



Swimming Upstream

Alan Wheatley
profiles **Nancy
Birdsall**, founding
president of the
Center for Global
Development

SLIGHT, bespectacled, measured, and reasoned, Nancy Birdsall looks to be someone who would rather play safe than bold. But appearances can be deceptive.

Under her stewardship the Center for Global Development (CGD), the Washington think tank she cofounded in 2001, has carved out a reputation for being innovative, even radical. And though the CGD is now regarded as a leader in its field, Birdsall still likes to portray it as something of an outsider. “We’re swimming upstream all the time to try to push the system to address problems in the way the system works, which tend, in general, to make life more difficult than it ought to be for those who are vulnerable,” she tells *F&D*.

For Birdsall, who recently stepped down as CGD president but remains a senior fellow, development has to encompass much more than aid. Concretely, the goal must be to ensure that the rules of the game on global issues such as trade, migration, and climate change are not rigged against the poor. To that end, the CGD’s research aims to show how the policies of rich-country governments and international financial institutions affect people in the developing world and can be improved to reduce poverty and inequality.

“I think the development community and the international community are moving much more in that direction now,” Birdsall says. “I feel as though we’ve been very important in that respect, in that we have generated ideas. We haven’t just said this policy should be changed or improved. We have come up with new products that address these problems at the global level in ways that are reasonably practical.”

Among the initiatives to the CGD’s name are the Commitment to Development Index, which ranks 27 rich countries on policies that affect the global poor; development impact bonds to catalyze private financing; and an international push for an evidence-based approach to development programs. Its most popular publication is *Millions Saved*, a collection of successful public health case studies now widely used as a teaching aid.

Original thinkers

Kunal Sen, a professor of development economics and policy at the U.K. University of Manchester, calls the CGD’s research thought provoking and says it is required reading for his students. “CGD is distinctive in the way it provides new ideas and thinking on topics,” Sen says. He gives Birdsall credit for bringing in original thinkers including Michael Clemens, Lant Pritchett, and Owen Barder, the CGD’s director for Europe. “In a very short time it’s become one of the leading think tanks on development policy,” says Sen. “They have combined very strong, rigorous research with very effective policy advice and impact.”

Like many things in Washington, the CGD started over lunch. Ed Scott, an entrepreneur and former high-ranking government official, wanted to finance a nongovernmental organization devoted to debt. After consulting such well-known experts as Tim Geithner, Gene Sperling, the late Carol Lancaster, and the IMF’s Masood Ahmed, Scott became convinced that the think tank should also address issues such as governance, health, and education.

But who should head it? Over lunch at the Occidental with Ngaire Woods, whom he knew from studying at Oxford University, Scott went through a list of potential candidates Geithner had compiled. Woods, now the inaugural dean of the Blavatnik School of Government at Oxford and professor of global economic governance, strongly recommended Birdsall. They went to see Fred Bergsten, then head of what is now the Peterson Institute for International Economics, who had agreed to sponsor a research program on debt for Scott. Bergsten told them he had someone in mind to lead the project—Nancy Birdsall.

“So within the course of an hour two independent people coming from two different directions had strongly recommended Nancy,” Scott recalls. At that point, he had never met Birdsall, a veteran of the World Bank and the Inter-American Development Bank. He soon put that right and found they had similar views. So the CGD was born, with Scott, Birdsall, and Bergsten as cofounders.

Birdsall recalls Scott’s insistence that the new center should aim for impact and influence and not be a “sandbox for economists.” This chimed with her view that, while there was no

need for yet another think tank telling developing countries what to do, there was a role for one that focused on how the rich world could improve its policies for the benefit of the poor. “After almost 20 years working the multilateral banks, I thought it was time to scrutinize, watch, monitor, assess, and try to modify the policies of the U.S., Europeans, etc., and of the IMF, World Bank, other multilaterals, the United Nations, the corporate world—to make their policies more development friendly,” she says.

Better than expected

Scott says the CGD has turned out even better than he had expected, employing more research fellows and pursuing a broader scope of inquiry than he had envisaged. “I couldn’t be more pleased. It’s an A-plus institution,” he says. Scott stepped down as CGD chairman last year and handed things over to former Treasury Secretary Lawrence Summers, who knew Birdsall from her days at the World Bank. “He clearly wouldn’t have done that if he did not believe it was an institution worthy of his attention,” Scott says.

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Indeed, Summers has praised Birdsall for assembling an exceptional group of scholars who he says make a real difference to development policy. “With Nancy’s leadership CGD has emerged as the world’s best example of a ‘think and do tank.’ From Nigerian debt relief to prizes for successful drug development, from preserving forests to maintaining trade finance, CGD has defined the cutting issues,” says Summers, now an economics professor and president emeritus at Harvard University.

Before setting up the CGD, Birdsall served as director of the Economic Reform Project at the Carnegie Endowment for International Peace. That followed a 5-year stint as executive vice-president at the Inter-American Development Bank and 14 years at the World Bank, where she rose to be director of the policy research department.

Born in New York in 1946, Birdsall did not come directly to economics. After completing a BA in American studies at Newton College of the Sacred Heart in Massachusetts, she went on to earn an MA in international relations at the Johns Hopkins School of Advanced International Studies (SAIS) in Washington. It was there that Birdsall became interested in development—her master’s thesis was on a labor leader engaged in the independence fight in Kenya—but it was not until she was working as a policy analyst for a population program financed by the U.S. Agency for International Development that she had an epiphany on economics. In her job assessing proposals from African scholars, it struck her that the submissions from economists were the most testable.

An economist colleague indirectly mentored her in writing papers on fertility, family planning, and women's employment. Her conviction grew that economists "made the most sense" and that she needed training in the tools of the trade. Five years after her master's Birdsall applied to Yale, earning a PhD in economics.

In addition to her professional experience, Birdsall's personality has helped make the CGD tick, Scott believes. "People like her, she listens to what people have to say, she's extremely articulate, she's a great ambassador of the institution, and she's a very nice person," he says. "Those things have all contributed very much to the success of CGD. But to say only Nancy could have done it—who knows? It's like saying could U2 have been U2 without Bono. Who knows?"

Michele de Nevers, a CGD researcher whom Birdsall first hired at the World Bank, adds: "What is remarkable about her as a leader is that she's driven by a strong and wide-ranging curiosity. That gets people engaged in areas that they might not otherwise have found interesting." In a speech at the CGD to mark its 15th anniversary, IMF Managing Director Christine Lagarde paid tribute to Birdsall for "the way in which, with a smile, with persistence and resilience, you push us to think outside the box."

Reputation for integrity

William Easterly, a professor of economics at New York University, repeatedly returns to Birdsall's integrity to explain how the CGD built a strong reputation. Just as she had not been captured by the Inter-American Development Bank or the World Bank, Birdsall took pains at the CGD to foster intellectual freedom of ideas and not to prejudge the evidence her researchers would unearth. "When she was saying at CGD that aid is good, it was clear that it was coming from her own careful reflection and not serving a political or policy agenda," Easterly says. "That's one of the reasons for CGD's success. The critics of aid and the proponents of aid both equally respected Nancy. She just had this reputation for integrity."

Easterly draws on his own experience to underline the point. Birdsall had been Easterly's boss at the World Bank, and she hired him at the CGD after—in his words—he was "encouraged to go on indefinite leave" by the Bank after airing controversial views. "I really did feel as if Nancy was giving me political asylum," he recalls. "It took some courage on her part to do that because she could potentially be offending the Bank and other parts of the establishment. That's a sign of her integrity."

In the same spirit, Easterly notes, Birdsall has stoutly defended CGD researcher Clemens for his research in support of freedom of migration to rich countries from poor countries. "He's got hate mail, but Nancy has been willing to tolerate the controversy," Easterly says. "A more cautious, bureaucratic think-tank head, of which there are many in Washington, would have told him to shut up."

Having pursued a successful career while bringing up two daughters and a son, it is not surprising that Birdsall identifies with the self-described feminist and Facebook Chief

Operating Officer Sheryl Sandberg. Birdsall has written warmly of Sandberg's book *Lean In*, which is about encouraging more women to seek leadership roles. Sandberg, who used to be on the CGD's board, helped Birdsall see that she had been more ambitious and hard driving than she had admitted to herself, and that there had been no need to feel guilty about traveling a lot when her kids were small. "I was a bit of a Sandberg ahead of my time," she has said. One reason, perhaps, is that Birdsall was educated right through university by nuns who ran their own lives with their own hierarchy. "Even if/when I disdained them, the reality was that they ran their own communities. They were truly independent women, operating as autonomous managers of their own lives," she tells *F&D*. As such, Birdsall reflects, they were for her "an unconscious counterpoint to the very nonfeminist world of postwar, prosperous, suburban New York" in the 1950s.

Birdsall recognizes that only a small minority of women in the world have the opportunities she and Sandberg had. The cards are stacked against poor countries. "The whole process of globalization is asymmetric," she says. The global rules are not neutral because the market is not neutral. "The market tends to favor those who already have some kind of assets, whether it's education or financial assets or, as a country, institutional solidity."

Thus Birdsall sees a need for policies that help level the playing field. She has in mind things such as financing public education and infrastructure. The returns to borrowing to build roads, ports, and public transportation are potentially so huge, especially for the poor, that she would like the World Bank and regional development banks to show more leadership on the issue. The banks' rich-country shareholders worry too much about the reputational risks associated with a loan for, say, a hydroelectric dam, she suggests. "When you borrow to invest, then you generate growth and repay. That's great. That's what development's all about."

Mandate and money

Birdsall would also like multilateral banks to be given an explicit mandate—and money—by their government shareholders to provide global public goods, such as agricultural research, that produce benefits for people in rich and poor countries alike. (See "Knowledge as a Public Good," in this issue of *F&D*.) She is encouraged by a new World Bank initiative to protect the poor against pandemics. But she is frustrated that the Bank has never been formally tasked with addressing global collective action problems and given the tools for the job. Traditional country-based loans are insufficient. "That's something that I've been obsessing about for more than 10 years," she grumbles. "Not enough money is being spent on these global problems."

Besides global public goods, her other self-avowed obsession is outcome-based aid, an approach pioneered by the CGD to increase the effectiveness of aid. Also known as cash on delivery, the idea is to pay for development outcomes rather than inputs. Instead of up-front aid to improve, say, education, the money is not payable until agreed benchmarks are

met. For example, a government might be promised \$100 a year for every extra child who completes primary school and passes a test. It is up to the government how to hit the target. Building schools or raising teachers' pay could be the answer. But the problem could be that muddy roads are impassable for part of the year, and so teachers cannot cycle to school. In that case, the solution would be to build new roads. "Something is missing when you don't give the risk and the responsibility implicitly and explicitly to those on the ground," says Birdsall. It is a lesson she learned in the 1980s when she was working on health and education projects for the World Bank in north-east Brazil. "I was far too concerned with planning inputs, getting projects started, and disbursing money and not with what Brazil wanted to do to get results," Birdsall told a U.S. Agency for International Development conference in 2012.

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In 2010, the U.K. Department for International Development and Ethiopia were the first to implement a pilot aid program based on the cash-on-delivery model. A 2015 CGD paper acknowledged that the idea has been slow to take off, but Birdsall is undeterred. Measuring and verifying outcomes can be difficult in some areas, she recognizes, but not in others. For instance, the CGD has shown how satellite-based data can be used to reward governments that successfully reduce deforestation.

A variation on outcome-based aid, also developed by the CGD, is an incentive plan called Advance Market Commitments. G7 finance ministers in 2009 endorsed the idea and promised to buy a vaccine against a specific disease if such a vaccine was developed. Since then, five countries and the Bill and Melinda Gates Foundation (a CGD funder) have committed \$1.5 billion in a pilot program for a vaccine to prevent the strains of pneumococcal disease common in developing economies. It is hoped the scheme can prevent more than 1.5 million childhood deaths by 2020. More recently, the CGD set out how multilateral development banks could incentivize pharmaceutical companies to combat antimicrobial resistance, a problem rising swiftly up the global agenda.

Consensus defender

If Birdsall is a fierce advocate of spending more money on global public goods, it is because poor people are the most vulnerable to cross-border risks such as infectious diseases and financial crises. By the same token, developing new vaccines and combating climate change help the poor most. Yet the provision of global public goods, or indeed of aid, is

no cure-all. Development begins at home, as the success of China and India shows. Likewise, African countries that have grown rapidly in the past 10 to 15 years have all opened up their economies and shored up their macro fundamentals. "I think it's important to repeat that over and over again," Birdsall says. She is that rare beast—a stout defender of the Washington Consensus, a 10-point list of recommendations for managing a market economy drawn up in 1989 by John Williamson, a colleague of Bergsten's at what was then the Institute for International Economics. In the eyes of critics, the Washington Consensus sowed the intellectual ground for fundamentalist policies that badly damaged developing economies, including the imposition by multilateral lenders of harsh conditionality and premature demands for capital liberalization. But Birdsall says this criticism is to traduce Williamson, whose proposals, she says, are best understood as a program for macroeconomic stabilization and market-based development. "What's been lost in the discussion is that some aspects of the Washington Consensus make a whole lot of sense," she adds. Countries like Ghana, Kenya, Senegal, and Tanzania were doing very well in the past decade—until commodity prices slumped—because they had strengthened their macroeconomic foundations.

The big challenge for such countries is at the micro level, Birdsall argues. Their political institutions are still fragile, and the state is unable to generate enough tax revenue to deliver public services. The goal of development, then, should be to build a middle class that can be taxed, thereby giving it an incentive to hold government to account. "It builds in accountability and transparency at both the global and the country level as being very fundamental to growth—and to growth that is inclusive," she says.

Next chapter

Birdsall intends to make herself scarce at the CGD in the fall to let her successor set the agenda before resuming as a researcher and writer of blogs, columns, and essays. She will work part-time so she can see her grandchildren in Colorado more frequently and spend time at her second home in Vermont gardening, reading more nonfiction, and listening to music—her husband plays guitar and her son is a "struggling" professional pianist/composer. Vermont is handy for Williams College in western Massachusetts, where Birdsall will give a weekly tutorial course in the spring semester as part of a master's program for students from developing economies.

The leadership of the CGD may be changing, but for Birdsall its mission to reduce global poverty remains the same. "There's a long way to go, but there is increasing recognition that we are all in the same boat," she says. "It's about watching and monitoring and reporting and pressuring and coming up with new ideas and new products that make it easier for the good guys to do the right thing." ■

Alan Wheatley is an economics writer and editor, formerly with Reuters, and editor of The Power of Currencies and Currencies of Power.