Philanthropic organizations have the freedom and ability to be more experimental and contribute to the sector’s learning, particularly with regard to how services are delivered, whereas other aid agencies tend to be less innovative. Ideally, the knowledge and insights gained by philanthropic organizations would influence the way that larger aid agencies allocate funding, though that typically does not occur.

How private philanthropy could improve

One way that private philanthropy could improve is by doing more to learn from the past and build on what has already been done. Often, new philanthropists will try to reinvent the wheel, but end up repeating mistakes that others have made in the past. In other cases, organizations will do work that is duplicative of what already exists.

Another way to improve private philanthropy would be to build better feedback loops, so that organizations know what is working and what is not. This does not just include RCTs and other rigorous impact evaluation, which are a top-down approach to generating data on effectiveness, but also systems for collecting feedback from beneficiaries. Mr. Barder noted that in his experience, beneficiaries have strong opinions about which NGOs are effective and which are not. Global Giving has a program that invites beneficiaries to give narrative accounts of their experiences with NGO projects and then turns those qualitative accounts into quantitative data that can be used as a metric to evaluate the projects.

Examples of commendable approaches to private philanthropy

- The Hewlett Foundation, a funder of CGD, provides funding for things that might not seem interesting or important, but can really improve the effectiveness of aid, like statistics offices and video conferencing equipment for NGOs.
- The Bill & Melinda Gates Foundation, a funder of CGD, is not overly-restrictive in its reporting requirements. Instead, it emphasizes achieving results. This enables grantees to be responsive and adaptive in pursuing the broader goals of the project. This same strategy can be seen in GAVI's use of advanced market commitments, which rewards companies for successfully developing vaccines without requiring that companies stick to a pre-defined process. GAVI was originally created out of an initiative of the Gates Foundation.
- Engineers Without Borders is public about its failures. It has received positive attention for this, yet very few organizations similarly embrace failure, and most foundations don't require grantees to identify and articulate what they learned from failures. Some foundations do not publish their grantee perception reports, which suggests that they may not fully embrace the opportunity to improve.

All GiveWell conversations are available at <http://www.givewell.org/conversations>