Rethinking US Development Policy

Three Big Ideas + Three Smart Reforms for US Development Policy

Rethinking US Development Policy Team

Summary

The Rethinking US Development Policy team's memo to the presidential transition teams proposes three big ideas and three smart reforms for the next administration's development policies and programs. These proposals take into account where the United States has the ability to have the most development impact and the best opportunities to build on the successes of the Obama administration.

Big Ideas

1. Seize on the catalytic and multiplier effects of investing in women and girls and launch a $1 billion incentive fund targeted at **women's economic empowerment**;
2. Be the global leader in **sustainable infrastructure investment**, including through launching the US Development Finance Corporation, new commitments to the MDBs, and scaling Power Africa;
3. Target the migration crisis with **humanitarian compacts** for countries hosting a large number of refugees.

Smart Reforms

1. Take **country ownership** to the next level to make our development investments sustainable;
2. Relentlessly focus on **results**, from effective evaluations to adaptive management to outcomes-based funding models;
3. Allow USAID more **flexibility**, starting with Effectiveness Pilots.

Center for Global Development

To: Presidential Transition Teams
From: Rethinking Development Policy Team
Center for Global Development
Date: October 20, 2016
Re: Three Big Ideas + Three Smart Reforms for US Development Policy

With strong bipartisan support, the US government has long employed an array of foreign assistance tools and programs in support of the fundamental belief that America can be a force for good in the world. By acting as a committed partner in support of the development of poorer countries, administrations led by Democrats and Republicans alike have demonstrated that a firm commitment to supporting progress in these countries—measured in lives saved, poverty reduced, and human rights advanced—is tied to our core values as a nation. US foreign assistance programs also benefit us here at home by expanding economic opportunity and making the world more secure for our citizens.

With this in mind, the Rethinking US Development Policy team at the Center for Global Development strongly urges you to make a mark on this critical set of issues, starting in the earliest days of your administration. Specifically, we propose **three big ideas** for inclusion in your first year budget submission to Congress:

1. An incentive fund to empower women and girls in developing countries
2. Global leadership in sustainable infrastructure development
3. Humanitarian compacts

We also propose **three smart reforms** to pursue during your first year:

1. Prioritize country ownership
2. Drive the results agenda forward
3. Launch effectiveness pilots

The recommendations detailed below have the potential to attract strong allies in Congress and realizing early progress in these areas will lay the groundwork for a longer-term agenda where it will deliver significant impact.

Three Big Ideas for Development

In recent years, the US government has sought to advance the cause of global development with big ideas—major campaigns to eradicate disease and new partnerships focused on removing the obstacles to sustained economic growth in poorer countries. The President's Emergency Plan for AIDS Relief (PEPFAR), Millennium Challenge Corporation (MCC), Power Africa Initiative, and Feed the Future showcase great ambition toward achieving better development outcomes through new approaches to US engagement. In that spirit, we offer three big ideas to bolster US leadership in service of driving progress toward gender equality, building sustainable infrastructure, and addressing the humanitarian consequences of prolonged conflict.

1. An incentive fund to empower women and girls

Promoting global gender equality is a priority in its own right and necessary to achieving other development goals, including those related to health, education, poverty reduction, and economic growth. Making progress on Sustainable Development Goal 5 (which seeks to "achieve gender equality and empower all women and girls") will also be crucial to the achievement of the other SDGs. A strong and growing evidence base finds investments in women and girls have catalytic and multiplier effects: girls that complete their education are less likely to marry or become pregnant during adolescence,[1] and delaying adolescent births has the potential to slow population growth, generating broad social and economic benefits.[2] Women who have access to and control over their own income are likely to invest in the well-being of their children, ensuring that the next generation is healthier and better educated.[3]

As evidenced by the strategies put forth by the State Department, USAID, MCC, and other US agencies focused on gender equality, the US Government recognizes the significant potential of closing gender gaps in opportunities and outcomes.[4] But in 2013-14 just $1.5 billion in foreign assistance (.008 percent of US GDP and less than 5 percent of total US ODA) was provided with a principal objective of advancing gender equality.[5] As proposed in the CGD policy brief "Promoting Women's Economic Empowerment through US Foreign and Development Policy," to reach the OECD average of .013 percent of GDP, the next administration should allocate an additional $1 billion annually to improving gender outcomes in developing countries.[6]

But more money alone does not ensure better outcomes. ***To have a transformative impact, this $1 billion infusion should be disbursed through a new incentives-based approach.*** To date, US Government efforts to promote women's empowerment and encourage gender equality have relied on policies, rules, and requirements to increase gender integration in analysis, design, training, monitoring, and evaluation.[7] These measures are critical: a top-down "push" is needed to set standards and change practices,

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[1] Sarah Baird, Craig McIntosh, and Berk Özler, "Cash or Condition? Evidence from a Cash Transfer Experiment," *The Quarterly Journal of Economics* 126, no. 4 (November 1, 2011): 1709–53.
[2] Steven W. Sinding, "Population, Poverty and Economic Development," *Philosophical Transactions of the Royal Society of London B: Biological Sciences* 364, no. 1532 (October 27, 2009): 3023–30.
[3] Esther Duflo, "Grandmothers and Granddaughters: Old-Age Pensions and Intrahousehold Allocation in South Africa," *The World Bank Economic Review* 17, no. 1 (June 1, 2003): 1–25; Duncan Thomas, "Incomes, Expenditures, and Health Outcomes: Evidence on Intrahousehold Resource Allocation," *Intrahousehold Resource Allocation in Developing Countries*, 1997, 142–64.
[4] "FACT SHEET: Promoting Gender Equality and Women's Empowerment" (The White House, September 27, 2015), https://www.whitehouse.gov/the-press-office/2015/09/27/fact-sheet-promoting-gender-equality-and-womens-empowerment ; "U.S. Department of State Strategy for Women's Economic Empowerment" (U.S. Department of State, June 14, 2016), http://www.state.gov/s/gwi/econ/strategy/; "Gender Equality and Female Empowerment Policy" (USAID, March 2012), https://www.usaid.gov/sites/default/files/documents/1865/GenderEqualityPolicy_0.pdf; "Gender Integration Guidelines" (Millennium Challenge Corporation, March 2011), https://assets.mcc.gov/guidance/guidance-2011001054001-genderintegration.pdf.
[5] "Aid in Support of Gender Equality and Women's Empowerment," *OECD*, 20167, http://www.oecd.org/dac/stats/aidinsupportofgenderequalityandwomensempowerment.htm.
[6] Megan O'Donnell et al., "Promoting Women's Economic Empowerment through US Foreign and Development Policy," Policy Brief (Center for Global Development, September 8, 2016), http://www.cgdev.org/publication/promoting-womens-economic-empowerment-us-foreign-development-policy.
[7] "Gender Equality and Female Empowerment Policy."

especially in large bureaucracies. However, competing priorities and limited financial and human resources can hinder full implementation.

A new incentive fund would promote these policies and build on them by employing innovative financial tools designed to close gender gaps in development outcomes, with specific focus on women's economic empowerment. The fund would mobilize increased public and private sector resources, primarily through issuing results-based payments against the achievement of specific gender-related outputs and outcomes as well as other innovative mechanisms (e.g., impact bonds, prizes, technology for targeting interventions). This would incentivize domestic and foreign programs and institutions to work towards greater gender equality. Through performance rewards and recognition, new funding would also encourage project officers, in-country policymakers and private sector actors (after having received the requisite technical assistance and training) to use their specialized knowledge to design interventions to close gender gaps. A portion of the new funding could help catalyze a new multilateral mechanism with similar mechanisms to leverage expertise and funding from other partners.[8]

This new source of financing would follow on similar results-oriented approaches, including the World Bank's program-for-results financing, which links disbursement of funds directly to the achievement of specific policy benchmarks and program results; social and development impact bonds, through which the public sector or private investors commit to pay for improved social outcomes that result in public sector savings, or the Center for Global Development's proposed system of Cash on Delivery Aid, through which donors pay for measurable and verifiable progress on specific outcomes.[9] Similar innovative financing models specifically focused on improving outcomes for women and girls have been implemented in the past and could be used as reference points as new funds are allocated.[10]

[8] Rachel B. Vogelstein, "Closing the Gender Gap in Development Financing," Policy Innovation Memorandum (Council on Foreign Relations, July 2016), http://www.cfr.org/economic-development/closing-gender-gap-development-financing/p38112.

[9] Nancy Birdsall and William D. Savedoff, *Cash on Delivery: A New Approach to Foreign Aid* (Center for Global Development, 2010), http://www.cgdev.org/publication/9781933286600-cash-delivery-new-approach-foreign-aid.

[10] A World Bank project focused on providing sustainable sanitation services in rural Egypt tied payments to the number of people, disaggregated by gender, who gained access to improved sanitation facilities under the program. A second project designed to increase the productivity of Rwandan agricultural and livestock sectors made continued funding conditional on an increase in Rwanda's rating according to the Women's Empowerment in Agriculture Index. From a US perspective, the Reach Every Mother and Child bill, proposed by US Senators Susan Collins and Chris Coons, includes development impact bonds as a tool to leverage funding for interventions that improve maternal and child health in developing countries. Finally, as Nigeria's Minister of Finance, CGD Distinguished Visiting Fellow Ngozi Okonjo-Iweala implemented a budgetary system that provided additional funds to ministries that exceeded established targets on outcomes for women and girls. The approach was successful: The Ministry of Public Works, for example, began to train women as subcontractors in order to increase their likelihood of winning procurement bids, and the Ministry of Health increased the number of reparative surgeries it provided to women living with fistula. A program providing grants and peer learning for women entrepreneurs allowed its beneficiaries to create 10,000 new direct jobs and thousands more indirect job. Ngozi Okonjo-Iweala, "Why Should Finance Ministers Care About Gender Equality? Mainstreaming Wasn't Getting Results Fast Enough," Text/HTML, *The World Bank*, (May 5, 2016), http://www.worldbank.org/en/news/speech/2016/05/05/why-should-finance-ministers-care-about-gender-equality; "Sustainable Rural Sanitation Services Program for Results," *The World Bank*, 2016, http://www.worldbank.org/projects/P154112?lang=en; "Transformation of Agriculture Sector Program Phase 3 PforR," *The World Bank*, 2016, http://www.worldbank.org/projects/P148927?lang=en.

2. Becoming the global leader in sustainable infrastructure investment

Even as your administration mobilizes to address longstanding infrastructure needs at home, you should also recognize the window of opportunity to address critical infrastructure needs in developing countries. Doing so in a way that also meets climate imperatives is critical for sustainability, as is ensuring that new infrastructure lasts and is well maintained. According to one prominent estimate, there will need to be a global investment of $90 trillion in sustainable infrastructure over the next 15 years, most of it in the developing world, in order to meet shared objectives for growth, poverty reduction, and carbon reductions.[11] Yet, absent strong US leadership, we will not be on track to meet these goals: infrastructure investment in lower-income countries will continue to be too low and the emissions reductions that come with cleaner infrastructure will be too little to ensure that we meet the Paris climate commitments.

To date, the US government has too often been one of many supporters of the sustainable infrastructure agenda rather than a clear leader. Yet, countries that do choose to lead on this agenda will capture the large economic gains that come with technological advances and global market dominance, as evidenced by major investments in solar and other climate-friendly technologies made by countries in Asia and Europe.

For all of these reasons, ***a big commitment to US leadership on sustainable infrastructure globally should be a core element of your administration's development policy, with new commitments in your first year budget focused on three elements: obtaining new authorities necessary to transition Overseas Private Investment Corporation (OPIC) into a comprehensive development finance institution; significant new commitments to the multilateral development banks (MDBs) to support their operational leadership on public infrastructure investment; and a clear anchor in power infrastructure modeled on an expansion of Power Africa to a global scale.***

OPIC's authorities require modernization for the agency to effectively catalyze private flows into sustainable infrastructure, where they would otherwise be lacking. OPIC lacks authorities to make equity investments, provide grant funding, and offer technical assistance—all of which would help OPIC deliver the innovative finance and market-making functions necessary to drive private investment into the infrastructure gap. Your first budget should request these authorities. In addition, the budget should seek to loosen the requirement that OPIC projects have participation from a US firm and give OPIC the ability to use reflows to fund operations and capitalize investments. This package of OPIC measures should also include a commitment by the agency to enhanced transparency and reporting on development additionality. All of these changes could be structured as budget neutral or continue OPIC's history of transfers into the 150 Account.[12]

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[11] Amar Bhattacharya, Jeremy Oppenheim, and Lord Nicholas Stern, "Driving Sustainable Development through Better Infrastructure: Key Elements of a Transformation Program," Working Paper (The Brookings Institution, July 10, 2015), https://www.brookings.edu/research/driving-sustainable-development-through-better-infrastructure-key-elements-of-a-transformation-program/.

[12] Benjamin Leo and Todd Moss, "Bringing US Development Finance into the 21st Century: Proposal for a Self-Sustaining, Full-Service USDFC," Rethinking US Development Policy (Center for Global Development, March 17, 2915), http://www.cgdev.org/publication/bringing-us-development-finance-21st-century-proposal-self-sustaining-full-service-usdfc.

US leadership on a round of capitalizations at the multilateral development banks could be tied directly to targets on MDB investment in sustainable infrastructure. The World Bank and regional institutions like the African and Asian development banks already play a leading role in public infrastructure investment, combining lending with technical expertise and policy engagement to build infrastructure and improve the enabling environment for sustainable infrastructure in developing countries.[13] A US-led MDB initiative would both increase the overall scale of investment globally and reassert US leadership within these multilateral institutions at a time when competition for policy influence in developing countries is growing. The US voice can be amplified by the MDBs.[14]

Finally, the successes and lessons learned from Power Africa should be scaled up globally. Power Africa represents a unique model—a highly visible initiative that relies on relatively modest USG financing to leverage private and other resources (including from the MDBs and other bilateral donors) in support of specific projects. The model has proven itself to justify expansion into other regions.[15]

3. Create humanitarian compacts

Millions of refugees fleeing violence in Syria have brought renewed attention to humanitarian needs that result from conflict, particularly the impacts on refugees and their host populations. One clear conclusion—whether looking at the plight of Syrian refugees, or those fleeing violence in Somalia, who are now housed for multiple generations in potentially-closing Kenya's Dadaab refugee camp—is that what we have long thought of as short-term humanitarian "crises" have become increasingly long-term in nature. In addition, a majority of states impacted by increased refugee populations are developing countries. As such, they demand measured and persistent development policy responses that move the international community beyond a crisis response mindset.

The United States is the largest provider of humanitarian assistance, the most generous host of permanent refugees, and the largest provider of bilateral development assistance. As such, we will be instrumental in driving a new approach to humanitarian disasters, one that joins the immediate imperatives of crisis response with the long-term approach of development assistance. Setting aside the politically difficult issue of how many refugees should be admitted to the United States, we call here for a new approach to engaging with developing countries to address the challenges associated with assisting displaced persons within their communities. ***Your first year budget should introduce a new package of bilateral and multilateral assistance in support of a compact approach with countries hosting a large number of refugees.***

The current humanitarian system is designed to respond to short-term needs for food, water, and shelter. Given that refugees are displaced for an average of 10 years[16] and

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[13] Nancy Birdsall and Scott Morris, "Multilateral Development Banking for This Century's Development Challenges: Five Recommendations to Shareholders of the Old and New Multilateral Development Banks" (Center for Global Development, October 5, 2016), http://www.cgdev.org/publication/multilateral-development-banking-for-this-centurys-development-challenges.
[14] Scott Morris and Madeleine Gleave, "Realizing the Power of Multilateralism in US Development Policy," in *White House and the World 2016 Briefing Book* (Center for Global Development, 2015), http://www.cgdev.org/publication/ft/realizing-power-multilateralism-us-development-policy.
[15] Todd Moss, Power Africa scorecard, forthcoming.
[16] Xavier Devictor, "How Many Years Do Refugees Stay in Exile?," The World Bank, *Development for Peace*, (September 15, 2016), http://blogs.worldbank.org/dev4peace/how-many-years-do-refugees-stay-exile.

increasingly live in urban, non-camp settings, there is a need for much greater focus on self-reliance, including education and livelihoods. A rigorous body of research about refugee impacts on native workers in developed countries shows refugees are net economic contributors if provided adequate services, support and rights (e.g., work permits, access to labor markets, freedom of movement).[17] This is not to suggest that there are not winners and losers in host countries—for example, displacement from certain sectors can occur as the labor market adjusts. [18] However, if well-integrated, refugees provide an overall net benefit to their host countries.

However, governments struggle to provide the necessary conditions for integration given the development challenges of their own citizens, sensitive political dynamics, and fears that encouraging self-reliance will deter refugees from eventually returning home. A compact model would combine significant, flexible, multi-year resources (potentially including donor policy commitments related to trade and migration[19]) benefitting refugees and host communities, and include policy commitments and investments that enable refugees' self-reliance.[20] A compact, in countries such as Lebanon (where one in four people is a refugee), could be a powerful means to bridge the short-term costs associated with hosting refugees with the long-term benefits they bring to host countries. The binding nature of compacts and their concrete incentives for governments and their citizens also ensure a long-term focus on outcomes—without these, it's too easy to fall back on policies that are critical for success.

Based on this new approach, a new US government platform would provide additional aid and "beyond aid" commitments to developing countries. A second element of this new approach would be a US leadership role in ongoing efforts at the World Bank to launch a multilateral platform at the nexus of humanitarian and development policy.[21] Along with leading contributions to the World Bank trust funds, the US government should play a strong role in shaping the policy approach of these multilateral platforms in line with its bilateral approach. The US should also work closely with the G7 and other allies to promote greater alignment and impact. When it comes to policy leverage, a coordinated approach, in which US objectives are reinforced by large multilateral actors like the World Bank, stands a much greater likelihood of success than the United States acting alone.[22]

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[17] Clemens and Sandefur highlight diverse research in their piece "A Self-interested Approach to Migration Crises". In addition, Legrain provides a detailed look at the economic benefits of integrating refugees. Michael Clemens and Justin Sandefur, "A Self-Interested Approach to Migration Crises," Center For Global Development, (October 2, 2015), http://www.cgdev.org/blog/self-interested-approach-migration-crises; Philippe Legrain, "Refugees Work: A Humanitarian Investment That Yields Economic Dividends" (The Tent Foundation, May 2016), http://www.tent.org/refugees-work.

[18] Del Carpio and Wagner study the impacts of the influx of Syrian refugees into the Turkish labor market. They show that Syrian refugees displaced Turkish workers from the informal market, pushing some (mainly Turkish high-school educated men) into the formal market. It should be noted that this study was conducted before Turkey issued work permits to Syrians, the effect of which still needs to be understood.

[19] For example, the Jordan special economic zone agreement with the World Bank includes increased trade access for Jordan to the EU market.

[20] Cindy Huang and Nazanin Ash, "Refugee Compacts: An Initial Framework" (Center for Global Development and International Rewscue Committee, October 3, 2016), http://www.cgdev.org/publication/refugee-compacts-initial-framework.

[21] The World Bank efforts includes the expansion of the MENA Concessional Financing Facility and the inclusion of a IDA refugee sub-window.

[22] Recent proposals to address challenges in fragile states also adopt a compact approach. Burns, Flournoy and Lindborg suggest enhancing the New Deal for Fragile States by encouraging broader partnerships among both U.S. domestic actors and fragile states' domestic actors, as well as increased focus on regional cooperation and mentorships. CAP has offered two proposals for engaging fragile states – one focused on

Three Smart Reforms

In addition to these three big initiatives, we believe your administration can make major progress in the "how" of US development policy with the amplification of three smart reforms in the first year budget.

1. Prioritize country ownership

Even as there is opportunity for a new administration to bring new ideas to US development policy, it is important to build momentum around important longer-term reforms initiated by previous administrations. Your new administration has the chance to solidify US commitments and early efforts to implement an increased focus on country ownership in development.

Over the last decade, the US government has endorsed a number of international agreements that emphasize the importance of ensuring partner countries play a lead role in designing and implementing their own development strategies.[23] Indeed, results are much more likely to be effective and sustained if they reflect the country's own priorities and when the partner government has a greater stake in—and is more accountable to its citizens for—their successful delivery. While the US has made commendable headway incorporating principles of country ownership into its development policy, it will fall to the new administration to find new ways to ensure that the policies and procedures for incorporating local participation into program design, implementation, and financing are meaningfully implemented in such a way that they achieve the intended effects of building partner country capacity and sustaining results.[24]

2. Drive results agenda forward

Critics of foreign assistance have often pointed out that there is simply not enough information about the results of most aid projects to know how effective US foreign assistance actually is. Recent years have seen serious efforts to remedy this, with adoption of a renewed focus on results. Your administration has a number of opportunities to drive the results agenda forward and ensure its institutionalization as a part of US development policy.

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bilateral compacts between the US and fragile states, and building on this concept, a similar compact that includes G7 countries. These are all promising ideas that could be critical in preventing future instability and crises. We propose beginning with a focus on the Syrian refugee crisis given its urgency and the serious threat it poses to US allies. Lessons can be learned through these compact processes that inform the longer-term approach.

[23] In its endorsement of the 2005 Paris Declaration on Aid Effectiveness, the 2008 Accra Agenda for Action, and the 2011 Busan Partnership for Effective Development Co-operation, the US government agreed to work to incorporate aid effectiveness practices, including country ownership, into its development policy and operations. "Paris Declaration on Aid Effectiveness," 2005, http://www.oecd.org/dac/effectiveness/34428351.pdf; "Accra Agenda for Action," 2008, https://www.oecd.org/dac/effectiveness/45827311.pdf; "The Busan Partnership for Effective Development Cooperation," 2011, https://www.oecd.org/development/effectiveness/49650173.pdf.

[24] Casey Dunning, Sarah Rose, and Claire McGillem, "Implementing Country Ownership at USAID and MCC: An Agency-Level Perspective (Forthcoming)" (Center for Global Development, October 2016); Sarah Rose et al., "The Use and Utility of US Government Approaches to Country Ownership: New Insights from Partner Countries (Forthcoming)" (Center for Global Development, November 2016).

The existing policy foundation is strong. In the last decade, USAID, and MCC have both developed highly regarded evaluation policies; the State Department, too, has made policy commitments to evaluate more of its development work. As a result, there have been far more evaluations produced; however, it will fall to the new administration to ensure that future evaluations are of high quality and that the results are well communicated and appropriately utilized to inform future programming and ensure accountability.

Beyond evaluations, there are a host of additional cutting-edge results-focused approaches the new administration has the opportunity to advance, as part of the three big ideas presented here and beyond. Adaptive management, for instance, supports seeking solutions to problems through experimentation accompanied by tight feedback loops. Rather than assuming "best practices" are equally well-suited to all environments, adaptive management is associated with rapid learning to inform mid-course adjustments that ultimately allow local actors to coalesce around the best ways, within their own local context, to achieve results.[25]

Outcome-based funding models like cash on delivery aid and development impact bonds are another option. With outcome-based funding, the US government pays only for the delivery of measurable and verifiable pre-agreed outcomes.[26] These approaches embrace flexibility and encourage innovation, placing more importance on measuring whether results are achieved than controlling how they are achieved.[27] Identifying in your first budget a pool of resources dedicated to piloting and scaling outcome-based approaches—a "Development Impact Fund"—would send a clear signal of your commitment to linking US foreign assistance dollars to results.[28]

3. Launch effectiveness pilots

One of the biggest constraints to the United States' ability to adapt to changing priorities and make real progress adopting principles of aid effectiveness like country-led programming and a focus on results is a complex web of spending directives, including both congressional directives and presidential initiatives.[29] In fact, when the George W. Bush Administration teamed with Congress to create a new foreign assistance account focused on effective aid delivery, they created a new agency, the Millennium Challenge Corporation (MCC), to sidestep constraints found in the existing foreign assistance infrastructure. Yet, MCC accounts for a very small portion of the US foreign assistance budget. USAID, the country's leading agency, embraces key tenets of effective aid delivery in principle, but country missions often find that their budgets are nearly completely tied up in congressional directives and presidential initiatives, leaving little flexibility to fund country-identified priorities or to shift funds to programming areas with greater prospects for achieving results.

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[25] Matt Andrews, Lant Pritchett, and Michael Woolcock, "Escaping Capability Traps through Problem-Driven Iterative Adaptation (PDIA)," Working Paper (Center for Global Development, June 22, 2012), http://www.cgdev.org/publication/escaping-capability-traps-through-problem-driven-iterative-adaptation-pdia-working-paper.
[26] William Savedoff, Rita Perakis, and Beth Schwanke, "Shifting the Foreign Aid Paradigm — Paying for Outcomes," in *White House and the World 2016 Briefing Book* (Center for Global Development, 2015), http://www.cgdev.org/publication/ft/shifting-foreign-aid-paradigm-paying-outcomes.
[27] Nancy Birdsall and William D. Savedoff, *Cash on Delivery: A New Approach to Foreign Aid* (Center for Global Development, 2010).
[28] Birdsall and Savedoff, *Cash on Delivery*.
[29] Casey Dunning and Ben Leo. "Making USAID Fit for Purpose – A Proposal for a Top-to-Bottom Program Review," *White House and the World*. (Center for Global Development, 2015).

A thorough review of the authorities included in the Foreign Assistance Act of 1961 will be important over the longer-term. Such an exercise would serve as the basis for a plan to work with Congress to create new authorities and reform existing authorities in order to create a development policy appropriate for the 21st century. However, such a review is time- and resource-intensive. To move more quickly on high impact reforms, in the short-run, USAID should engage in a series of "effectiveness pilots," in which—in a small set of countries—directives, earmarks, and other spending requirements are removed or significantly reduced. In exchange, USAID would ensure it adheres to more effective aid delivery practices, including evidence-based priority setting, public outcome and impact measures, default local ownership in project design, implementation, and resourcing, and transition planning. Such pilots would give USAID the necessary flexibility to operate in ways associated with better and more sustainable results. Furthermore, such reforms could lead the way for more fundamental, wide-reaching changes as the reforms lead to more sustainable development efforts.