

TTF Organizational Development Grants Portfolio Review Document

Executive Summary

Organizational development grants constitute the Think Tank Fund's largest portfolio. Our decision to invest in the capacity of independent policy centers over the medium term has been driven by the assumption that such funding would strengthen these groups and help them become more relevant policy actors. The portfolio review at hand tested this statement by examining the performance of 15 core grants in the Western Balkans and the post-Soviet space.

Our findings enabled us to group these organizations into three clusters – a) the successes that used TTF support to improve, innovate, and stay ahead of their peers at home; b) the mid-rangers that relied on our funding to manage organizational growth, but did not develop approaches for a strategic breakthrough; and c) the laggards that failed to take advantage of our grant by building more robust organizations. The analysis shows that the most successful think tanks used a greater portion of our funding for organizational development activities and became more relevant in their policy environment thanks to the consistency, breadth, and quality of their output and advocacy. The analysis also points to weak internal governance structures across the field and the untapped potential to strengthen think tanks through candid external advice and robust oversight.

While this assessment confirms our initial hypothesis that donor support for the organizational development of think tanks enhances their sustainability and policy relevance, it has highlighted a number of challenges to consider in the future. In particular, TTF should take into account how organizational maturity influences the way think tanks conceptualize and implement internal reform. The scope of these efforts should be balanced against the capacity of mostly medium and small institutions to affect change. The degree to which these reforms are formalized ought to consider first and foremost their tangible impact on improving think tank performance. TTF should design ways to approach both the internal management and the governance of think tanks as an inter-connected process of improvement in key organizational practices and routines. Finally, TTF needs to pay systematic attention to the relationship between the policy relevance of our grantees and their internal development.

I. Introduction

Our review begins with a question – what type of general purpose funding can make think tanks more relevant policy actors.¹ We hypothesize that in an environment with a reasonable supply of funding for thematic projects, organizational development funding is the most effective vehicle to help think tanks strengthen themselves as policy actors through internal reform and become more relevant for their domestic policy scene. We believe there is a positive loop between providing support to encourage sustainability, foster seed research, and manage organizational development. While reforms in one of these three components may bring about changes in the other two, we argue that interventions related to organizational development make the greatest difference. However, in order to prove this we needed to consider the two other areas. As such, this document will review our core grants,² which were the predecessor to the current organizational development funding.³

For internal programmatic purposes, TTF defines a number of differences between core grants and organizational development funding. The former supported three interdependent elements – sustainability, seed funding, and development. The first component, *sustainability*, partially underwrote grantees' payroll, administrative, technical, and other core expenses. In other words, this was general budget support to help think tanks operate. The second component, *seed funding*, was often used for drafting analytical products or carrying out activities that others were not ready to support, but that the organization was prioritizing. Finally,

¹ By general purpose funding, we mean grant support for non-thematic projects. This type of support is restricted as grantees have to specify what kind of activities they plan to undertake prior to receiving a grant. In this context, we define policy relevance as the capacity of think tanks to broaden policy discourse by introducing their alternatives and advocating for their consideration by different stakeholders and potential adoption by decision-makers.

² In TTF internal parlance, this type of support is known as core and institutional grants.

³ In the TTF Strategy for 2014-2017, organizational development grants fall under our support to the field ("Good Governance and Democratic Practice: Improving the Quality of Public Policy Formation").

the *development* component was provided to enhance staff capacity and improve think tanks' research and communications infrastructure. TTF grantees chose how to mix and match these components.

Organizational development grants, on the other hand, support only the *development* component. Prior to receiving a TTF grant, applicants analyze the strengths and weaknesses of their organization. They present a detailed plan for overall organizational development and clearly indicate in which of the three areas of organizational development (research quality, communications and advocacy, internal governance and management) their organizations need improvement and how they will implement it. Importantly, organizational development grants are not a substitution for donor-driven capacity building. Instead, they are a structured mechanism that enables think tanks to take charge of their own improvement and develop tangible deliverables towards internal development.

There are two reasons TTF decided to focus on this type of funding for the portfolio review. First, core grants have been the largest portfolio of the Think Tank Fund (TTF).⁴ Second, organizational development support is a rarely used funding instrument. While the Western Balkans and the post-Soviet space⁵ where TTF administers these grants have a fair amount of project funding for policy research on democratization and the promotion of open society values, they receive almost no support for organizational development. As a result, while rushing from project to project, think tanks risk neglecting their basic organizational infrastructure. Their internal weaknesses dilute their ability to stand up to elite groups who skew decisions to their advantage and undermine the open society agenda of citizen participation.

II. Scope of the portfolio

Our portfolio review includes 15 think tanks that have received more than two years of TTF core funding in the period 2011-2014. To arrive at this number, we employed both technical and programmatic selection criteria. From the original cohort of 54 potentially eligible organizations, we excluded those who had less than two years of funding within the portfolio timeframe as well as all one-year pilot grants. We believe the latter deserve a separate inquiry on TTF's experimentation practices. This narrowed down the pool to 38 organizations, out of which we proceeded to eliminate those that combine hybrid functions (e.g., think tank-advocacy NGO or think tank-consultancy). This brought down the total number to 23. As the last step in the selection process, we found several pairs of similar organizations by size, substance, and nature of our support and chose only one per pair to avoid unnecessary duplication.⁶

In our assessment, we look at three variables of impact – sustainability, seed funding, and organizational development. Each variable has two or three indicators that help operationalize it.⁷ The analysis proceeded in two stages. At first we examined each think tank individually. To gather information, we relied on grantee interim and final reports, TTF baseline and diagnostics surveys, staff trip reports, and independent grantee evaluations commissioned by TTF (whenever available). Then the assessment grouped the grantees based on performance to discern patterns. Finally, we synthesized our observations on these cases to develop a more comprehensive picture of how our findings relate to think tank organizational development and our initial hypothesis.

Four internally shared beliefs within TTF guide our analysis in this portfolio review. First, only strong think tanks can be relevant in policy processes and discourses in their societies on an ongoing basis. While weak organizations or vocal individual actors can at times influence a policy conversation on a particular topic or at a particular moment, they are not able to sustain that influence because their internal weaknesses eventually undermine their reputation as a reliable source of independent analysis. Second, organizational capacity can be built over time through a series of logically linked interventions. Third, because not all think tanks espouse open society values, TTF supports only those organizations that share our agenda. Finally, we focus our interventions on think tanks (the supply side of the policy process) because they have a unique combination of

⁴ Since 2008, TTF has reviewed 175 requests for organizational support, out of which it supported 70 organizations in the amount of \$9.14 million. At present, this portfolio consists of 38 grants.

⁵ The list includes: Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, Macedonia, Moldova, Montenegro, Serbia, and Ukraine.

⁶ Please see Appendix 1 for the list of organizations in this review and Appendix 4 for the initial list of organizations.

⁷ For more details on the methodological structure and indicators, please see Appendix 2.

independence, commitment to quality research, mission to serve the public good, local ownership of issues, and, consequently, greater potential to contribute to an open society.

The think tanks analyzed in this inquiry operate in different environments than their counterparts in the West, which affects their organizational development and sustainability. On the one hand, these organizations function in a framework of weak institutions where local decision-makers view any independent output with suspicion if not outright rejection. Due to their authoritarian past, these societies also lack the most basic publicly available data, making the policy process less rigorous and more vulnerable to personal bias. On the other hand, international organizations have forced many recipient governments in the region to become more open to external advice. The relatively uncrowded space allows a well-targeted intervention from a think tank to be much more loudly heard than a similar undertaking in a Western capital. Finally, returning graduates from Western universities and policy diffusion from the West have positively affected some of the countries assessed herein.

Given this policy landscape, producing reliable knowledge, which presents policy alternatives to governments, takes on a new importance. The think tanks under review have performed this task to the best of their abilities. Unlike their Western counterparts, many of our grantees have not become typical elite institutions in a society where siding with elites may not only fail to bring about the desired policy change, but also undermines think tanks' credibility among ordinary citizens. Instead they seek to exert influence through wider public outreach and cooperation with civil society and other relevant actors.

III. Taking stock

After assessing each organization's performance against our indicators, we have grouped them into three categories – successes, mid-rangers, and laggards. Before proceeding with a detailed description of each, it is important to provide a brief sketch of the think tanks in this portfolio. Our typical think tank was established in the early 2000s. Its annual average budget is the low \$300,000s, ranging from \$147,392 to \$879,074. Most organizations operate as a small team of 7-12 people, including administrative staff. The majority does not own office space and has few long-term assets (besides office equipment).

A. Successes

Six organizations⁸ in the portfolio can be classified as successes. They share a number of features that point to a positively developing maturation process. What differentiates them from mid-rangers and most definitely laggards is the ability to stay ahead of their domestic policy research field.

In organizational *sustainability*, these think tanks have managed to stabilize their budgets and use funding fluctuations strategically. For instance, BCSP invests additional money to improve specific aspects of its organizational development and operations. GLPS has coped with growing popularity by turning down some projects outside its core focus areas and choosing to diversify its funding pool beyond five donors. Looking beyond the present is a critical skill in an environment where research institutions depend entirely on foreign grants. When handled haphazardly, ebbs-and-flows in international funding can either leave a think tank inundated by money and needing to compromise on research quality because of an overload of projects, or make it vanish from the policy scene during droughts.

In terms of their research agendas, successful organizations have developed the ability to consolidate their work on a set of issues, identify research priorities, and stay responsive to domestic events. When KCSS in Kosovo decided to work on the rule of law, TTF worried this expansion would lead the organization astray. However, it has managed not to step outside of its core agenda by concentrating only on the security component within that theme. Over the period of our grant, IWP in Ukraine has increasingly focused its research on the country's foreign and security policy and European integration. Even if the organization produces output on other issues (e.g. energy), the main message inevitably emphasizes Ukraine's European choice. Research consolidation is not an end in itself. As these examples show, it is a means for think tanks to develop in-depth expertise on selected issues and become known for that in their policy environment.

⁸ This cluster consists of (in alphabetical order by country): Analitika – Center for Social Research in Bosnia and Herzegovina; Group for Legal and Political Studies (GLPS) and the Kosovar Center for Security Studies (KCSS) in Kosovo; Expert Grup in Moldova; the Belgrade Center for Security Policy (BSCP) in Serbia; and the Institute of World Policy (IWP) in Ukraine.

Another feature that distinguishes the research agendas of the successful organizations is the presence of so-called flagship products⁹ and clearly defined policy formats. Having such outputs enables an organization to make a name for itself as a provider of reliable, structured, and regular policy advice. The regularly published security sector reviews by BCSP and KCSS have positioned both as premier research actors on this issue in Serbia and Kosovo respectively. Expert Grup's flagship products "Real Economy" and "MEGA" have made it a go-to source on Moldova's economic development. Flagship products and specific policy formats enable think tanks to deepen their expertise by tracking a research issue over time. They signal their serious commitment and investment in the subject to other policy stakeholders.

The performance of our successful grantees was disappointing when it came to taking advantage of our *seed funding*. Our expectation that the organizations would find other support for these projects was not borne out. Though tracking whether the topics we supported became implanted afterward was difficult in some cases because of the inter-connectedness of think tanks' research agendas, it is clear that TTF should have placed clear conditions on this type of funding. Because we did not articulate the benchmarks on how much co-funding we expected and when, the grantees did not feel they had to deliver. For instance, Alyona Getmanchuk, who runs IWP – a usually diligent grantee and successful fundraiser, said her organization did not seek funding for its product "Top Ten Decision-Makers on Ukraine," which we supported, because it hoped to get something from us in the future. Given their otherwise vibrant research agenda, this was a sin of omission, not commission.

Our successful cases stand out most in the area of *organizational development*. This comes through their ability to be innovators. Whether by using a rigorous guide on quantitative research methodology (GLPS), piloting innovative outreach through caricatures and street universities (IWP), or designing compensation methods to retain and attract staff (BCSP), these organizations are pioneers among local and regional think tanks. Their successes stem from their ability to plan and think strategically. These groups have articulated (and regularly update) a number of internal strategic documents to guide their development. For example, both Analitika and BCSP conduct regular staff retreats to revise their organizational development strategy, which is unusual for most think tanks in the region.

The attention to internal development shows in other areas too. In communications and advocacy, the successful think tanks do not spread their efforts to every single available outlet. They focus on the most effective ways to deliver their message and work on improving those. Their efforts are consistently informed by evidence and data as all of them extensively track their outreach. For instance, BCSP has a full-time communications officer who monitors all staff media appearances. At Expert Grup, Adrian Lupusor, the executive director, once explained at length their decision to work through Facebook, but not Odnoklassniki (a Russian version of Facebook), in reaching pro-European youth.

As for research standards, these organizations succeed because they ask for external expertise and avoid amateurism with unknown research methods. For instance, Analitika in Bosnia has a fully integrated external peer review process. In developing their index of post-Sovietness, IWP turned to the Moscow-based Levada Center, the premier polling institute, for methodological advice. While such cooperative efforts are nothing new in the West, they are praiseworthy in transitioning contexts where many policy groups would rather produce a methodologically shoddy product than admit their weakness, seek counsel and learn from others.

Finally, our review has revealed that no size fits all with regards to internal governance. While the successes are far from perfect and the challenge of strengthening this component persists, they have adopted different models in response to their domestic circumstances and internal weaknesses. BCSP has a clear division of responsibilities and an excellent board. Two co-directors and a competent team run GLPS. Analitika operates as a triumvirate. IWP and Expert Grup have a flat management structure that ensures team spirit. Though KCSS is a director-driven think tank, the leadership relies on a capable layer of senior managers for support and cooperation. One common feature among these disparate arrangements is the attention that these think tanks pay to internal management, staff retention, and recruitment. In an environment where human resources

⁹ Flagship products are policy outputs, which a think tank publishes and advocates for on a regular basis and which become part of its public identity.

are in short supply or difficult to attract and retain, these groups take time to find talent by recruiting widely, in particular through internships.

B. Mid-rangers

Based on the analysis of the individual grants, a cohort of six organizations¹⁰ has qualified as mid-rangers. We have purposefully chosen this term to describe their standing. Though not outright successes, these groups are not mediocre either. In fact, most of them are well-known and respected in their countries. They deliver reasonably well given their local circumstances. What sets them apart from their more successful counterparts is their limited ability to lead the policy field and their lower capacities to develop their organizations strategically.

These features are already apparent in the *sustainability* component. Like the successes, these organizations are responsive to their external contexts, but due to a lack of strategic direction this responsiveness takes them in many directions. As a result, they often develop an omnivorous research agenda or steer away from the think tank function into more lucrative, non-analytical activities. For instance, EMA in Albania hosts EU resource centers and CESD in Azerbaijan runs two schools tangentially related to economic research. EPRC in Georgia cannot resist picking up popular topics where its expertise is less than stellar (e.g., agriculture, healthcare).

The lack of research agenda consolidation cannot be blamed only on the organizations. In many countries covered by our portfolio, the policy environment is not mature enough to allow organizations to narrow down their scope in the first place. Their agenda is unconsolidated not because there are too many opportunities, but because there are too few. This raises two inter-related dilemmas as we proceed with organizational development grants: a) Is research agenda consolidation possible for organizations operating in difficult policy and funding environments? b) Should think tanks in small policy markets become catch-all groups and build analytical skills for a variety of subjects rather than turn into experts on specific themes?

These think tanks also struggle with launching flagship products and introducing regular policy formats. Here the distinction between the successes and the mid-rangers is again subtle. On the one hand, all the latter are known experts in their respective fields. On the other, they do not produce a regular stream of analysis on these topics to demonstrate intellectual development and the evolution of their policy stances. Instead their engagement on a particular issue depends on project funding. For instance, EMA and IDM in Albania are recognized as experts on European integration and security issues respectively, but would benefit immensely from greater structuring of their work through flagship products. Acknowledging this weakness, EPRC has recently launched a series called “Georgia and its Neighbors.”

Our analysis has revealed that several mid-rangers are better at fundraising for TTF-supported *seed products* than our successful cases. A huge part of that success can be ascribed to the previously noted ability to be omnivorous in research and non-research activities. For instance, IPER received additional funding for two research initiatives supported by TTF on energy policy and mainstreaming EU integration. EPRC claims its quarterly economic reports helped it secure service contracts from Georgian banks and grants for briefs on diaspora and entrepreneurship from GIZ and the University of Freiburg respectively. Through the TTF-funded Research and Innovation Initiative, IDM invigorated a significant debate on European integration issues in Albania. Where the mid-rangers are less successful is in ensuring that the seeded products maintain the same high level of quality standards once their funding shifts to a different donor.

The differences between the mid-rangers and successes become more pronounced when we investigate their *organizational development*. First, their research often resorts to narration and struggles to synthesize data and present workable policy alternatives. Their choice of research methodologies remains conventional. The non-economic think tanks rely mostly on qualitative analysis. The economic organizations stick to descriptive statistics. With the exception of IDM, the cohort is also slow to change its quality control practices and uses

¹⁰ This cluster consists of (in alphabetical order by country): European Movement Albania (EMA) and the Institute for Democracy and Mediation (IDM) in Albania; the Center for Economic and Social Development (CESD) in Azerbaijan; the Economic Policy Research Center (EPRC) in Georgia, and; the Institute Alternative and Institute for Entrepreneurship and Economic Development (IPER) in Montenegro.

fewer external experts for peer review. As a result, the quality of research varies considerably from product to product.

In communications and outreach, the mid-rangers usually do what is expected of them in the local policy scene without trying to improve existing practices. In Montenegro, Institute Alternative and IPER conduct active outreach on TV and in newspapers as the two most popular outlets to influence opinion-makers. Though both organizations appear to be operating in a constant awareness-raising mode, they invest little energy in figuring out how to expand opportunities for policy impact – a formidable challenge in that country. In the South Caucasus, EPRC and CESD struggle to break out of the conventional policy advocacy cycle that includes releasing a paper, presenting it at a press conference, and moving on to a new subject. Unlike the successes, these organizations do not carefully track their media impact and end up measuring policy relevance via hearsay or formalistic indicators.

In internal management and governance, these organizations lack the ability to plan strategically and choose their priorities with a medium-term perspective in mind. As a result, their ability to innovate in research, communications or organizational management remains limited. Prodded by donors, most of the mid-rangers have an organizational strategy. What matters, however, is execution. For example, with a good strategic plan on paper EMA does not approach its mission to serve the cause of EU integration critically. IDM has established good strategic processes, but remains too opportunistic to implement them in practice. At CESD, quality procedures in writing do not resemble real practices, leaving Vugar Bayramov, the director, with the burden of reviewing all substantial output.

The lack of strong management practices impacts the ability of these groups to recruit and retain staff. IDM regularly loses its analysts to international organizations. The economic think tanks (IPER, EPRC, and CESD) are hit the hardest as they compete for staff with both businesses and INGOs. The situation is compounded by the fact that except for Ukraine, the countries under analysis are small and have a naturally limited pool of potential experts. While none of the mid-rangers faces the risk of organizational collapse, some (like EPRC and CESD) may come under significant strain if their directors depart because external oversight through a governing board remains weak or non-existent and a relatively hierarchical management structure may not be able to handle the transition well.

C. Laggards

Three laggards¹¹ in this portfolio review share one defining feature – their inability to manage organizational growth. Because subsequent programmatic failures stem from shortcomings in this area, our analysis begins by looking at their *organizational development*.

When providing a core grant, TTF hoped these think tanks would develop into full-fledged organizations and move beyond the secretariat model where staff plays a supportive role to a capable leader. Unfortunately, our expectations did not materialize. IBHI and UIPP have had powerful executives who did not succeed in building a strong team. IBHI does not have a critical layer of senior-level management because promising analysts leave the organization feeling their development is stymied by Zarko Papic, the executive director. At UIPP the exit of Viktor Chumak, the previous director, resulted in overall organizational decay during leadership transition. Neda Kostova at Studiorum has been a poor manager who failed to set standards and discipline non-performers. As a result, she has been forced to act as a one-woman rescue team when her staff fails to deliver.

All three organizations have weak boards and challenges with fundraising. IBHI has never had a governing board. The grant from TTF nudged the organization to put together an advisory board that can serve as an external source of feedback for the director. Though the board at UIPP was star-studded (including Ukraine's current president Petro Poroshenko) and formally functional, it proved incapable of guiding the organization through the transition and disintegrated after the Euromaidan revolution. At Studiorum, Ms. Kostova is the only one looking for funds to implement her vision of expanding the organization's agenda from public health

¹¹ This cluster consists of (in alphabetical order by country): Initiative for Better and Humane Inclusion (IBHI) in Bosnia and Herzegovina, Studiorum in Macedonia, and the Ukrainian Institute of Public Policy (UIPP) in Ukraine.

to human rights. As a consequence, there is no staff ownership in the projects she secures. The situation is the same at UIPP and IBHI where analysts feel they are implementing someone else's ideas.

General organizational weakness impacts communications and outreach. While these organizations are not irrelevant, they are not as influential as they could be because they have never tried to step out of their comfort zone. For instance, Mr. Papic has been a strong presence on Bosnian television and in newspapers, and Ms. Kostova and Mr. Chumak extensively advise decision-makers off-the-record. However, neither has questioned if these efforts make them more relevant to policy-making in their countries. Many stakeholders at home argued that the outreach by Studiorum solves only tactical issues and is driven by the decision-makers' agendas. The Euromaidan events showed that UIPP's engagement with civil society had been at best inconsistent. Since then, the institute has been frantically trying to find its place in Ukraine's rapidly evolving civic landscape.

When it comes to *sustainability*, these organizations struggle to deliver on research and financial consolidation. In the first area, it is difficult to draw a line between them and consultancies. Like the latter, they tend deliver on contracts and grants, but do not see a wider mission that would advance their vision for policy change from project to project. For instance, having done a series of publications on Ukraine's security challenges, UIPP has been unable to pick up and reframe those themes for a new geopolitical environment. To the contrary, the organization seems to have abandoned the security field altogether. Studiorum has proved equally unsuccessful in incorporating its research on human rights into its public health agenda. It is not uncommon for these three organizations to go through periods (at times up to five months) when they do not release any policy outputs.

The organizations struggle to achieve financial consolidation because internal shortcomings limit their staff capacities. To illustrate the point, when IBHI was waiting for a decision on a large grant from the World Bank, the director stopped applying for projects for months because he had to reserve staff time for any potential research undertaking. Similarly, two flagship products at UIPP ("The Barometer of Reforms" and "Ukraine Security Challenges-2020") withered after Viktor Chumak left the organization to join the parliament. The staff could not fundraise for them because their production revolved so much around the director. It comes as little surprise that these think tanks were not able to take advantage of our *seed funding* to establish more permanent outputs. Their failure to do so was not intentional. Rather, it continued the pattern of seeing every single project as a contract. Once the organizations completed it, they moved on to something else.

Our analysis of the laggards has highlighted several dilemmas. The first is how to engage with the type of think tanks that may produce good policy research and be relevant on their domestic policy scene, but have no appetite or ability for organizational development. Should OSF in such cases support their directors through research fellowships or fund these think tanks for specific projects where their policy expertise can help advance the OSF agenda on a particular cause? The second dilemma pertains to the type of organizations TTF has chosen to fund. Both IBHI and Studiorum work on a narrow set of issues (social welfare and public health respectively), which may limit opportunities for wider outreach, more robust research production, and inevitably organizational growth. Should TTF support policy centers that work on a limited set of themes or should it provide grants only to multi-issue think tanks that by design have greater potential for sustainability and survival?

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To conclude, our analysis of 15 individual grants has enabled us to group these organizations into three clusters of successes, mid-rangers, and laggards. Three labels would most aptly capture the differences between these groups. The successful organizations are strategists. They keep the medium-term perspective in mind, which makes them proactive and innovative. The mid-rangers are tacticians. They are good at sustaining current operations and growth but often overlook the forest for the trees. The laggards function as triage managers at a clinic, seized by the moment and moving from one patient to the next with little time for reflection and introspection. We argue that while all 15 can be successful at a given moment, only the successes can develop lasting policy relevance because of their consistent investment in organizational development.

IV. Looking at a bigger picture

This section builds on the findings of the previous analysis of individual cases to address four questions and answer our major hypothesis whether organizational development funding is the most effective vehicle to help think tanks strengthen themselves and become more relevant within their domestic policy environment. The

first question looks at whether the successful organizations were more policy relevant than the mid-rangers and the laggards. The second considers what type of funding TTF provided to this cohort, how they used it, and at what point in their own organic organizational development our grant reached them. The third question inquires about the “neighborhood effect” in think tank development, and the final one ponders the implications of these grants on TTF staff workload.

Think tanks struggle to assess their policy impact as there is always a risk to misattribute success because of intervening factors, or to slide toward easily calculable indicators for outreach and miss the bigger picture of influencing a policy discourse. TTF frames policy impact in terms of *policy relevance of think tanks* because the Fund’s vision is to promote inclusive policy-making and prevent anyone from gaining a monopoly on the ‘truth.’ Consequently, we consider whether think tanks are relevant in ongoing policy debates, and how they frame a policy issue, insert their framing into a particular policy discourse and, in the best case scenario, shift the discourse toward their preferred set of policy recommendations. We operationalize policy relevance along three inter-connected indicators: consistency (regular v. sporadic), breadth (narrow focus v. wide focus), and quality (steady v. variable).

The successful think tanks fare better across each indicator than the mid-rangers and laggards. In terms of consistency, these organizations are more relevant in policy discourses in their thematic areas. For instance, BCSP is one of the central voices on security sector reform in Serbia. Expert Grup is the nongovernmental counterpart on macroeconomic stability in Moldova. This contrasts with CESD, a mid-ranger with only occasional influence on some technical regulations the Azerbaijani government adopts. When it comes to breadth, IWP in Ukraine shows how a think tank can engage the skeptical public in eastern Ukraine in a conversation on European integration. UIPP, a laggard in the same country, has failed to do the same through YouTube videos on sector reforms. Finally, thanks to a rigorous methodological framework, GLPS in Kosovo has consistently provided high quality output and attracted attention from various stakeholders. On the other hand, while EPRC’s high quality analysis on the education sector helped shift the funding priorities of the U.S. Millennium Challenge Account in Georgia, its research on agriculture fell flat.

Greater policy relevance of the successful think tanks comes with consistent *investment in organizational capacity*. TTF grants gave all 15 organizations the chance to allocate its funding for sustainability, seed research, and organizational development—based on their needs. The examination of how these organizations invested our money reveals that each used our support to cover core and sustainability costs, which is not surprising given the dearth of organizational support funding in the region. However, the successful cases also allocated part of our grant to organizational development. For example, Analitika elaborated a comprehensive organizational development strategy. BCSP and IWP used our grant to revise and update their communications approaches. Expert Grup and GLPS invested in their methodological and research capacity. The mid-rangers and laggards used our grant mostly to cover operational costs and start new projects. Any investment in organizational capacity was done only after TTF prodding or an external evaluation. For instance, UIPP’s half-hearted efforts to revise its communications strategy produced a document with little practical relevance.

TTF core grants combined the best of two worlds. On the one hand, our funding was not rigidly tied to a specific thematic project with little flexibility to use the money for organizational needs. On the other hand, these grants were not unrestricted where grantees would have complete freedom in spending. What TTF offered was an opportunity to use our grant as think tanks saw fit provided that they had done prior planning to identify what fit would mean at their particular stage of organizational development. Instead of imposing our priorities on the grantees, TTF gave them an intellectual framework to reflect on their needs and deploy our investment accordingly. In fact, we would argue that unrestricted core grants (to be provided only to the most mature of organizations) should include a robust organizational development component to prod introspection and internal reform.

This raises the point about *organizational maturity*, which in this portfolio does not depend on age. Our successes were both young (IWP, Analitika) and old (BCSP, Expert Grup). The Fund has begun reflecting on this in our grant-making practices. We believe organizations have to establish some basic elements of operation and research before they can conceptualize internal growth. You cannot improve something you do not yet have in place. That is why a think tank should be functional for at least two years prior to applying for our

organizational development grants. However, organizational development means different things for older and younger think tanks – reform and modernization for the first group and growth and consolidation for the second. Our understanding of this reality does not seek to pre-determine the path each grantee wants to take, but makes us more cognizant of possible challenges they may face – e.g., more experimentation from younger think tanks, greater internal resistance to change at older ones.

It also guides our thinking on advice and capacity building for think tanks. We believe capacity building is a continuation of grant-making rather than a separate activity foisted indiscriminately on grantees as part of our funding. Mandated capacity building activities lead to nothing but exasperation and imitation of reform. The cases in this portfolio illustrate the true potential of tailored assistance: a visit to two think tanks in Latvia and Estonia helped Expert Grup reform its communications; work with a professional editor prodded EPRC to rethink its quality control procedures; and participation in a TTF workshop (through a competitive application process) enabled CESD to work with data visualization. In each case the grantee showed initiative, and TTF followed up with resources. To avoid an idyllic picture, there is still a dilemma about whether and how TTF can engage with those grantees that have yet to acknowledge the need for change.

In our review of the grants we noted that a “neighborhood effect” pushes think tanks to reform. When think tanks function in a more vibrant regional environment, they are more likely to see themselves beyond the domestic scene. This effect is strongest in the Western Balkans and the western part of the former Soviet Union. For instance, the think tanks in Bosnia often measure themselves against their counterparts in Serbia and Croatia and adopt their positive organizational practices. The grantees in Moldova compare themselves against think tanks in Romania with whom, thanks to a shared language, they sometimes compete for research funding. IWP in Ukraine always inquires about research standards in Central Europe where it aspires the country to move politically. The neighborhood effect is weak in the South Caucasus because the countries speak different languages and have tense bilateral relations. Since Europe is too far geographically, most think tanks are focused on their domestic markets and are more than happy to be the best within their local scenes.

Finally, a huge demand for this type of funding challenges our staff’s ability to stay abreast of the field. At present, three staff members (including the director who dedicates twenty percent of his time) work on organizational development grants. Their engagement is more intensive than with usual thematic project grants because our commitments are multi-year and require tracking progress across several sets of indicators and staying up-to-date on a variety of policy issues. Because grantees face problems with research, communications, and internal management and governance, program managers cannot be experts in all three areas. This raises a question whether TTF should invest in developing their individual skills in a specific area.

V. Moving forward

This portfolio review has enabled us to draw four lessons for the future management of organizational development grants:

Lesson 1: scope of change. Unlike the core support that the Fund provided in the past, organizational development grants focus entirely on internal reform in research standards, communications, and internal governance. The successful cases have demonstrated that incremental change is likely to result in the biggest dividend. As mid-size organizations, think tanks can reform on average two areas per year (e.g., designing an external peer review process and developing project-specific communications strategies) because their small team has to implement existing core activities in research, fundraising, and outreach. The limited capacity for processing change has two implications for our grant-making. TTF will pay much closer attention to annual workplans to ensure that potential grantees can realistically do what they plan. We will also raise our expectations for follow-up on first-year activities in the second year of the grant and for plans to institutionalize new practices upon the grant’s completion.

Lesson 2: formalization vs. implementation. TTF has been right to demand that think tanks develop certain mechanisms and documents as a way to prod their thinking on corresponding internal practices. However, we are cognizant of a risk that organizations will either indulge in innovation for the sake of it or mimic reform to please the donor. What matters is whether any internal improvements bring tangible results, such as better research products and greater policy relevance. Otherwise, innovative practices may harm existing work. To

avoid that, TTF will think of other ways to introduce innovation without formalizing it at first. The Fund should also elaborate additional proxies to monitor how organizational routines function in reality. Achieving these goals would distinguish TTF from other donors that insist merely on a paper trail.

Lesson 3: internal governance in poorly governed societies. Unsurprisingly, the analysis of the laggards showed how much internal governance and management matter. Though aware of the issue, TTF has not paid enough attention to this area for a variety of reasons, the most important being the additional focus of core grants on seed funding and sustainability. Our findings have underscored that: a) successful internal management and governance comes in many shapes and forms; b) building internal governance remains a formidable challenge in societies where the zero-sum logic of politics is subconsciously applied elsewhere. In response to these problems, TTF will document cases of various governance arrangements in the region to showcase the diversity of practice. In working with grantees, the Fund will focus on several elements inherent to good governance to underscore that this is a set of inter-related practices rather than a fleeting donor obsession with one feature portrayed as a universal cure.

Lesson 4: policy relevance and organizational development. Our analysis has revealed that the think tanks that are better at consolidating their research agenda, tracking their outreach and communications, and managing themselves internally are also better at measuring their policy relevance. TTF should build on this finding by encouraging our grantees to conceptualize how to improve their policy relevance through improvements in internal development. The Fund should also evaluate the relationship between the policy relevance of our grantees and their organizational development on a regular basis. As a donor, TTF focuses only on the supply side of the policy process, so closer examination of policy relevance would bring the demand side into the picture. It would also help us understand the challenges of achieving policy relevance in evidence-hostile environments where the majority of our grantees operate.

VI. Conclusions

This review of organizational development grants has offered us the opportunity to reflect on the Fund's role as a donor. On the positive side, TTF has established itself as a pre-eminent funder of policy relevant research in the region of operation. Its consistent push for high-quality research, wide and targeted outreach, and solid internal governance has in many cases enabled the program to yield far more influence over think tanks and donors than its funding profile would otherwise permit. In Ukraine, Serbia, Moldova and Georgia, big donors like USAID, Sida and the Swiss Cooperation Office have regularly sought our advice on thematic policy grant-making and organizational support. Local think tanks often consider TTF organizational development grants as a recognition of their status as genuine policy research institutions. Our approach to organizational development has struck the right cord with peers internationally, as evidenced by the Fund's engagement with the Think Tank Initiative and AusAid's Knowledge Sector Initiative in Indonesia.

However, in hindsight TTF could have done three things differently. First, we should have provided more mentoring and advice to those grantees who requested such intensive support. At the time, we feared that doing so would meddle into internal functioning of these organizations. Second, TTF could have insisted our grantees experiment with innovative ways to tackle governance issues. Third, we should have also identified a separate set of indicators to monitor the implementation and follow-up of our seed funding within core grants. Our focus on organizational development in this case came at the expense of the grantees' thematic activities.

The review has also highlighted several important challenges. One of them is about documenting the outcomes of these grants systematically and sharing them across the field to advance our understanding as donors and practitioners about ways to build more robust policy centers. The other would look at how to incorporate the assessment of grantees' organizational strength into our grantmaking and encourage them to be the drivers of their own reform. These challenges notwithstanding, we believe organizational development grants hold great potential to strengthen policy actors and to promote an inclusive policy discourse that reflects open society values.