

Open Philanthropy Project History of Philanthropy Case Study:
The Founding of the Center for Global Development
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Over the course of the last decade and a half, Ed Scott has gained a reputation as one of the more impactful philanthropists of our time, a “serial social entrepreneur,” in the words of one admirer, who after a successful career in Silicon Valley dove into the world of global development and was responsible for helping to found, among other institutions, the Center for Global Development (CGD), DATA (which has since merged with the One Campaign), Friends of the Global Fight Against AIDS, Tuberculosis and Malaria, the Center for Interfaith Action on Global Poverty, and the Scott Family Liberia Fellows program. As David Callahan argues in a profile on the website *Inside Philanthropy*, such a track record makes Scott “the most effective global giver to yet emerge from Silicon Valley.”¹

This reputation hinges on a number of Scott’s reported talents and traits, including his understanding of the importance of leverage, his focus on advocacy to attract government dollars and his willingness to put aside his ego and work effectively behind the scenes.² Yet perhaps the most celebrated talent in accounts of his philanthropy has

¹ In recognition of these contributions, Scott received the 2016 BNP Paribas Grand Prize for Individual Philanthropy. As the awards committee noted, “his catalytic approach to philanthropy has had a transformative impact on poverty and disease at a global scale.” BNP Paribas UK Press Release, May 31, 2016. Remarks by Ruth Levine, “Reflections and What’s Ahead for CGD,” March 25, 2014, available at <https://www.youtube.com/watch?v=guHxG51ZkTI&t=19m00>; David Callahan, “Who is Silicon Valley’s Most Effective Global Giver?” *Inside Philanthropy*, February 10, 2014, available at <http://www.insidephilanthropy.com/home/2014/2/10/who-is-silicon-valleys-most-effective-global-giver.html>.

² Scott’s appreciation of the strategic importance of advocacy is best illustrated by the story of his establishment of Friends of the Global Fight to support the Global Fund to Fight AIDS, Tuberculosis and Malaria. The board of the Global Fund itself resisted Scott’s initial offer to fund the establishment of a DC

been his ability to detect gaps in the institutional landscape and then to fill them. In a discussion of Scott's philanthropy in *Fortunes of Change: The Rise of the Liberal Rich and the Remaking of America* (2010), David Callahan emphasizes this capacity by connecting it to his entrepreneurial success. After seventeen years in Washington, first as an official at Justice and then as the assistant secretary for administration in the Department of Transportation, Scott moved to Silicon Valley, where he worked for a number of companies, including Sun Microsystems. With two other Sun employees, in 1995 he co-founded BEA Systems, which became a leader in 'middleware' programs that connect operating systems and applications within a computer network. In 1998, BEA purchased a start-up WebLogic, and, according to Callahan, "moved aggressively in capturing large contracts to build the infrastructure for e-commerce systems, for companies like Amazon." Soon, it was one of the top fifteen software companies in the world (in 2008, it was purchased by Oracle for \$8.5 billion). As Callahan writes, "Scott made his fortune in Silicon Valley by identifying unmet needs in the marketplace and moving aggressively into these breaches. Now, as he got interested in global development issues, he brought to bear the same kind of strategic thinking."³

Scott has explained his philanthropic prowess in similar terms. "If you look at the institutions I created, they were all because nobody else was doing what needed to be done," he told an audience at a CGD event last March.⁴ This report, which focuses on the establishment of one of those institutions—the Center for Global Development—takes that claim as its main point of interrogation. It finds that it largely holds up to scrutiny.

office that would be well situated to conduct advocacy, so he founded a separate advocacy agency. Interview with Ed Scott, April 27, 2015.

³ David Callahan: *Fortunes of Change: The Rise of the Liberal Rich and the Remaking of America* (New York: John Wiley & Sons, 2010), 105-108 (quotes on p. 105, 107).

⁴ Remarks by Ed Scott, "Reflections and What's Ahead for CGD," March 25, 2014.

But it adds additional context to it, filling in some gaps within this ‘gap-filling’ narrative by demonstrating the ways in which Scott’s own ability to meet the needs he perceived relied on fortuitous timing, the talents and contributions of a few other key actors, the composition of the organizational landscape, and broader political and institutional trends. The report builds on interviews with the three founders of CGD—Scott, Nancy Birdsall and Fred Bergsten—interviews with other CGD staffers and development experts, as well as on a few written reports, evaluations and case studies of CGD’s work.

It is important to note that this report is not meant as a formal evaluation of CGD’s impact, or of the impact of any of the other organizations that Scott has founded or funded. It focuses primarily on the narrative of the establishment of CGD, rather than on the Center’s subsequent impact (though it does offer some thoughts on the relationship between Scott’s rationale for funding and developing particular organizations, the strategies he adopted for doing so, and their ultimate impact in the field).

Ed Scott told David Callahan that while he was working in Silicon Valley, he didn’t think much about philanthropy or about the needs of the world’s poorest citizens. “My goal was one thing: make money. That’s all I thought about.” But once he made that money, he realized that he had more than he needed, and didn’t have a taste for the extravagances and luxuries that could soak up the bulk of it. His thoughts began to turn to philanthropy. Perhaps because he was born and raised in Latin America, where his father was a correspondent for NBC News, he had what one colleague describes as a strong “global vision” and was drawn to international causes. He supported Compassion International, a Christian child-sponsorship organization, including helping them to

extend their work into Nicaragua. He found the work satisfying but limited in its impact, and began to wonder how he could achieve even more.⁵

The answer arrived late one night in 2000, when he was watching a documentary on *LinkTV*, a progressive news channel, *Deadly Embrace: Nicaragua, the World Bank, and the International Monetary Fund*, which outlined the disastrous consequences of the policies of “structural adjustment” imposed by global financial institutions. The documentary pointed to a root cause behind many of the nation’s problems. He soon became preoccupied by the problem of debt in the developing world and how it hampered development, and began to wonder what could be done to address it. (It’s worth noting not only that this represents an instrument of advocacy—the documentary—leveraging and sparking additional advocacy—Scott’s—but that the reliability of the initial instigator did not necessarily shape the quality of the work done by those it influenced to act. Scott now recognizes *Deadly Embrace* as a “polemical-style documentary” and CGD’s Todd Moss points out that it was not necessarily the case that most of Nicaragua’s problems could be traced to its crippling debt. And yet the documentary did its job).⁶

Scott quickly realized that there were no existing organizations dedicated to debt forgiveness to which he could simply donate money. Scott read all he could on the issue and began to understand how little was known about it; basic questions such as nature of outstanding debt and the criteria for debt that had been forgiven in the past remained unanswered with any degree of satisfaction. Scott asked his assistant to research the issue and she in turn introduced him to Don Abramson, the chairman of American Jewish

⁵ Callahan, *Fortunes of Change*, 105, 106; interview with Todd Moss, October 22, 2014; Scott, “Reflections and What’s Ahead for CGD”; interview with Ed Scott, November 23, 2015.

⁶ Interview with Ed Scott, April 27, 2015, May 3, 2016; Scott, “Reflections and What’s Ahead for CGD”; Callahan, *Fortunes of Change*, 106-107; interview with Todd Moss, October 22, 2014.

World Service. Abramson had taken a leading role in an advocacy campaign that had developed in the previous years to pressure first-world nations to grant debt relief to developing countries and that had led to Congress's October 2000 authorization of \$435 million to the Heavily Indebted Poor Countries (HIPC) Trust Fund. Abramson in turn helped set up a meeting with a number of key figures from the Clinton Administration and from the NGO community with whom he had worked during that campaign. The meeting was hosted by Oxfam, in Washington DC, in the summer of 2001 and included Carol Lancaster, a former deputy administrator at USAID who was a scholar at the Georgetown School of Foreign Service; President Clinton's Director of the National Economic Council, Gene Sperling; Jo-Marie Griesgraber of Oxfam; Princeton Lyman of the Aspen Institute; and Gerry Flood, from the United States Conference of Catholic Bishops.⁷

As Scott later recalled, he didn't know any of those convened, but he assumed that Abramson had let them know about "this rich guy who has money burning a hole in his pocket" who was interested in funding work on development. "They obviously had conspired to figure out how they could separate Ed from his money." At this point, Scott was not considering establishing a think-tank. "I actually had this idea of getting all the former presidents to form a club and fly them around the world on a G-4 and have them try to persuade" first-world leaders to forgive third-world debt. But at the meeting, the think-tank idea rose to the fore.

Scott recalls that it was Gene Sperling who led the conversation in the direction of the establishment of a think tank, one that would engage not merely debt-related issues,

⁷ Callahan, *Fortunes of Change*, 107; interview with Ed Scott, April 27, 2015, November 23, 2015; Scott, "Reflections and What's Ahead for CGD."

but the development field more broadly, as a possible funding opportunity. According to Scott, Sperling related that one of the major challenges he experienced at the White House was that whenever a question came up having to do with development, “we never had anybody we could go to who had credible information. There was no one who was researching the issues” and so no one who could be relied upon to give an authoritative answer. “An institution that could provide that would be a tremendous thing for the world,” Scott recalls Sperling telling him.⁸

That meeting led to several others. Sperling introduced Scott to Tim Geithner, who had served as Under Secretary of the Treasury for International Affairs in the Clinton Administration, and not long after the initial meeting at Oxfam, the two met to discuss strategies for establishing a development-focused think tank. Geithner suggested that Scott look at how other think tanks had carved out a field of research and pointed to the Institute for International Economics as a possible model. He suggested that Scott meet with the IIE’s founding director, Fred Bergsten.⁹ Geithner also compiled a list of potential figures to lead the Center. Scott didn’t know any of them personally, but he had developed a group of advisers who could help vet them (including Ngaire Woods, a trusted friend from Scott’s time at Oxford, who is now Dean of Oxford’s Blavatnik School of Government). From these early consultations, one name emerged as a potential head of the Center—Nancy Birdsall, who had served in leadership positions at the Inter-American Development Bank, the Carnegie Endowment and the World Bank.¹⁰

⁸ Interview with Ed Scott, April 27, 2015.

⁹ Bergsten suggests that Geithner singled out IIE because of its success and influence (it was “the number one success story in the think tank world in recent decades”). Interview with Fred Bergsten, February 13, 2015.

¹⁰ Interview with Ed Scott, April 27, 2015, November 23, 2015; Scott, “Reflections and What’s Ahead for CGD.”

These meetings represent the first “inflection point” in the story of how Scott founded CGD and also raise an important question in terms of adjudicating causal agency in the narrative: how important was the mix of experts and interested policy personnel initially convened by Abramson? Likely, the fact that this network was “fresh,” and had been recently activated around the successful campaign to push Congress and the White House to support the Heavily Indebted Poor Countries Initiative, made it especially effective in communicating to Scott the needs in the global development research community.

Yet if there was an element of luck involved—Scott stumbling into a pre-established network—this does not necessarily mean that Scott deserves no credit for following its directives. As Nancy Birdsall commented, one of the key factors in the ultimate establishment of CGD was that, in the early stages, “Ed did his homework.” According to Birdsall, he researched the issue scrupulously, talked to scores of individuals and then identified key advisers whom he trusted (such as Oxford’s Woods and Carol Lancaster, a former State Department official then at Georgetown’s School of Foreign Service). Scott’s money was no doubt important in encouraging this network to cohere around the possibility of his funding, but Scott’s ability to utilize the network, and to expand it when necessary to include individuals he trusted, is another important element in the successful founding of CGD.¹¹

Initially, Scott had a difficult time making contact with Bergsten, a testament to the fact that, at the time, he was a relative unknown in the world of global development;

¹¹ Interview with Nancy Birdsall, April 20, 2015.

it took another call from Geithner to convince Bergsten to take Scott seriously enough to meet with him. When they did meet, however, they found that they agreed on the need for a think-tank devoted to development issues. Bergsten was, in fact, acutely aware of the gap in the research landscape that such an institution could fill, since he had recently become involved in an attempt to revive the Overseas Development Council (ODC), a think tank established in 1969 which had sought to fill precisely that space. But in the late 1990s, the ODC lost the support of its major philanthropic funder, the Ford Foundation, and was unable to secure alternative funding to replace the loss. It closed its doors at the end of 2000.¹²

In the institution's final year, Bergsten had helped it in a search for new leadership that might be able to turn around its fortunes. His search had led him to the same spot as Scott had arrived on—to Nancy Birdsall (who had joined the board of the ODC a year before and been offered the position of successor to Sewell, but turned it down). In fact, Scott met with Bergsten the same day that he had met with Ngaire Woods, who had recommended Birdsall as a possible head as well. Much like the initial advisory meeting organized by Donald Abramson, Scott once again benefited from an advisor who was primed to engage the viability of a development-focused think tank, and who had already been thinking about some of the relevant issues.¹³

In fact, the Center for Global Development's rise must be considered in the context of ODC's fall. Post-mortems have attributed the think tank's demise to a number

¹² *New York Times*, January 30, 1995; "Death of a Think Tank," *Washington Post*, November 10, 2000; interview with Todd Moss, October 22, 2014; email from Nancy Birdsall, February 2, 2016.

¹³ As Scott recalls, "[W]ithin an hour, two people had recommended Nancy Birdsall to me." Interview with Ed Scott, November 23, 2015. Interview with Ed Scott, April 27, 2015; interview with Fred Bergsten, February 13, 2015; email from Katherine Stewart, December 16, 2015.

of factors, each of which can help highlight those elements in CGD's development that helped guarantee its sustainability.

One group of explanations points to ODC's programmatic limitations and missteps, suggesting that it failed to move aggressively to address issues beyond foreign aid, and that it had focused too heavily on academic policy research, even as many funders were becoming more invested in the support of advocacy. One former ODC staffer reported that the leadership became increasingly apprehensive about losing foundation support and that it developed a "bunker mentality" that paradoxically accelerated that loss of support, since it hindered the think tank's ability to perform critical independent research that might have brought in new donors. These explanations point to the significance of Scott's pledge of a large initial contribution to CGD, which allowed it to pursue interests and programs strategically, and to offer to researchers the freedom to follow projects that they thought worthy, which made it easier to attract top talent (more on this below).¹⁴

Yet another explanation for ODC's decline highlights exogenous rather than endogenous factors to the think tank, citing the unfavorable political climate (and also highlights the more favorable political climate in which CGD operated): ODC's loss of funding coincided with a moment in which development issues had difficulty gaining traction within the American political system. As the *Washington Post* noted in an editorial mourning the shuttering of an institution that had served for three decades as "one of the nation's premier international development policy research groups": "The withering away of support for the ODC's core operations mirrors a broader problem, evidenced in the decreased post-Cold War commitment to international development." At

¹⁴ Interview with anonymous.

the time, most Republicans showed little interest in development, while Democrats, especially those close to President Clinton, considered foreign aid to be “an old Democratic party idea,” in the words of Cornell professor (and former non-resident CGD fellow) Nicolas van de Walle, and therefore shied away from a vigorous endorsement of the cause. Even Birdsall herself, while fully recognizing the limitations and missteps of ODC that led to its decline, also acknowledged that it was doomed by an inopportune historical moment. “ODC was somewhat a victim of the Nineties in the U.S. context,” she explains,” the casualty of a post-Cold War moment in which considerations of foreign aid and development were no longer seen as geo-strategically important.¹⁵

That context places the more auspicious climate in which CGD was founded in some relief, for Scott and his colleagues had access to a window of opportunity that had likely been closed just a half-decade before. In their accounts of the development of CGD, several of the key players cited this fortuitousness, making the argument that they had been lucky as well as good. For not long into the new millennium, the political and philanthropic focus returned to development—to CGD’s benefit. Several factors account for this shift.¹⁶

The first was the shock of the 9/11 terrorist attacks in 2001. As former CGD senior fellow and current Hewlett Foundation Global Development program director Ruth Levine explains the favorable “timing” of CGD’s establishment, the attacks bolstered “the awareness that our own security and prosperity was intimately linked to the wellbeing and happiness in other countries.” Development issues suddenly carried more political urgency. Birdsall shares a similar view, arguing that the 9/11 attacks led

¹⁵ “Death of a Think Tank,” *Washington Post*; interview with Nicolas van de Walle, December 14, 2014; interview with Fred Bergsten, February 13, 2015; interview with Nancy Birdsall, April 20, 2015.

¹⁶ “The Center had some good luck... That helped.” Interview with Fred Bergsten, February 13, 2015.

political leaders to become more receptive to the importance of development. “I feel that we benefited in an unfortunate way. It was a bit of a wake up call that countries most Americans hadn’t thought about, such as Afghanistan, mattered for the U.S.”¹⁷

The second factor, related to the first, was that the first years of the new millennium witnessed a flowering of development-related initiatives more generally, in both the philanthropic and governmental sectors. “So many people who are influential today in development grew up...professionally during that period and so they think that is normal,” explains Ruth Levine. “That is not normal.” The confluence of development programs and initiatives—the Millennium Development goals and the build-up to the Gleneagle G-8 summit; President Bush’s PEPFAR (President’s Emergency Plan for AIDS Relief) and malaria initiatives; Bush’s Millennium Challenge Corporation; the focus that Prime Minister Gordon Brown placed on development issues; the emergence of the Gates Foundation as a major philanthropic player on global health issues—“was conducive to big thinking about international development issues and a whole ton of philanthropic and other money coming into the space,” explains Levine. “There was a lot of energy in the US government on development at the time,” recalls CGD senior fellow Todd Moss. “It was really a growth time for the development ideas business.” Not only were rich and powerful nations now paying attention, but foundations “were looking for new actors in that space.”¹⁸

¹⁷ In a 2003 paper, Todd Moss and Markus Goldstein demonstrate that historically, foreign aid to Africa has been at its highest with a Republican in the White House and with Republican control of at least one house of Congress. Markus P. Goldstein and Todd Moss, “The Surprise Party: An Analysis of US ODA Flows to Africa,” Center for Global Development Working Paper Number 30 (July 2003), accessed at http://www.cgdev.org/sites/default/files/2760_file_cgd_wp030.pdf. Interview with Ruth Levine, December 22, 2014; interview with Nancy Birdsall, April 20, 2015; email from Nancy Birdsall, February 2, 2016. See also interview with Todd Moss, October 22, 2014.

¹⁸ “In the 1990s, with the end of the cold war...the importance of aid and of promoting development abroad declined, along with the volume of that aid. President Bush dramatically reversed both those trends.” Carol

Bringing the decline of the ODC into the narrative of CGD's rise also underscores the important counterfactual of whether a think-tank devoted to development would have emerged absent Scott's decision to establish a new institution. In ODC's final years, the board had convinced then-president John Sewell to retire and, through consultations with Bergsten, had settled on Nancy Birdsall as a possible replacement. One former ODC researcher wondered whether, if the institution's funders had given it a bit more time before terminating their support, Scott would have approached Birdsall with an offer to rehabilitate ODC instead; the researcher thought that if ODC had survived a few more years into the post-9/11 political realm, it could have regained more funders. Bergsten, on the other hand, believed that the foundations had decided that the ODC "had just deteriorated too far" and that they would not have resumed their support.¹⁹

It is worth noting here again that in establishing CGD, Scott, Birdsall and Bergsten not only filled a gap in the think tank landscape, but one that had been recently occupied (if less than effectively); the soil, one might say, had been well fertilized and was ready for cultivation. This seems an almost ideal scenario for the sowing of an enduring institution. Not only did it allow Bergsten, for instance, to apply the research he had done in the search for new leadership for ODC to finding a head for CGD. It also provided CGD's leadership with important cautionary lessons that they might not have intuited absent ODC's rise and fall. Birdsall has cited three of these that she found most instructive.

Lancaster, *George Bush's Foreign Aid: Transformation or Chaos?* (Washington, D.C.: Center for Global Development, 2008), 4 (quote), 10-47. Interview with Ruth Levine, December 22, 2015; interview with Todd Moss, October 22, 2014.

¹⁹ Interview with Nicolas van de Walle, December 14, 2014.

First, she believed that ODC had sought to transform itself into a more international institution in an effort to attract foreign funders, and in doing so had lost something of the competitive advantage of being based in DC, with a focus on all aspects of US development policy, and not just on US aid programs. That cautionary tale helped convince Birdsall that the new research institution she would head would make the most of its location by focusing on Washington institutions and on issues beyond aid, such as trade and migration. This conclusion coincided with what would become CGD's chief and distinctive strategy for achieving leverage and impact, which was to focus on affecting changes in the policies of industrial nations. The institution's location in Washington, DC allowed them to make the most of such a commitment to advocacy.²⁰

Birdsall also believed that ODC had become too small and was therefore unable to produce enough research material to satisfy donors. And so though she resisted growing CGD too rapidly, she also was sensitive of the dangers of falling below a critical size and productivity level. Finally, the fall of ODC instructed her as to the importance of “signaling longevity.” She recognized that she would not be able to attract top talent if it did not seem likely that the think tank had a relatively secure life ahead of it, and that the only way it could survive was if it started with a sizeable commitment that would

²⁰ As Scott noted to David Callahan, “All four of the outfits I’ve funded have the same thing in common. They focus on the behavior of the rich countries in how they deal with poor countries. So the whole concept is leverage—trying to make major, major things happen.” Callahan, *Fortunes of Change*, 108. Nicolas van de Walle also pointed out that the ODC, though headquartered in Washington, did not focus its attention on reform of the Washington-based governing institutions, such as Congress and World Bank. Interview with Nicolas van de Walle, December 14, 2014. Interview with Nancy Birdsall, April 20, 2015; email from Nancy Birdsall, February 2, 2016; Arabella Philanthropic Investment Advisors, *Center for Global Development: Evaluation of Impact* (Arabella Philanthropic Investment Advisors, December 2006), 113, accessed at <http://www.arabellaadvisors.com/wp-content/uploads/2012/01/CGDWeb.pdf>.

communicate that message to potential staff and other funders. Scott's gift, discussed in greater detail below, served this purpose.²¹

After the initial meeting between Scott and Bergsten, Scott proposed the funding of a book on debt policies as a first step to the possible establishment of a think tank; Bergsten recommended that Birdsall and another fellow from the IIE, John Williamson, serve as authors. (This collaboration ultimately produced *Delivering on Debt Relief: From IMF Gold to a New Aid Architecture* (2002).) The endorsements of Birdsall from multiple sources made a great impression on Scott and confirmed for him that she was the right person to lead the new institution. Scott's interest also came at the right time for Birdsall herself, who was becoming restless with her work at the Carnegie Endowment for International Peace. "I had always worked in places before where there was a shared if unspoken institutional mission," she recalls, noting that the traditional think tank emphasis is on research fellows' individual status and reputation more than on making a difference in the world. She missed that focus on making a difference for people in the developing world as the starting point for research. Here is yet another element of fortuitous timing in the story of CGD's birth; Scott's and Birdsall's paths intersected at a moment when each was primed to help the other.²²

²¹ Ruth Levine points out that Birdsall also resisted the temptation to allow CGD to grow too *large*, allowing it to develop an *esprit de corps* like a small liberal arts college. David Callahan, on the other hand, has pushed the Center to grow more aggressively. Interview with Ruth Levine, December 22, 2014; David Callahan, "More Bang for the Wonk: How the Center for Global Development Leverages Donor Dollars," *Inside Philanthropy*, April 22, 2014, accessed at <http://www.insidephilanthropy.com/home/2014/4/22/more-bang-for-the-wonk-how-the-center-for-global-development.html>. Interview with Nancy Birdsall, April 20, 2015; email from Nancy Birdsall, February 2, 2016.

²² Birdsall recalls that although Bergsten recommended her to Scott as the author of the debt crisis report, he did not initially suggest her to head up the newly imagined think tank, in part because Bergsten had also been suggesting that she decamp to IIE if funds could be raised for her to do development work there.

The selection of Nancy Birdsall to head CGD represents a critical node in the narrative of the institution's founding. This was perhaps the most frequently cited explanation for CGD's survival and subsequent success. As Ruth Levine commented, "Nancy is really a very unusual person and a very unusual leader and I think it was just good luck that Ed found her. There are any number of other choices he could have made that would have led to a much less interesting institution." In Birdsall, Scott had identified an individual perfectly suited to promote the institution's mission in terms of uniting the tasks of research and advocacy.

Of course, there is something a bit tautological in this claim, because Birdsall was key in formulating that mission. But comments from several interviewees made clear that Birdsall's exceptional combination of academic credibility and real-world experience proved a valuable asset for CGD in its infancy. Birdsall was able to recruit to the new Center both top global development scholars and leading policy makers. At the same time, according to Ruth Levine, the breadth of her academic interests across a large range of policy issues also "embodies a kind of intellectual diversification" that proved attractive to both funders and scholars. Her wide-ranging field of interest also enabled her to convince Scott—much as Gene Sperling had initially sought to do—that the think tank must be dedicated to issues beyond foreign aid to encompass the field of development more generally. Sources also cited her instincts as a "policy entrepreneur"—as someone who could sift through those issues and intuit, in the words of one interviewee, "what's going to be hot."²³

Email from Nancy Birdsall, February 2, 2016. Interview with Nancy Birdsall, April 20, 2015; interview with Ed Scott, November 23, 2015.

²³ Interview with Ruth Levine, December 22, 2014; interview with Nancy Birdsall, April 20, 2015; interview with Nicolas van de Walle, December 14. See also comment from Thomas Callaghy: "Ed Scott

Finally, Birdsall related that her scholarly credibility allowed her to push back a bit against Scott's demands for "doing" in defense of "thinking," and to create the balance between the two that would define and distinguish CGD, whose supporters like to refer to it as a "think and do tank." (One scholar of think tanks, Andrew Selee, for instance, characterizes CGD as the most "action-oriented" of all the academically-grounded think tanks that address development). This balance was at the heart of the mission of CGD as conceived by Scott, Birdsall, and Bergsten, and it emerged after consultations with several of Scott's circle of informal advisers (such as Carol Lancaster). As Birdsall herself readily admits, CGD has benefited from the "healthy creative tension" between herself and Scott. Scott was adamant that CGD not become "a sandbox for economists." He insisted that there would be an explicit advocacy focus and a strong emphasis on achieving real-world results. Scott made this clear from the start; when Birdsall and her co-writers submitted the first draft of their book on debt, he pressed that they add a section which addressed the "now what?" question.²⁴

Birdsall, as suggested above, supported this action-oriented focus, but also maintained a commitment to rigorous "pure" research, and at times counter-balanced Scott's enthusiasm for "doing," giving staff the freedom to invest in research that did not have an immediately defined end product. These commitments reflected CGD's strong affinities to both the academic and policy communities. As one close observer, University of Pennsylvania political scientist Thomas Callaghy, notes, Birdsall's leadership allowed

knew what he was doing and the most important decision he made was to bring Nancy Birdsall on board." Interview with Thomas Callaghy, March 19, 2015.

²⁴ In their evaluation, Arabella Philanthropic Investment Advisors describe CGD as a "a research institution that also produces practical proposals for the policymaking community." Arabella Philanthropic Investment Advisors, *Center for Global Development: Evaluation of Impact*, 112. Scott, "Reflections and What's Ahead for CGD"; interview with Andrew Selee, December 19, 2014.

the institution to cultivate a valuable “insider/outsider dynamic,” which stemmed from Birdsall’s own ability to “play in both worlds” of research scholarship and policy. As Callaghy remarks, few institutions that are able to generate the rigorous scholarship that CGD produces also have a keen sense of how to navigate the political landscape, while the development NGOs that might possess that sort of sophistication, “don’t have the academic chops; they can’t do heavy-duty quantitative economics.”²⁵

Just as significant, then, as the resources, talents and experience of the founding donor and founding president individually was their relationship. Scott provided funding and some basic guidance as to mission, pushing the think-and-do tank toward the “do” side of the balance. But he ultimately left much of the decision-making to Birdsall. As Ruth Levine explains, “while supportive, [Scott] was really a very hands-off benefactor. He gave CGD an incredible amount of latitude. When I joined, which was a few months after it started, Nancy described the situation as, basically, ‘I have \$20 million I can do whatever I want with.’ And I didn’t really believe it. That’s kind of crazy. Obviously, the guy who gives you \$20 million is going to want a say over your agenda and how you do things and want his name out there all over the place. None of those things were true for Ed...[He] always said, ‘Listen, I’m not the policy wonk, you guys are the policy wonks. You guys do what you think you need to do. Let me just tell you I just think it’s a stupid idea but go ahead if you want to.’ And he meant it. And Nancy would [go ahead].” Birdsall herself agrees, citing Scott’s penchant for placing bets on people he trusts. “Then he kind of lets it go. I think that’s what happened to me and the Center. I think he has the

²⁵ Interview with Nancy Birdsall, April 20, 2015; interview with Andrew Selee, December 19, 2014; interview with Thomas Callaghy, March 19, 2015.

wisdom to just trust me. He definitely let go, even though he wasn't completely happy in the beginning."²⁶

Scott's selection of and relationship with Birdsall point to an explanation for CGD's ultimate success that does not merely involve favorable timing. After all, other research centers established around the same time to explore development issues, such as the Wolfensohn Center for Development at the Brookings Institution (founded in 2005 and closed in 2010), did not achieve comparable longevity. As CDG's Todd Moss explained, the institutions successful development reflected "a very particular thing about Ed at that particular time meeting Nancy at that particular time."²⁷

Even after Scott committed to funding the research project on debt relief as a first step to the establishment of a think tank, the question of whether the institution would be independent was not fully resolved. Birdsall actually suggested that Scott contact the head of the Carnegie Endowment, Jessica Mathews, about the possibility of establishing the think tank within Carnegie. But, according to Birdsall, Mathews wasn't particularly interested in development and the possibility was never pursued. Bergsten at one point considered the possibility of housing Scott's institution within the IIE, but Scott insisted that it needed to be independent (a view that Bergsten came to endorse as well).²⁸ Scott recognized that he wanted to have a hand's-on role in the think tank he would help to establish, and this level of involvement would not be possible at an institution with an

²⁶ Interview with Ruth Levine, December 22, 2014; interview with Nancy Birdsall, April 20, 2015.

²⁷ *New York Times*, May 16, 2005; interview with Todd Moss, October 22, 2014.

²⁸ Bergsten came to believe that development issues deserved their own institution and would inevitably be overshadowed at IIE by the global macro, monetary and trade topics that were the Institute's primary focus. Interview with Ed Scott, April 27, 2015; email from Fred Bergsten, May 6, 2016.

already-established governance structure. Further, Birdsall recalls, Scott foresaw the benefits of an institution singularly concerned with development.²⁹

The precise nature of IIE’s influence on the development of CGD is another theme that emerged from my interviews and again raises the issue of the layout of the terrain on which institutions are founded. Bergsten suggests that IIE had a heavy influence on the “think-and-do-tank” model that Scott ultimately favored, in which each project undertaken by the institution would begin with a real-world question, and conclude with real-world proposals. As he recalls, Scott asked him a series of questions about IIE’s ability to “link serious intellectual work with real world outcomes” (though he also acknowledges that Scott placed even more weight on real-world implications over research than he did). Birdsall, however, cautions against giving IIE too much causal weight as a model for CGD, though she does agree that the sort of institution Bergsten led at IIE—a world-class research staff working on real-world issues—was what she hoped to create with CGD. She also notes that for the Center’s first six months, in its infancy, it was housed within IIE, and received not only early logistical support, but the intangible benefit of Bergsten’s endorsement. (IIE had recently opened a new building and so had space available to offer CGD, another example of fortuitous timing playing a role in smoothing CGD’s start-up). The fact that the Center for Global Development could incubate within a more established think tank, but was also assured of its own

²⁹ As Bergsten himself stated, “Ed probably wanted, and justifiably [so] as a big donor, to play a big role, and wound up chairman of the board, and that would not have been possible within our structure, with an already well-set board of directors.” Interview with Fred Bergsten, February 13, 2015.

independence, testified to the way in which the founders successfully cultivated the existing institutional infrastructure.³⁰

Managing and making the most of this relationship took active stewardship. In November 2001, Ed Scott pledged \$25 million to establish the institution that became CGD, and he directed \$5 million of those funds to Bergsten and the IIE to cover the costs of its support for the Center; Scott held the remaining \$20 million and distributed it to Birdsall, initially on a quarterly basis and assuming a five-year disbursement period (more on this funding arrangement shortly). According to Birdsall, Scott's gift to IIE was meant to incentivize a supportive relationship between the established think tank and the one just starting. As it turns out, a productive relationship between the two institutions (and the two institutional leaders), and as Birdsall notes, the generosity of Bergsten in sharing high-level connections and contacts in the financial community, likely contributed to the fast start of CGD both in substantive work and early impact.³¹

Interviewees returned to this initial pledge on several occasions in highlighting what they believed to be a significant factor in CGD's rise. The commitment signaled that the new institution would have the resources to survive beyond the short-term, that it would have staying power, a crucial inducement in attracting top talent (especially considering ODC's demise). As CGD's Todd Moss explains, "trying to get top class

³⁰ Among the support the IIE provided, Birdsall placed particular emphasis on the Institute's guarantee of the Center's initial multi-year lease payment. Interview with Fred Bergsten, February 13, 2015; interview with Nancy Birdsall, April 20, 2015; email from Nancy Birdsall, February 3, 2016, April 30, 2016.

³¹ The relationship between the two institutions was formalized in CGD's bylaws, which "reserve a place on the CGD board for the institute's president for as long as CGD's president has a spot on the Peterson Institute's board." Arabella Philanthropic Investment Advisors, *Center for Global Development: Evaluation of Impact*, 228; interview with Ellen Mackenzie, December 21, 2015. Interview with Nancy Birdsall, April 20, 2015; interview with Ed Scott, November 23, 2015; email from Nancy Birdsall, December 14, 2015, February 2, 2016.

people without having money in the bank can be difficult, because people are not going to leave a good job at the World Bank or a university if they think you might not be able to pay them in two years.” Moss continues: “Ed’s start up gift allowed Nancy to hit the ground running and to hire great people right off the bat.” He mentioned the recruitment of William Easterly from the World Bank and IIE; Steve Radelet from Treasury, and Michael Clemens, who had just finished a Ph.D. from Harvard and was considering entering academia.³²

Scott made it clear that he believed that the quality of the individuals that the Center could attract to staff it would determine the institution’s success or failure more than the strength of the market for its services; these individuals, in a sense, could help create that market. So he appreciated that it would require what he later called a viable “financial runway.” Ruth Levine also pointed to this initial cushion as crucial. “The value of having upfront resources cannot be understated. We were able to start doing work, get people hired, promise them resources to do their work in ways that, now that I’ve seen a bunch of nonprofits, with some similar structures to CGD, none of those have that flexibility.”³³

Having a reliable source of philanthropic income from the start also helped avoid another potential pitfall that had constrained the other development-focused think tank that mostly closely resembles CGD, Britain’s Overseas Development Institute. According to an evaluation conducted by Arabella Philanthropic Investment Advisors, ODI subsides largely grant-to-grant (received mostly from the government), and so is mainly “demand-

³² Andrew Selee made an explicit comparison to ODC in this regard. What ultimately killed ODC was not having a stable donor base, he remarked, whereas CGD was “free born from a \$25 million donation.” Interview with Andrew Selee, December 19, 2014. Interview with Todd Moss, October 22, 2014.

³³ Scott, “Reflections and What’s Ahead for CGD”; interview with Ruth Levine, December 22, 2014.

driven” in terms of the projects it takes on. This funding structure, according to the report, hampers its ability to engage strategically with the field. CGD’s Todd Moss raised the same point in an interview, and in a report (written with Lawrence MacDonald) on the lessons CGD could offer other think tanks. “Think tanks in the development space can quickly get sucked into essentially acting like consulting firms,” he said, bidding on short-term contracts from the UN, multilateral or governmental agencies. The cushion of funding provided by Scott allowed CGD’s leadership to pursue projects that they believed worthy, and, according to the MacDonald-Moss report, to reject projects that were not a good match with the Center’s mission. The funds “enabled [Birdsall] to say no when proffered funding for activities that were not a good fit with our mission. With that initial commitment in hand, CGD’s early leaders were able to raise programmatic funds to support specific activities that were a good fit with the Center’s mission and skills—and to avoid getting pulled from the core mission.”³⁴

Scott’s initial vision was that the \$20 million committed to CGD would be spent over five years. But as Birdsall emphasizes, Scott did not simply hand over the money (say, for an endowment). He would turn over funding to the institution on a quarterly basis, as needs arose, covering its lease, salaries, and other expenses (with no more than \$5 million given in any one year). According to Birdsall, Scott “wanted impact, he wanted to make a difference...He didn’t want [the money] sitting around.” Perhaps most

³⁴ As Moss explained further in an interview, “Our model has not been to get the money and do it. It’s been...get out there and the money will flow if you have good ideas.” Interview with Todd Moss, October 22, 2014. Arabella Philanthropic Investment Advisors, *Center for Global Development: Evaluation of Impact*, 226; interview with Todd Moss, October 22, 2014; Lawrence MacDonald and Todd Moss, “Building a Think-and-Do-Tank: A Dozen Lessons from the first Dozen Years of the Center for Global Development” (Center for Global Development, January 2014), accessed at http://www.cgdev.org/sites/default/files/building-think-do-tank-dozen-lessons-first-dozen-years_2.pdf.

important, his financial commitment to CGD became a known fact; it became a resource itself that Scott and Birdsall could leverage for additional support. As Birdsall explains, the initial corps of scholars and policy experts she hired “could come because they knew about the \$20 million. They knew about the commitment. Then these people started to do great things and we attracted attention. And then we started getting other money.”³⁵

In fact, once other funders became interested in CGD, Scott suggested slowing his rate of disbursement (reasonably enough, according to Birdsall, since this allowed him to continue to invest his committed funds, as opposed to having them sit in CGD’s bank account); on several occasions over the next decade, Scott and Birdsall agreed to such a deceleration. Meanwhile, Birdsall learned an important lesson: that the value of an outstanding commitment from a reliable funder existed whether actually deposited in the CGD bank account or not. The commitment itself signaled the institution’s viability and made it easier to attract additional funding.

“You have to have money to raise money. And once a think-and-do tank is seen as having problems raising money, the problems will be exacerbated because the foundations and the grantors and the donors don’t want to be the last one in.” Conversely, she learned that “it’s much easier to raise money when you are already seen as having money.” She also concluded that the approach Ed Scott took created an excellent incentive for her and her colleagues: to find other funders to “save” the remainder of the initial commitment and thus to extend over time the benefit derived from Scott’s gift and the signal it conveyed of sustainability. (In fact, a portion of Scott’s initial gift is still outstanding). Indeed, Scott’s decision to back the new institution, and its ability to bring

³⁵ Interview with Nancy Birdsall, April 20, 2015, December 21, 2015; interview with Ed Scott, November 23, 2015.

in top-notch scholars based on that commitment, soon drew in other funders. In the three years after its founding, CGD raised \$10 million from other funders besides Scott, largely from foundations such as the Bill & Melinda Gates, MacArthur, Rockefeller, and Hewlett, and Open Society Institute Development Foundations. By 2006, that number had risen to \$24 million.³⁶

Here again Birdsall notes another element of fortuitous timing. CGD emerged on the scene at a moment when the Bill & Melinda Gates Foundation was still relatively new (it had been founded in 2000, the year before CGD) and was focusing almost entirely on global health. At first, global health was not among CGD's key "topics" (aid, trade, financial markets and migration). But one of the Center's first hires, Ruth Levine, who Birdsall knew from their time at the Inter-American Development Bank, asked Birdsall to let her pursue global health issues that aligned with CGD's mission. Birdsall agreed and tasked Levine with bringing in the necessary funds. As Nicolas van de Walle explains, this proved a "good strategy...in terms of mobilizing money," for it aligned the Center with the focus of what would become the world largest foundation. According to Blair Hanewell (now a deputy director of Integrated Delivery at BMGF), at this time, the Foundation had also begun to appreciate the need for a think tank in the development field, especially with expertise in global development centered around economics and finance, and was impressed by CGD's combination of scholarship and real-world experience. "We already knew some of the [CGD] staff from different parts of our past

³⁶ Interview with Nancy Birdsall, April 20, 2015, December 21, 2015; emails from Nancy Birdsall, December 14, 2015, February 2, 2016; *CGD@3: Center for Global Development: the First Three Years, 2002-2004* (Center for Global Development, 2005), 26; *Center for Global Development: the First Five Years, 2002-2006*, 33. *Inside Philanthropy* notes that CGD has received more than \$25 million from the BMGF, and at least \$20 million from Hewlett over the last decade. Callahan, "Who is Silicon Valley's Most Effective Global Giver?"

too, so we did have some familiarity with the actual individuals and were impressed by them.”³⁷

CGD’s relationship with the Gates Foundation was bolstered by Levine’s close working relationship with Raj Shah, who at the time was a young program officer at the Gates Foundation focusing on global health. Together, Shah and Levine developed the “Millions Saved” project, a compilation of success stories in global health, which was the Gates Foundation’s first “global health policy” grant. They next worked together to develop the Global Health Policy Research Network, which Gates funded and CGD hosted and managed.³⁸

The existence of this additional network of funders beyond Scott marked an important development in the institution’s maturation. As CGD anticipated the depletion of Scott’s initial pledge amount and in an effort to diversify its funding sources, it intensified its fundraising, bringing a fulltime fundraiser onboard in 2007. In 2006, the Center received a \$10 million Gates Foundation grant, which included a \$5 million match of funds raised from other donors. The Center’s 10-year anniversary provided the occasion for additional fundraising, which included a \$5 million challenge grant from Hewlett. Just as Scott’s initial funding gave the staff confidence in the long-term viability of the institution, this additional foundation funding provided reassurances to the staff. It also represents a final illustration of CGD’s chronological fortuitousness, since this key moment of CGD’s development, in which it broadened its base of funders with long-term grants, occurred before an insistence on short-term grants became prevalent across the

³⁷ Hanewell arrived at the Gates Foundation soon after the initial relationship with CGD was established. Interview with Blair Hanewell, May 18, 2015; email from Ruth Levine, December 21, 2015; interview with Nicolas van de Walle, December 14, 2014.

³⁸ For information on the “Millions Saved” project, see <http://international.cgdev.org/initiative/millions-saved>. Interview with Ruth Levine, December 22, 2014; email from Ruth Levine, December 21, 2015.

philanthropic sector (Ellen Mackenzie, CGD's CFO, has noted a pronounced shift in grant timespan toward shorter grants after the Great Recession). Such shorter-term grants require more administrative capacity to absorb, and so during a key moment of its early growth, CGD was able to devote fewer personnel and overhead resources to fund-raising and evaluation.³⁹

Ultimately, this additional funding helped secure CGD's preeminent place within the research establishment. As think tank scholar Andrew Selee explains, "they managed to occupy that space when no one else was in it [and] with enough financial solidity, enough connections into the right networks and with enough seriousness of purpose, [so that] it's been hard for other people to move in in the same way." These later contributions to CGD can be regarded as the final fruits of Scott's initial investment. They represent a sort of compound leveraging achieved by his pledge—a financial commitment that helped attract further funding, all of which was in turn directed toward pushing public policy among Western governments to achieve maximum impact—and an enduring institution.⁴⁰

³⁹ As of December 2015, about \$3.5 million of Scott's initial pledge still remains. Email from Nancy Birdsall, December 14, 2015. The Gates Foundation also funded an independent evaluation of CGD by Arabella Philanthropic Investment Advisors that might have helped the Center attract additional donors. Arabella Philanthropic Investment Advisors, *Center for Global Development*. "CGD Receives \$10 Million Gates Foundation Grant," CGD Press Release, December 18, 2006, accessed at <http://www.cgdev.org/article/cgd-receives-10-million-gates-foundation-grant>; interview with Blair Hanewell, May 18, 2015; *CGD@10* (Center for Global Development, 2011), 73; interview with Ellen Mackenzie, December 21, 2015.

⁴⁰ Interview with Andrew Selee, December 19, 2014.