

Speaker 1: Ever heard of Billy Beane? You know, Brad Pitt in the movie Moneyball, based on the book by Michael Lewis?

[00:00:30] As general manager of the Oakland A's, Billy Beane had a small budget, but he still wanted to win, so he ignored scouts who relied on gut feelings and instead used statistics to find the most effective players. And it worked. Beane beat the wealthy teams, took his data-driven A's to the playoffs, and forever transformed baseball.

[00:01:00] There's a lesson, here, for Washington: Lawmakers base spending decisions on their own gut feelings, or even worse, special interests. The result? Less than one dollar out of every \$100 spent today is backed by even the most basic evidence.

Now that doesn't mean federal programs aren't working. We just don't know, because most aren't even evaluated. Wouldn't we make better choices if we had evidence and data about what works and what doesn't? What if we redirected spending to programs that work? What if decisions were made based on results? What if government played Moneyball?

[00:01:30] Both Republicans and Democrats agree that this approach makes sense. President Bush led an effort to evaluate the effectiveness of federal programs. President Obama is pushing federal agencies to use evidence in their budget plans.

[00:02:00] Republicans and Democrats across the country are calling for greater use of evidence in spending decisions. They're also looking at pay-for-success models, where government pays only after a program has achieved results. New York City Mayor, Michael Bloomberg, has shifted money away from failing programs and towards ones that work. Providence, Denver, Baltimore, San Antonio, and Miami are all close behind.

Moneyball for Government is starting to happen, but not fast enough. Just like the Oakland A's, our nation has an opportunity to get better results. Let's take a cue from Billy Beane and use data instead of gut instinct and special interests to make spending decisions.

[00:02:30] Let's bring Moneyball to government and get better results for America.

Speaker 2: Welcome to the stage our next panel, moderated by David Medina.

[00:03:00]

David Medina: Hello. Good afternoon, everyone. We hope you enjoyed our Moneyball for Government video.

My name is David Medina, and I'm the co-founder and chief operating officer of Results for America. We're a national organization based here in Washington, DC with one simple but important mission, which is to work with leaders at all levels of government -- local, state, federal, and international -- to help them use data and evidence when making decisions.

[00:03:30] I'd like to begin today's very timely panel discussion by first thanking all of the supporters and attendees of this week's Global Innovation Week, including USAID and all of their funding partners. Also wanna thank all of you for spending time with us this afternoon.

[00:04:00] In 2013, my organization -- Results for America -- and I reached out to John Bridgeland, the former White House Domestic Policy Council Director under President George W. Bush, and Peter Orszag, the former White House OMB Director under President Obama, about an article that was eventually published in The Atlantic, which called upon government leaders to play Moneyball. In other words, to use data and evidence when making decisions.

[00:04:30] The public response to that article was so positive that we decided to publish a book called Moneyball for Government, featuring chapters by US Senators Warner and Ayotte as well as senior White House leaders from the Bush, Clinton and Obama White Houses, among others. After this book became a national bestseller, we decided to print a second edition featuring a new chapter on evidence-based policy-making and US foreign assistance by Raj Shah and Mike Gerson.

[00:05:00] We thought you might all enjoy this book, so we worked with our distributor -- Amazon -- and are making this book available to you today for free. You will all be receiving these little postcards which give you the instructions on how to download the book for free just today, so I encourage you to do that.

[00:05:30] But more importantly for today's discussion is, as part of our Moneyball for Government campaign, we also decided to develop an Annual Invest In What Works Index, which highlights the extent to which federal agencies and departments are using data and evidence when making budget, policy and management decisions.

[00:06:00] We created this index in 2003 with input from more than 75 current and former federal government officials as well as other leaders in the public, private and nonprofit sectors. As you can see in our 2016 scorecard, which looks like this and which is also being distributed throughout the hall right now, in 2016, we ranked seven federal departments and agencies based on 10 very specific objective and quantifiable criteria related to their use of data and evidence.

[00:06:30] This scorecard ranked these agencies in three areas related to our Moneyball for Government principles. Were the agencies building evidence of what works? Were they investing public dollars in what works? And third, and perhaps with the most difficulty, were they shifting funds away from practices, policies and programs that consistently failed to achieve desired outcomes?

[00:07:00] Since most of you are familiar with the work of USAID and MCC, it's probably not surprising to you that these two federal agencies had the highest scores in our rankings last year. 83 and 85 points out of 100, respectively. With us here today are two of the individuals who are helping USAID and MCC lead the way when it comes

to evidence-based policy-making within the US government.

To my right we have Tom Kelly, the vice president for Policy and Evaluation at the MCC, who has had a very distinguished career at the MCC as well as at the World Bank, at various United Nations organizations, and at Middlebury College.

[00:07:30] Also, to my closer left, Dr. Louise Fox, the chief economist at USAID who has similarly had a very distinguished and successful career at the World Bank and at the University of California at Berkeley before joining the Senior Leadership Team here at USAID.

In order to ensure that we all get as comprehensive a view as possible about the data and evidence work of these two agencies, I'll be asking our two distinguished panelists questions related to each of our three Moneyball principles.

[00:08:00] Let me start first with Tom. Tom, according to the research we gathered for our 2017 index, which will be released on October 18th, MCC is currently investing a whopping five percent of all compact spending -- or \$15 million out of \$302 million -- in rigorous evaluations. Can you explain to us how MCC has been able to invest in rigorous evaluations at this level so consistently for the last few years, and can you

[00:08:30] also give us a real world example of how those evaluations are actually helping people around the world?

Tom Kelly: Okay. Let me take a quick step back for context for people who don't know who MCC is.

MCC was created about 14 years ago with the idea that there had been many lessons learned over the last 50 or 60 years in foreign assistance, and that there were certain things that we could do better. So MCC was created and organized around a set of set of a few core principles.

[00:09:00] Principles around good governance; we should work in countries that are relatively well-governed. Principle around results; we should focus on getting results as opposed to how much money we're spending and focus on country ownership that, really, it is our partners truly owning what the projects are that will bring their success.

[00:09:30] So in starting from those broad principles, then, which of course sound good and of course sound right, MCC had to figure out how to operationalize this in a practical way. MCC has consistently tried to do so in a very evidence-based manner. We are held to account to do so in a very evidence-based manner. That is foreshadowing a little bit of the key answer to your question. The expectation is that we will do all these things in an evidence-based manner. So, over time, what has evolved is a system by which MCC has a very methodical and data- intensive end process which takes some time to develop our investments with our country counterparts.

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We started our investment, first of all, by looking at some indicators of governance. These are third-party indicators that are quantitative indicators that help us get a

[00:10:30] sense of how well countries are governed relative to each other. We actually start our entire relationship with a country based on evidence -- which we can discuss the weaknesses and strengths of that evidence -- but based on evidence that is quantitative about which are the countries that have the best chance of making good use of MCC funds.

We start with a scorecard that leads us to the countries we're going to work in, then once we begin the relationship with these countries, we begin with an economic study which refer to as a constraints analyses. What we're thinking about when we say constraint is a constraint to economic growth, constraint to poverty reduction.

[00:11:00] For those of you who are familiar with the growth diagnostic methodology that came out of the Kennedy School in [inaudible 00:11:01], this is a slight variation on that. That helps us through an evidence-based process, with our country counterparts, hone in on two or three or four sectors where we'll work.

[00:11:30] We move from there to a fairly data-intensive process of looking at, what are the root causes of the problems that we've identified? So when we do these constraints analyses, we may decide that human capital -- the lack of education -- is a binding constraint on growth, or we may find that power -- electricity -- is a binding constraint on growth.

It's not enough to merely know that and say, "Right, here's a project in education. Here's a project in your power sector." We need to understand, why is it that there isn't reliable and cheap power for firms and households? Why is it that firms can't recruit that kind of talent they need?

[00:12:00] We do so, again, in a data-driven way with our country counterparts. We try to figure out, then, through this process, what the problem is and identify projects that will help address this root cause. And in the identification of those projects, then, each of them is held to a standard of cost-effectiveness, so we do a cost-benefit analysis for each project. Has to hit a hurdle rate of a certain level of return, which for us is 10%.

[00:12:30] For those projects that hit that, we move into a process of implementation with our country counterpart that is monitored very carefully. All projects also have to have an evaluation at the end.

Now, that's a long description of a process we go through that, frankly, our stakeholders outside of our building -- in Congress, in the think tank community, the people who support us to get our funds -- require of us. So coming back to your question, how are we able to spend that much on things like evaluation? Those are the expectations that we have.

David Medina: [00:13:00] And can you give a specific example of a country or region that has benefited from these evaluations to date?

Tom Kelly: Let me touch on each of the processes very quickly. For the constraints analyses, when we first started out, we would arrive and say, "Right, you're eligible for a very large grant," and, "What do you think a priority is for you?"

[00:13:30] That was very challenging. You can imagine yourself being in that position. Somebody arrives and says, "I have a very large grant for you. What would you like to do with it?" To discipline that conversation, we've moved to that step in the process and it has made an enormous difference for us.

Similarly with the root cause analysis, lots of projects could be done in any sector, but we would find that doing a project in the absence of understanding the true deep problems often wasn't getting the return we wanted.

With the cost-benefit analysis, people have lots of good ideas. But frankly, until you're rigorous about looking at the cost side and the benefit side, it's difficult to compare across them.

[00:14:00] On the evaluation side, I think one of the biggest steps we've made moving forward was being able to group our evaluations -- so, less in terms of country and less in terms of sector -- and group them in thematic areas. Our first set of evaluations was in agriculture.

[00:14:30] A more recent set of evaluations was in transport, and we have a paper coming out on our transport projects now. The paper we have on our transport projects has led us to focus on a number of things that has changed how we do our work. One of which is thinking very hard about how you maintain roads. Not just how you create an asset, but what is the institutional network around it that helps you maintain that asset?

Another more technical issue is around, how does a road exist and operate within a network as opposed to in isolation? These are the types of things that have changed our internal practice.

David Medina: Great. And Louise, USAID has similarly invested \$250 million in rigorous evaluations in FY16 in order to be able to complete a staggering 145 evaluations and manage another 323 ongoing evaluations. Can you give us an example of where this commitment to evaluation comes from at USAID, and the results of that at the human, the community, the country level?

Louise Fox: Sure. Well, I guess I would start with the point of view that we have to get an annual budget allocation from Congress. We've realized that we ...

[00:15:30] A lot of you say aid doesn't work. That's a refrain that comes and goes, but it never really goes. It always keeps coming back. "Aid doesn't work. Why should we spend money on these countries? Nothing works. Nothing's happening. Whatever." We do need to start by countering that narrative, and I think that is where that political dynamic underlies our growing focus on evaluations and evidence so that we can make the case.

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[00:16:30] I think we're not the only aid institution that has that. I've been in the aid business a long time, and I have seen the increasing and increasing sophistication of evaluations -- impact evaluations, performance evaluations, and research and evidence on what works in various sectors -- come to dominate the development economics literature. So I think we at AID are building on that.

[00:17:00] What I would characterize perhaps the last 10 years at AID as seeing a move from islands of excellence in evidence-based policy-making and evaluation to more of a systematic institutionalized approach. I think our previous two administrators definitely tried to focus on that, and our new administrator is also very clear that he wants AID to be an evidence-based agency, so I think he would say he wants our score to go even higher on your Moneyball Index. I think he might set that as one of his targets over his administration.

Tom Kelly: He kind of looks like Brad Pitt, actually.

Louise Fox: Okay, I'll tell him next time I see him.

[00:17:30] Now, if I were to say how we ... USAID didn't have a formal evaluation, so how did we move to a systematic, institutionalized approach? First of all, we didn't have a formal evaluation policy, and in 2001, we were able to adopt an agency-wide policy. Then in 2016, we learned from our experience from those five years and we revised what we call our administrative directives -- or ADS -- on the program cycle to really institutionalize a framework.

[00:18:00] Not just of evaluation. We call it LER, which is learning, evaluation and research. We want to do that throughout the program cycle from design until completion. But that framework and institutionalizing that framework around the simple design of the program cycle we think really increased the internal demand for evaluation and evidence. So I would say one thing that has changed over the last 10 years in AID is there's more internal demand for evaluation. This is not being pushed on people; people want it, they crave it.

[00:18:30] Another thing we've realized is even if we really work hard to gather all the evidence, we really don't know everything at the beginning of a project. So we have also been introducing what we call adaptive management, which means that we need to use ongoing process and program evaluations to adjust the design and the tactics of a project during implementation.

[00:19:00] There's gotten significantly more freedom for people to do that analysis, look at things at midterm, do some pilots, figure out whether it's worth scaling up, et cetera, as opposed to our previous, where we made a design and we just carried it out. The train ran no matter what. That's the importance of adaptive management.

[00:19:30] What we find is not only is there a hunger internally to do these evaluations and get the evidence, but we find that actually over 90% of the evaluations that are conducted that you listed -- all these evaluations -- more importantly, that they're

[00:20:00] actively used. That's important. By the way, we try to partner with other groups like 3ie and other groups with their evidence maps to try to do it.

We're different from MCC. We don't get to go to a government and say, "We have a large grant. How would you like to spend it?" We get to go to a government and say, "We have a large grant for malaria reduction. How would you like to spend it?"

[00:20:30] But even there, we want to use evidence a lot, and I think we have been in the forefront of that in a number of sectors. We're recognized there.

David Medina: Great. Tom, in FY16, MCC also performed very well in our index when it came to shifting taxpayer dollars away from compacts which were not meeting the outcomes and the responsibilities outlined in your policy on suspension and termination. According to our research, MCC has terminated seven out of 33 approved contracts to date and has suspended partner country eligibility four times.

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We found that most federal agencies were very unwilling or unable to provide us with examples of very significant efforts like this to shift dollars away from what wasn't working. How is MCC able to make those tough decisions?

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Tom Kelly: Let me talk first about the suspension or termination of entire compacts, which you mentioned. That hearkens back to my first response about why MCC was created and how it was created.

The idea initially was that there would be a joint agreement -- effectively a compact, which is what we call our investments -- between the United States government and our country counterpart governments, and that that compact required certain things of us. But of our country counterparts, it required certain things, which are actually quite demanding.

[00:22:00] As Louise says, there's not a lot of agencies in the world who have the freedom to show up somewhere with a very large grant and say, "How would you like to expand?" But with that comes a lot of responsibility and a lot of demands on our country partner.

I began by talking about how there was this principle of good governance associated with the countries MCC's supposed to work with. When countries stray from that good governance, it's fully expected of us that we will end that relationship. So, while it's a remarkably difficult thing to do -- it is extremely painful to stop things that are working, particularly when they're designed to increase growth and poverty reduction -- no one likes to do this, and nobody wants to do it, but we've been set up to have the ability and, frankly, the expectation that we will.

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That is that side of the story. The expectations are also pretty strong on the results side for us. When something's not working, we're expected to improve it. Louise talked a little bit about ... I think she used the term "adaptive management." That's actually quite hard to do. We do have examples where, in our quick five-year

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timeframe, we're able to get a midterm or evaluation where we're able to see from the output tracking that something's simply not going to work. Louise and I were also talking about youth employment programs.

[00:23:30] In the context of Morocco, we had a program for entrepreneurs and small businesses that wasn't showing an increased survival rate of firms, so we stopped it and reallocated the money. We had something similar in Lesotho with a clearing house. Those are quite hard to do, though, 'cause we have a hard five-year clock, and a lot of times, we are actually managing to implement to finish our road or to finish our transition lines right as that clock runs out.

[00:24:00] What is more common for us is, once we've designed something and we have what we think is the right idea and we go out and we set up a government agency who starts then to do the final design and procure the contractors to actually go and build this road, or actually go and fix this irrigation canal, or actually go and work with the utility to improve their building system, we find at times that the costs come in too high. Or some of the earlier evidence that we thought we had about what the problem was might not be right.

[00:24:30] It's at that point that, quite often, we have to make very difficult decisions. In the case of Tanzania, we were going to help them with what's called non-revenue water. So, water leaking out of the pipes. It turned out to be much more expensive to do than previous studies had showed, so we stopped it and we reallocated the money and we moved on.

[00:25:00] One of the things that allows us and motivates us to do that is we know that at the end of that project, every project has an evaluation, and all of our evaluations are independent. They come from outside the agency. We also know that our friends who are gonna come do that impact evaluation are also gonna do a cost-benefit analysis at the end. So when we estimate upfront, "This has a decent return," somebody's gonna ask later, "Did it have a decent return when you were finished?"

Because of a commitment to transparency, all of that is going to go up on our website. Beforehand, while it's happening, and after it's over. That helps focus attention internally when you open yourself up to that level of transparency and you create those expectations externally.

David Medina:  
[00:25:30] What advice would you give to other agency leaders -- perhaps even including some domestic agency leaders -- who say, "I can't make that tough decision because of the political backlash within my agency, within Congress, in the general public ..."

Tom Kelly: Do this: Invite your stakeholders in. We're public institutions, and the extent to which you make them public goods and you open yourself up to the think tanks, to the civil society organizations, you strengthen your own mechanisms of accountability.

[00:26:00] Another thing to do is go down the road, here, to Congress and open yourself up to

staffers and take them seriously, and to members, and to talk about what it is you're trying to do, what the challenges are, and what you think you should be held accountable for.

We've been fortunate that we have a relatively short history and we have expectations put on us that we've been able to do those things. But really, a lot of the demands for evidence, a lot of the demands for accountability, come from the outside. We try and stoke those fires, but it comes from the outside.

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David Medina:

Great. And, Louise, USAID's written response to our innovation question in 2016 was the longest we received from any agency on any of our questions, and for good reason. Can you share with us how your global development lab, your development innovation ventures, other innovative efforts are helping identify what works and invest in what works?

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Louise Fox:

Well, I think, in a way, that's what this whole day is about. USAID does two kinds of things: We evaluate our own programs and we try to say in our programs or then trying to apply what works in a particular context. So we look to see if the theory of change that was outlined at the beginning of the project based on existing evidence actually held up.

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But we know that there's way too much that we don't know, and that's where a lot of the research that we fund comes in. USAID funds research about development and what works in development through a number of channels. DIV has been one of them, where universities and other agencies -- I know the World Bank's gotten some money and some NGOs have gotten money and whatever -- get some money to do some evaluation research, some impact evaluation work, on what works.

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Then we sometimes do it within our own projects. Sometimes we also do that jointly with others. For example, we've done some evaluations jointly with the World Bank Gender Innovation Lab in Africa to try to figure out what works for women in agriculture in Africa.

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I can give you one example where I think it really worked well. Overall, I would say that USAID's education sector has been in the forefront of the focus on learning and assessment that has really finally come to a discussion of what we're trying to achieve in education.

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The MDG said, "We want kids to attend school." Three quarters the way through the MDG cycle, we said, "Wow, they're not learning anything." And USAID has been in the forefront of saying, "Okay, we've got to have some assessment tools that really work that can tell administrators and principals and teachers and governments and stakeholders for accountability in real time whether kids are really learning." So USAID helped to develop those tools.

Then, in Mozambique, they used those tools in a program called Aprender a Leer to

[00:29:30] examine the effectiveness and the cost-effectiveness of several interventions that we were testing. We thought might work based on evidence elsewhere might work in Mozambique to improve early grade reading. What happened was we figured out which one -- based on that work -- was the most cost-effective and it was adopted by the Ministry Of Education.

[00:30:00] Then the next thing we did was, through our pillar bureau -- our education sector group in Washington -- we tried to disseminate that knowledge to other systems that were working in similar to Mozambique about what we learned from this evaluation.

I think that's maybe another one of those long answers to one of your short questions, but I hope that makes the point.

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David Medina: Yeah, I think these are all interrelated issues, so there are no short answers.

Tom, both of your agencies scored among the highest when it comes to innovation. Can you share with us a little bit about your solutions lab and your Millennium Efficiency Challenge?

Tom Kelly: Yes, I will share a little bit. Millennium Efficiency Challenge is a dynamic we've introduced just recently internally to our own staff.

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At the beginning, in my first answer, I laid out this fairly elaborate, methodical process we have for developing our investments before they can go to our board for approval. That process I laid out there takes two and a half, three years. If our partner country is sluggish, three and a half years. It can go longer if we're negotiating over some sort of policy reform. That's a long time, and that's a challenge for us because of the expectations in our partner country governments.

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They have an electoral cycle, they have things they expect to deliver. They create expectations, and also here. A country gets excited and its supporters here in Washington get excited when we pick country X, and every year Congress asks, "How's it going? How's it going?" And if it's three years later and we're still telling them that we're doing this study on electricity losses on a certain kind of transmission line in a certain county, people get deeply impatient. That impatience is not just outside our building; it's inside our building.

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This Millennium Efficiency Challenge is opening up to our own staff to try and think about ways to make this internal process that we have more efficient. Some of it will be uninteresting bureaucratic things around decision-making, but some of it hopefully will be innovations about, "How do we get information and how do we get evidence faster?"

David Medina:

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And let's just shift gears a little bit and maybe look backward over the last five years. What have been the biggest challenges to the increased use of data and evidence at your two agencies? Let's not look forward; let's look back just for a bit.

Louise?

Louise Fox: Well, I must say by the way, one of the things that we recognize at USAID -- as does MCC -- that we don't know ... All the evidence is not generated at USAID. We're not the font of all knowledge.

[00:33:00] Actually, one of the strengths of the US is the amount of research that's done in research in universities. We have links with universities. We've had a long history with land grant universities and agricultural, but with other universities, too, through some innovative mechanisms that have been developed within the lab.

[00:33:30] But just getting an impact evaluation done, getting the research in, getting it out to the field is a huge challenge. We are an extremely decentralized organization. Extremely. The mission director in the country is really in charge, and how much evidence is really used to inform decision-making in-country and how much of this adaptive management is really used in the field depends upon, in part, the leadership of the mission director and the competing priorities in the tone.

[00:34:00] Another thing that's different between USAID and MCC is, we are part of the US Foreign Assistance Strategy. Unlike MCC that has a mandate to use evidence to develop, we don't have, shall we say, such a strong mandate. We have a mandate to use foreign assistance to achieve, to serve the interests of the US foreign policy, and the interests of the American people.

[00:34:30] Sometimes we have political imperatives that guide what we do. I refer to the point that we don't get to say, "We have a large grant to do something about economic growth." We have political imperatives that guide what we do in each country, and that comes out of an annual budget cycle with intensive input from Congress. I think we manage that, but it's more of a challenge.

[00:35:00] I would say we're trying to use training, et cetera to keep staff informed both the policies and frameworks and how they can use procurement more flexibly to do some of this adaptive management, but I would say it's a struggle from us.

[00:35:30] And of course, procurement as a US government-wide issue in terms of the limitations of all of the US government procurement rules in terms of how to incorporate evidence ... But there are some really smart people today that have been thinking about this and working on this for the last five years, and they've really made some achievements. But I think many people would say we have a long way to go.

David Medina: So, Tom, same question. What have been the biggest challenges in the last five years?

Tom Kelly: I've gone on quite a bit about high standards for data and evidence. Now, that always presumes that there's data out there - that you have the information available on things that you need. In the countries in which we work, that is inherently difficult. What is the market size there? What is the current status of

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your roads? What is the current status of the water flow through your sanitation system? Those data often aren't as strong as we think they are.

[00:36:30] One of the things I mentioned in the context of this efficiency challenge we have is how long it takes us to do things. If we have to procure a service to go get that information before we can even start, it takes us a long time to do things. We're always balancing, "How good is this information we have? How much evidence is enough," because it's costly in terms of time and money to get the evidence.

[00:37:00] I would say also our partners sometimes ... Louise just said MCC has a mandate to do this. That doesn't mean the government of country X has a mandate or the government of country Y has a mandate to use evidence in the way that we do, and because we have a country ownership principle and we try and work hand-in-hand with them, that sometimes is a challenge, too. We try to bring them along.

You've tried to tease out some examples. One of the things we try to do is build in to some of our investments data-raising capacity and decision-making around evidence that hopefully will last after we're gone. So, putting in things to measure your technical losses on power and a system that helps you track that, or leaving behind machinery that measures how rough your roads are or how they deflect force.

[00:37:30] We need to do that before we can start, and we need to do that for our evaluation, but they can use that machinery, too, once we're gone. So we try to do things like that, but it always presumes that they have the incentives to look for evidence like that.

[00:38:00] Let me say two more things very quickly. Something that Louise said that was subtle about what we really know and what we really think we know. One of the challenges that we face internally within our own building is that we have a lot of experts, and experts are people who know things. If you already know something, why is somebody asking you exactly how many X you're gonna get for this and exactly what major change your change is gonna be and exactly what's it gonna cost?

So, even internally we face this dynamic where we have to keep making the case, that you have to have the evidence. What we try to do institutionally is build in checks that will require you to lay all your cards on the table time and time again.

[00:38:30] And internally, one more thing that is challenging: Our focus on evidence isn't often very accessible to people on the outside. We spend a lot of money on the evaluations and we have the freedom to do some really cool ones. We have randomized control trials, we have people doing regression discontinuity.

[00:39:00] Now, when our communications people ask us to tell the outside world what is it we're doing and we start saying, "Well, we have this randomized control trial here, and here's how we structured the control group ..." They're really not interested, and yet we're absorbing a lot of resources to do it. How we tell our story of an

evidence-based approach externally is a pretty significant challenge.

David Medina: And how do you convince grantees of public dollars to engage with you in evaluations when they know that their grants might be at risk? That's something that we see across the board in domestic agencies. Is it just being able to point to your statutes that require some of this? Is it saying upfront before the dollars are allocated that evaluations will be required? Any advice for agencies that aren't as advanced as you two?

Tom Kelly: I had a very interesting conversation with J-PAL North America. J-PAL has a North America operation now and they raised this very question.

For us, it's basically a nonissue. We will have an independent evaluation of every project because the people who hand us our money expect it. So we don't have this challenge, but it is a very challenging situation for domestic aids.

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Louise Fox: I think what you see people saying -- not just the contractors, the service providers, but even the people in the agency are saying -- "Oh, man, if Congress finds out something won't work, they won't give us any money again. Oh, my God. If we find out, we can't tell Congress. Oh, my God."

[00:40:30] It is, as you say, a communications challenge. We do have to manage it carefully. Yes, statutes help a lot. Our evaluation policy, our ADS, we can point to that and say, "Sorry, this is how AID operates." And I say, "I, the project manager at AID, don't have the freedom to deviate from that." So I do think the internal structures help.

[00:41:00] But I think that's why we've combined that with this focus on adaptive management. In other words, if we work together on this and we do assessment and we agree on what's going on, then we can also discuss how to move it forward. A lot of times, we don't have a straight contract. We have what we call a cooperative relationship in which we've decided, in this particular effort, we and the implementing partner need to learn together, and we need to march together

[00:41:30] in lockstep in a learning relationship. So we design all the paperwork around the relationship to reflect that learning.

[00:42:00] I would say that we've worked hard at AID to instill this culture of learning, and we try to communicate that to Congress and in our reports to Congress about that culture of learning and what we've learned. We work hard at that. We're not always successful; everybody knows there are certain times in which at least our agency gets smashed for global waste, but we do try to A, demonstrate that we're using evidence and therefore we're doing the best that we know how to do at this point in time, and B, that we're learning. That should be good enough.

David Medina: Great. Let's spend the last few minutes just looking forward if we can. For us at Results for America, with a generous support from the Hewlett Foundation, we launched a new effort called Results for All, which is our global effort to try to

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engage policy-makers around the globe in similar efforts around data and evidence. We're looking at the possibility of actually creating a network of government leaders focused on data and evidence right now.

Let me start with Louise. Can you share with us your hopes, your aspirations, the opportunities for USAID for the next five years in about two minutes or so?

[00:43:00]

Louise Fox:

Okay. Well, I may point to three things. First of all, we talk both about evaluation and using evaluation to inform better project design and implementation, but we also talk about evidence in general - about what works in development.

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I think one question I have is whether research in universities and the research community is generating the evidence we need. And besides directly funding research, the way we do with DIV for example, how can we influence that agenda? I think we at AID have to think about that a little more with other partners in the development community. How do we really influence that agenda?

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In particular, we also need to work a little bit more on evaluation methodology because a lot of times, impact evaluation focus on yes or no. "Did we get a result or not?" It didn't focus on how and why we got that result. And if we're gonna become more cost-effective ... In my field, youth employment, people say, "Oh, comprehensive programs work. Ones that have a whole lot of components." Well, that's a pretty expensive way to do a program. We really need to know which part was absolutely necessary if we're gonna get more cost-effective.

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So the first one is getting the evidence we really need to design programs and development. The second one, I would say USAID doesn't have a lot of economists. It laid them off in the 1990s, hired some back in the last eight years, but we're still not using them effectively. I think we have work to do in that area. My office is trying to structure work streams to use economic analysis better.

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You have it in your program, in the backbone of the MCC, but we don't have it in the backbone of AID, so we're trying to work more on structuring project economic analysis so that it's used more broadly, and on helping people identify the economic assumptions within their theories of change and measuring economic variables. So, my second one is maybe using economics for better decision-making.

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Now, you might say, "That's a little parochial, Louise, since you're an economist." But okay. Nevertheless, I do think it should help.

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The third thing is, we actually collect a lot of data within our project evaluations. Do we use it all? Absolutely not. Could other people use it and tell us things that we need to know? Absolutely. We have an open data policy; we're trying to get to that place where we can put up that data and have other people use it and tell us things that we don't know or don't have time to figure out. But it turns out that it's actually complicated to set up a data archive, and you have to anonymize the data. So we're still working on that.

David Medina: Tom, two minutes or less. Hopes, dreams, aspirations?

Tom Kelly: Okay, so I'm gonna cheat and use two of Louise's that I liked a lot. One on not just yes or no in our evaluations, but how. That's something that we at MCC are getting better at, but we have to get better at still.

[00:46:30] Another one, I'm gonna cheat and use it again is, actually using this information to learn and adapt our own behavior. There I think we need to strengthen our internal incentives to not make the same mistakes twice.

[00:47:00] Let me say two more additional things, one of which is a little bit sexy and one of which is totally stayed. As I mentioned a couple of times, this process of gathering a lot of information and analyzing and using it is expensive in terms of time and money, so it's a big resource use for us.

[00:47:30] Ways to make things faster and cheaper. The sexy stuff is, "Can we get better techniques from machine learning to look at satellite imagery to help us monitor crop yields faster?" Those types of very specific questions. One of the things we're trying to figure out if we can do right now is when we're trying to measure blackouts and power outages to see how an electrical grid is performing. Can we get an app on cell phones that, every time somebody plugs in their phone, it's measuring voltage while it's sitting there? We're working with a university to try and figure that out.

We are using drones right now to try and look at the quality of roads before we fix 'em and afterwards. Are we doing so effectively? I don't know, but those are the things in the future that we need to work on.

[00:48:00] Now, to finish with the boring part, one of the things we really need to do is, we have so much information that we're bringing in to our organization, we need to figure out how to help other people help us use that information and actually analyze it and do something with it.

[00:48:30] Louise just mentioned anonymizing data. We have all this survey data that comes in, and we put all these datasets up online. We spend all this time anonymizing 'em, and I'm haunted by this idea that nobody ever opens them. Nobody ever looks at them. We do have some web analytics that are just rolling in that suggest that, yes, people are actually clicking on these datasets, but we don't yet know how they're using 'em and what they're doing with them, so we have to get better at inviting the public in to use our data.

David Medina: Great. Friends, please help me out with a warm round of applause. Thank our two distinguished panelists who are helping lead two of the most results-driven and evidence-based agencies in the US government. Thank you all.