Ambassador Alfonso Lenhardt
Acting Administrator
U.S. Agency for International Development
1300 Pennsylvania Ave., NW
Washington, DC 20523

November 10, 2015

Dear Acting Administrator Lenhardt:

On behalf of the Lab Advisory Group, established under the Advisory Committee on Voluntary Foreign Aid (ACVFA), we are pleased to share the attached recommendations on strengthening and supporting the U.S. Global Development Lab (Lab). The recommendations aim to guide the Lab's work to foster a culture of innovation and increase the application of science, technology, innovation, and partnership (STIP) to achieve, sustain, and enhance the U.S. Agency for International Development's (USAID) development impact.

As leaders from a wide range of disciplines and industries, we are proud to be part of the Lab's exciting and important work through this Advisory Group. Each of us brings a passion for harnessing the power of science, technology, innovation, and partnership to address some of humanity's greatest challenges – from feeding a growing population to halting the spread of deadly diseases. Collectively, we have extensive experience in business and technology development, life sciences and public health, entrepreneurship and enterprise development, strategic communications and management, scientific research, academia, and nonprofit management.

We eagerly brought that experience and expertise to bear in supporting the creation of the Lab. In developing these recommendations, we had four core goals that anchored our work:

- Support evidence and outcome-based approaches;
- Accelerate and expand the innovation pipeline, through both sourcing and scaling;
- Build a learning organization; and
- Build on the bipartisan commitment to improving efficiency in development.

Our role as an advisory group has been to offer substantive and procedural ideas on how to accomplish these core goals while supporting the Lab as a startup organization. We hope the ideas, suggestions, and advice we present here – and have offered throughout the past year – help the Lab to advance its mission of producing breakthrough innovations by sourcing, testing, and scaling proven solutions and accelerating the transformation of the development enterprise.

Specifically, we offer the following recommendations:

1. Ensure the Lab is adequately resourced;
2. Build a culture of smart risk taking both in the Lab and across USAID;
3. Focus on the use of rigorous evidence on impact and ability to scale;
4. Leverage the right talent, both internally and from outside stakeholders; and
5. Prioritize the adoption of and capacity to use STIP across the Agency.

Throughout my own career, I have seen how powerful innovation can be, whether to develop groundbreaking software or empower entrepreneurs to lift themselves out of poverty. I have also seen firsthand just how difficult it is to foster innovation. As all of us in the Advisory Group can attest, the process of building innovation enterprises is always tough and messy. The legislative process is often compared to sausage making; we think the analogy is appropriate to innovation as well.

In that vein, we want to underscore the importance of sustained bipartisan engagement in further shaping and advising the Lab in the months ahead. We urge the Administration and Congress to give the Lab the time it needs to prove itself, recognizing that even the private sector takes time to fully adopt good ideas. Big brands like Coca-Cola, Pepsi, Microsoft, and Apple were not created overnight. But their success, nurtured over many years of trial and error, has resulted in some of the most recognizable and innovative products on the market today.

Overall, we believe the new approaches, talent, and ideas the Lab brings to the table will help USAID and the international development community tackle the toughest global challenges of our day. We are pleased to see the positive outcomes of building the Lab contained in *The Lab Year in Review* – development efforts informed by randomized trials, real time data, mobile technology, path-breaking partnerships and prizes, and more.

We are aware, however, that there is still a great deal of hard work left to do to make the Lab a success. And, ultimately, this will be accomplished by the hard working stakeholders inside and around the Lab committed to doing things a new way.

The Lab Advisory Group welcomes the opportunity to discuss our recommendations at the upcoming ACVFA meeting and is eager to be helpful in any next steps in this process.

Sincerely,

Paul Maritz
Lab Advisory Group Chair

Strengthening the U.S. Global Development Lab:
Lab Advisory Group Recommendations to Enhance the Use of STIP for Greater Development Impact
An ACVFA Working Group Report

This paper is intended to provide recommendations to Acting Administrator Alfonso Lenhardt as USAID continues to work to strengthen the development impacts of the U.S. Global Development Lab.

I. BACKGROUND

A new model of development in a changing landscape

Today, the global development landscape is facing a period of unprecedented change, ripe with both challenges and opportunities for the international development community. For example, in the past two decades alone, global poverty rates have been reduced by half, lifting nearly 700 million people out of extreme poverty. Yet 827 million people in the developing world do not have enough nutritious food to eat and according to UNICEF, 5.9 million children die each year from preventable diseases.

Additionally, as the world's population grows to 9 billion by 2050 – with 70 percent of people expected to live in urban areas – these kinds of challenges are likely to become larger and more complex. At the same time, the development finance landscape is also changing. Private financial flows to the developing world now outpace official development assistance by a ratio of nine to one. Donor nations simply cannot achieve sufficient progress on their own.

That is why, under the leadership of President Barack Obama and President George W. Bush, USAID has pioneered a model of development that harnesses the immense power of science, technology, innovation, and partnership (STIP). Driven by technological breakthroughs, information, and connectivity, USAID is demonstrating a way forward that optimizes limited resources while accelerating progress and enhancing development impact. This approach will be essential to achieving the new Sustainable Development Agenda – an ambitious set of global goals that will guide the international development community's work through 2030.

The U.S. Global Development Lab

On April 3, 2014, USAID announced the creation of the U.S. Global Development Lab (Lab) through the merger of two separate offices – the Office of Science and Technology and the Office of Innovation and Development Alliances. Designed to help bring high-impact solutions to humanity's greatest challenges, the Lab represents President Obama's vision for international development at work.

Building on USAID's 50 years of experience in fostering innovation and collaborating across sectors and borders, the Lab's mission is to produce breakthrough innovations by sourcing, testing, and scaling proven solutions, and to accelerate the transformation of the development enterprise. Its core objective is to increase USAID's impact through the use of science, technology, innovation, and partnership and by opening the doors of development to people with good ideas and new solutions.

"This is the reality we must face -- that if the international community just keeps doing the same things the same way, we may make some modest progress here and there, but we will miss many development goals."

President Barack Obama

The Lab is committed to the use of STIP to source and scale the most promising innovations and bring new partners to the table to help sustain the Agency's efforts. Specifically, the Lab works to:

- **Science:** Increase the use of scientific research to inform development interventions and improve development outcomes;
- **Technology:** Advance the use of enabling technologies and data-driven approaches to empower underserved communities and improve the effectiveness of the development enterprise;
- **Innovation:** Increase the adoption of high impact and sustainable development solutions; and
- **Partnership:** Accelerate and increase development impact through new or replicable approaches to collaboration, collective action, and systems change with a broad range of partners.

II. METHODOLOGY

Following the creation of the Lab, a sub-committee of the Advisory Committee on Voluntary Foreign Aid (ACVFA) was formed to provide intellectual guidance and advice on the Lab's startup and to champion the transformational power of science, technology, innovation, and partnerships in tackling development challenges. Drawn from private industry, Silicon Valley, major foundations, research institutions and non-governmental organizations, the nine members of the Lab Advisory Group have direct experience tapping into the power of STIP to drive transformative change in diverse organizations, industries, and sectors.

The Advisory Group met every eight weeks since the official launch of the Lab in April 2014, working to develop a set of recommendations to guide the Lab's early efforts. In addition to these formal meetings, the Lab frequently draws on the expertise of individual Advisory Group members.

The Advisory Group believes the modern tools and approaches embodied in science, technology, innovation, and partnerships have proven to be transformative in the United States and have the same potential in developing countries. The recommendations in this report are intended to help the Lab bring these 21st century tools and approaches to USAID and the broader development community.

III. RECOMMENDATIONS

As the Lab's advisory group, we set out to better understand how the Lab could foster a culture of innovation within USAID and catalyze the adoption of STIP approaches in the broader international development community. Our work and reflections lead us to strongly recommend the following:

1. Ensure the Lab is adequately resourced;
2. Build a culture of smart risk taking both in the Lab and across USAID;
3. Focus on the use of rigorous evidence on impact and ability to scale;
4. Leverage the right talent, both internally and from outside stakeholders;
5. Prioritize the adoption and capacity to use STIP across the Agency.

Recommendation 1: Ensure the Lab is adequately resourced

The Lab plays an integral role in enhancing USAID's ability to invest in proven innovations and approaches. In addition to improving upon USAID's existing capacities, the Lab is also helping the Agency develop new capabilities, such as expertise in the latest technological advances and new approaches and tools for driving innovation.

To reach its full potential, the Lab requires human and financial resources, as well as a mandate to take smart risks. The Administration and Congress should ensure the Lab has such a mandate, as well as the resources necessary for achieving real results. This will enable USAID to bring the best uses of science, technology, innovation, and partnership to tackle global development challenges.

The Administration has taken key steps to invest in innovation across the U.S. government. As a recent White House report from the National Economic Council and the Office of Science and Technology Policy – *A Strategy for American Innovation* – notes, USAID's approach to innovation is already being put to use by other federal agencies, including through the use of prizes and Grand Challenges and the development of similar innovation labs.

With the appropriate bipartisan support, USAID can continue to pioneer these innovative approaches to achieve long-term development impact.

Recommendation 2: Build a culture of smart risk taking

Creating a culture of innovation within any organization, especially at a large organization such as USAID, is never easy. There is traditionally a strong emphasis on planning and analysis before action. In contrast, lean startups are more agile, able to move quickly and make hypotheses and decisions with *just* enough data. This allows for quick adaptation in a world of great complexity. At the same time, these nimble organizations are also careful to set milestones for success. Only when specific goals are achieved, does more money become available. If the venture fails along the way, then further investment is withheld for a more promising effort.

Successful innovation doesn't happen in a straight line. It takes time, multiple iterations, and changes in course. Importantly, it also requires a level of measured risk, a strong emphasis on building evidence, and a focus from the beginning on scale and sustainability. As Russell Siegelman notes, "innovation is a complicated set of processes. You need to create a culture where it is okay to fail. In the world that my students and I live and work, they often come to me to say they are changing course. When there is a higher risk tolerance, you get more creative ideas. You get better ideas when you allow for more differences of opinion, are willing to share and discuss them, and create a more fertile ground for developing solutions that may be outside the usual approaches." Being honest about failure, employing adaptive management, and taking measured risks must become part of the Lab's core competencies.

Already, the Lab has put these approaches in place through its tiered evidence model of investing: less proven, higher risk ideas are given small amounts of funds than ideas with more evidence and less risk. Lab programs, such as Securing Water for Food: A Grand Challenge for Development, utilize milestone-based programming to allow adaptation and ensure Lab investments corresponded to impact.

Recommendation 3: Focus on using rigorous evidence on impact and ability to scale

While the Lab must experiment and take risks, it also must be selective in continuing or increasing investment in innovations that demonstrate a significant improvement in development impact. This will require the Lab to gather the evidence necessary to determine what is working, and let go of what is not working.

It is also essential for the Lab to use the evidence it gathers to support and inform others in the development community, including bureaus and offices across USAID. As Carol Dahl notes, "the Lab needs to be honest and transparent about what it brings to the table and how it can bring other parts of USAID and the international development community into the fold." It should provide a roadmap for others to emulate, demonstrating success and holding itself accountable by showing how it is using data and evidence in its decision making.

The Lab is already demonstrating progress on this front, including through:

- Pioneering new models and methods of identifying and sourcing new ideas around the world, such as Development Innovation Ventures and Grand Challenges for Development, which use randomized control trials and evaluation to build evidence on cost, impact, and sustainability;
- Collaborating with Agency Pillar Bureaus and Missions to advance innovations, tools and approaches such as chlorine dispenser systems in Kenya, Uganda, and Malawi, which, through randomized control trials, demonstrated that the way chlorine is delivered dramatically effects usage;
- Partnering to advance learning and evidence through its Monitoring, Evaluation, Learning Innovations (MERLIN) initiative, focusing on how to best expand sustainable adoption of proven innovations; and
- Modeling pay-for-results approaches, such as the Desal Prize, which challenged entrepreneurs to prove the efficacy of desalinization technologies in real-life conditions.

Recommendation 4: Leverage the right talent, both internally and from outside stakeholders

As the Lab works to create the right environment to take smart risks and fail fast, it must also ensure it has the right talent to drive the discovery of new ideas and solutions. This is about more than subject matter expertise; the Lab needs individuals who are good listeners, can work across multiple fields and disciplines, and know how to reframe problems to find new solutions. It needs to create an open, collaborative, and innovative culture that will attract the best talent from a variety of disciplines and backgrounds.

The Lab has already taken several steps to bring in the right talent, starting with the recent hiring of its new Executive Director, Ann Mei Chang, who has more than twenty years of experience in Silicon Valley, including 8 years as a Senior Engineering Director at Google. The Lab is also expanding the pool of new talent coming into the Agency through increased flexibility in hiring, attracting experts from a multitude of disciplines including astrophysics, biochemistry, and engineering. The Lab is also actively recruiting organizational development specialists, partnership development experts, venture capitalists, program and administrative specialists, fellows from the American Association for the Advancement of Science (AAAS), and others. Many of these experts are here on limited-term assignments, giving the Lab greater flexibility to bring on different types of talent based on the Agency's changing needs.

The Lab must also seek to foster greater impact through collaboration, collective action, and partnership with a broad range of external stakeholders. As the private sector is a critical contributor to development progress, the Lab should continue to lead and coordinate the USAID's efforts to build impact-driven partnerships with local businesses, global corporations, investors, and financial institutions. By leveraging those on the outside who value similar modes of understanding and approaches through partnerships, relationships, and USAID's convening power, the Lab can greatly increase its impact.

Over the past year, the Lab has found notable success in bringing the right talent together – from within USAID and from key partners – to enable collective action. For example, to support the USAID Bureau of Food Security in its work to scale drought tolerant maize in sub-Saharan Africa, the Lab brought in-house talent together with a coalition of external partners. The team at the Lab had specific expertise in systems mapping and partnership, while the partners could collectively act to impact the system that drives adoption of new seed technologies regionally and in specific countries.

Recommendation 5: Prioritize the adoption and capacity to use STIP across the Agency

In order to be effective, the Lab should take time to identify and cultivate champions throughout the Agency, especially individuals who have the ear of their leaders. The Lab should also invest in increasing the capacity across the Agency to use new technologies, information, and approaches. Carol Dahl notes, "When building something new within an organization like USAID, the Lab needs to be providing value. If the other parts of the Agency don't see the Lab as bringing value to them, then it won't stick."

That is why the Lab should promote the use of its most impactful and innovative tools, such as the Development Innovation Accelerator (DIA), throughout the entire agency. The Lab developed the DIA, a new research and development mechanism that relies on an existing – but rarely used – authority within USAID. The DIA gives the Agency the opportunity to reach out to potential partners and collaborate on a development solution based solely on an initial idea. For example, the USAID/Indonesia Mission has issued its own DIA to solicit research, innovations, technologies, and partnerships in support of its priority objectives. Their initial focus is on inclusive workforce development to source innovative ideas that promote more inclusive economic growth and address rising income inequality by improving workforce development for the poor and vulnerable.

Tools like the DIA can support and enhance the work other bureaus, offices, and missions want to do or are already doing, which is key to demonstrating the Lab's value to the rest of the Agency. Another way to do this is through the full application of STIP to major Agency objectives and Presidential Initiatives. The Lab has already established three priority efforts in support of Feed the Future, Ebola recovery, and Power Africa. This strategic approach offers opportunities for other teams within USAID to see how the Lab can accelerate progress in priority areas.

The Lab must also foster in-country innovation to ensure local partners have the capacity to utilize a STIP approach to development. Successful innovations require genuine feedback on what works in local contexts to sustain results, and local innovators often require access to resources they cannot easily obtain in developing countries. The Lab has helped bridge this gap through programs like Partnerships for Enhanced Engagement in Research (PEER). For example, PEER connected Dr. Antoine Ghauch, an analytic chemist at the American University of Beirut, to the equipment, training, and support he needed to develop an innovative wastewater treatment process to address Lebanon's water crisis.

As the Lab continues to support locally-driven innovations, it should also promote the use of STIP across USAID missions around the world. One way to do this is by creating positive incentives for field staff to rotate in and out of the Lab, giving them the opportunity to see the Lab's approach firsthand. In response to our advice throughout the year, the Lab has developed a reinvigorated Agency Engagement Plan to increase the utilization of STIP across the Agency.

IV. CONCLUSION

As the Advisory Group met over the past year, we engaged with the Lab on the evolution of its strategic focus. The Lab has the potential to become a model of a successful innovation organization, creating opportunities for USAID staff and partners to engage in a new model of development and tap into the dynamic and complex forces already at play around the world. With the right focus on rigorous evidence, smart risk taking, talent acquisition and development, and engagement with the Agency, the Lab is well-positioned to lead the Agency in adopting practices that save more lives and achieve long-term inclusive progress through the use of STIP approaches. The Advisory Group believes the new approaches, talent, and ideas the Lab brings to the table are the right steps forward for USAID and the international development community to become more effective in an interconnected and interdependent world.

APPENDIX A – Background on ACVFA and Lab Advisory Group Members*

ACVFA was established by Presidential directive after World War II to serve as a link between the U.S. Government and private voluntary organizations (PVOs) active in humanitarian assistance and development work overseas. Comprised of up to 30 private citizens with extensive knowledge of international development, ACVFA helps provide the underpinning for cooperation between the public and private sectors in U.S. foreign assistance programs. The Lab Advisory Group was established as an ACVFA working group comprised of both ACVFA and non-ACVFA expert members.

Lab Advisory Group Members:

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*Organizational affiliations are listed for identification purposes only and are not reflective of the organization's stance on the statements or recommendations included in this document.