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***ANNEX VII. DO IMPACT EVALUATIONS HELP
DELIVER IDB PROJECTS?***

***IDB'S IMPACT EVALUATIONS:
PRODUCTION, USE, AND INFLUENCE***

Office of Evaluation and Oversight, OVE

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I. INTRODUCTION

- 1.1 Impact evaluations (IE) have been used to analyze the effect of social policies, particularly in labor economics, since the 1960s.¹ However, their use, particularly randomized control trials (RCTs), has increased very rapidly during the last decade in many policy areas. This is in part due to the adoption of IE by many organizations, including multilateral development banks (MDBs), as a way of assessing the effectiveness of their own projects. Cameron et al (2016) constructed a massive database of IEs published between 1981 and 2012 to describe the fast growth in the use and publication of impact evaluations. Their review also shows that a variety of methods have been used beyond experiments.
- 1.2 There are many studies discussing how the evidence of IEs can be used to inform policy making. IEs, when properly designed, can unquestionably be very informative on what works, and can provide valuable information on the how -the causal mechanism of an effective intervention-. Dhaliwal and Tulloch (2012) use the experience of J-Pal to argue that evidence can have an impact on policy making, if it comes from methodologically rigorous and independent analysis, in addition to being actionable and easy to understand. In addition, from the perspective of policy makers, impact evaluations can be a tool to justify scaling up or ensuring sustainability of projects with proven effectiveness. In addition to the emphasis on IEs to measure the impact of programs and inform policies, MDBs have also used them to ensure accountability.
- 1.3 More recently the literature has analyzed the possibility of IE being used beyond a knowledge product – as a tool for supporting project implementation on its own. In this sense, a better use of an IE could be achieved when it is well integrated in the plan for monitoring and evaluating (M&E) of a project. The data collected since the first pilot to the final follow-up, is a valuable tool that can be used to adjust the policy or program and improve its effectiveness. Legovini et al (2015) argue that IEs, when properly planned and implemented can help delivering projects.
- 1.4 Legovini et al. (2015) use information from the World Bank projects to show that the ones accompanied by an IE disburse faster than similar ones without them. The authors list four main channels through which an IE could be helping the project. The first channel is the effect of the IE in the quality of the project. The authors argue that an IE could lead to better planning and evidence based design of the project by clearly defining the theory of change to be proven. The second channel is an effect on the implementation capacity. The execution of an IE requires training and support of the research team and field staff, which increases the quality of the project and the reporting time. The third channel is the improvement of policy quality. The process of preparing the IE will increase the amount of data for policy decisions which accelerates the decision-making process. Finally, they consider the “observer effects and motivation”, which refers to the fact that IE are a source of motivation to generate and share knowledge about the effectiveness of different types of type of interventions.

¹ Ashenfelter (1978).

- 1.5 This paper shows a similar analysis applied to the case of the Inter-American Development Bank (IDB). IDB has been at the forefront of the promotion, production and use of IEs in Latin America and the Caribbean, especially since its involvement with the evaluation of PROGRESA in Mexico during the second half of the 1990s. Since 2009, the Inter-American Development Bank has put tools in place to promote the use of IE by its project team leaders within the M&E plan of investment loans being designed. Every single loan in IDB is rated according to its capacity to be evaluated. Projects that include an IE as part of their M&E plan tend to score much higher than those that do not. Besides the M&E score, projects have been scored in other dimensions, such as the quality of the diagnosis of the problem being addressed and the logic behind the intervention. All together these scores form what is called the ex-ante evaluability of a project.²
- 1.6 Over the years, considerable attention has been given to these scores and each sector within the IDB has set its own strategy to increase them. More technical staff, particularly trained in IEs, has been hired; as well as innumerable trainings on IE offered to IDB staff and to IDB clients. This annex presents an innovative analysis given that the estimation of IE benefits on the quality of MDB operations is a new area of study. The systematic operational information of development effectiveness frameworks combined with the recent push for IEs could help better understand unexplored externalities of IEs on the field. Furthermore, these benefits could be monetized.
- 1.7 The objective of this paper is to shed some light on the discussion of whether IEs can be more than a tool for learning and accountability, and to determine if they are helping project implementation, measured by the disbursement rate of the loans. We measure the average effect of including an IE on the implementation of the projects using their disbursement rates and separating those with and without an IE. There are some drawbacks of this type of analysis -discussed in the paper- but it is intended to be informative on potential benefits of including an IE, and how the institutional changes implemented almost a decade ago can better serve the Bank.
- 1.8 The rest of this paper is organized as follows: Chapter II describes the data used and how it was constructed, citing sources and providing a general overview of the database; Chapter III explains the methodology to estimate the effect of IE on disbursements of the loans; Chapter IV includes a description and discussion of the results. Finally, Chapter V concludes and proposes an agenda for future research.

II. DATA

- 2.1 We constructed a database with all loans approved between 2009 and 2016. It includes 578 loans in total and, among them, 212 proposed at least one IE (37%). This database was constructed using the IDB internal information system (LMS), which provides the main characteristics of all loans, including: year of approval; country where the project will be implemented; IDB sector and subsector; loan amount size (measured at the approval date) and the historical number of team

² IDB document GA-232.

leaders. We also included the DEM scores given to the projects during their design phase, their ex-ante evaluability score and each of its sub-scores. Finally, the database was enhanced with specific information collected by OVE on the characteristics of the IEs, including the type of IE -experimental or quasi-experimental- proposed in the loan document. The information was collected by OVE through a series of qualitative interviews with team leaders and desk reviews of projects. Almost all Bank employees (90%) that were or are currently in charge of an IE -team leaders of projects- were interviewed and provided specific information on the status and characteristics of the IE. This was the first attempt to construct a comprehensive database of IEs funded by the Bank, not only for recent IEs but for previous ones.

- 2.2 Table G.1 shows the loans with and without IE by sector. It shows a higher concentration of IEs in the social sectors. The average of operations with IE in education, labor markets, social protection and health, and gender and diversity is 76%, while in infrastructure it is only 8%. As explained in the evaluation, the use of IE and counterfactual analysis in social sectors is more common given the development of different methodologies, and the relative ease of identifying beneficiaries. This distribution is very similar to what can be observed outside the IDB. Cameron et al (2016) show that worldwide about 95% of the IEs published are in health, nutrition and population, education or social protection.

Table G.1 - Total Operations with and without IE

Department / Sector	W/o Impact evaluation	W/ Impact evaluation	TOTAL
CCS	0	1	1
CSD	HUD	12	38
	RND	30	60
	CTI	3	21
IFD	FMM	5	44
	ICS	27	49
	CMF	16	36
INE	ENE	4	42
	TSP	6	77
	WSA	5	74
INT	TIN	9	16
	EDU	27	36
SCL	GDI	1	1
	LMK	6	9
	SPH	41	67
TOTAL	363	212	571

Source: OVE. IE Database 2017.

- 2.3 Also, the distribution of projects with and without IEs across countries is very different. The countries with the largest proportion of operations with an IE are Costa Rica (85%), Dominican Republic (74%) and El Salvador (74%), while Barbados (0%), Venezuela (0%) and Guyana (25%) have the lowest. The information provided by the team leaders do not include specific drivers for this

distribution, but they agree that there are some countries more interested in IE than others. Some countries are likely to have a better environment for teams to propose IEs, while for others it might be harder.

Table G.2 - Distribution of loans by Country

Variable	w/o IE	w/ IE
Argentina	6.17	10.25
Barbados	2.16	0
Bahamas	0.67	0.42
Belize	1.92	1.29
Bolivia	5.54	6.22
Brazil	20.6	7.63
Chile	0.7	1.6
Colombia	4.81	3.97
Costa Rica	0.35	0.98
Dominican Republic	1.76	4.93
Ecuador	4.38	10.93
El Salvador	1.13	6.37
Guatemala	0.42	0.35
Guyana	3.33	1.09
Haiti	6.83	3.31
Honduras	4.63	4.54
Jamaica	2.27	1.79
Mexico	7.02	12.77
Nicaragua	8.82	3.13
Peru	2.75	2.83
Panama	1.79	2.84
Paraguay	1.83	2.47
Suriname	1.51	2.19
Trinidad & Tobago	0.78	1.7
Uruguay	4.66	6.39
Venezuela	3.19	0

Source: OVE. IE Database 2017.

- 2.4 The loans with and without IE have no significant differences except for the preparation time (hours of the team leader) and the time between the origination and the expiration date. This could be an indication that projects with IE are better defined since the design phase of the loan could facilitate its execution. The process of preparing projects with IEs seems to be more involved as they take on average about 300 more IDB staff hours to be done. Also, they seem to reach approval in a more mature way, taking less time to reach eligibility; i.e. to start disbursing once the projects has been approved. Table G.3 provides more details on each variable.

Table G.3 - Descriptive Statistics of Main Variables

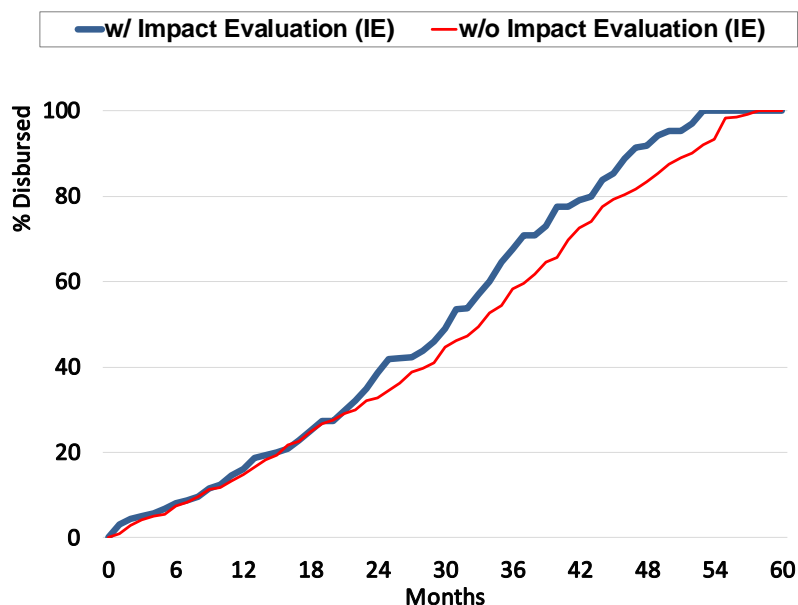
Variable	W/O IE	With IE
Original approved amount (US\$ millions)	101.9	96.6
Original operation duration (months)	58.4	57.6
Preparation time (man-months)	9.2	10.8**
Time between approval & eligibility (months)	11.0	10.3*
Time between org & expiration date (months)	11.4	8.0**
Last TL experience (num. of previous loans as TL)	1.1	1.1
Number of TLs	2.9	2.7

Source: OVE. IE Database 2017. ** p<0.05, * p<0.1

III. DISBURSEMENT CURVES

- 3.1 We plotted the distribution by loan with and without IE, and they have clear differences -Figure G.1-. Both types of projects seem to be almost the same during the first 2 years, projects with IE seem to speed up disbursements after that, completing the projects earlier on. This coincides with the result displayed in Table G.3, which shows that projects with and without IE have similar average planned duration, but the latter have more delays (on average 3 months more than the projects with IE).

Figure G.1 - Disbursement Curves

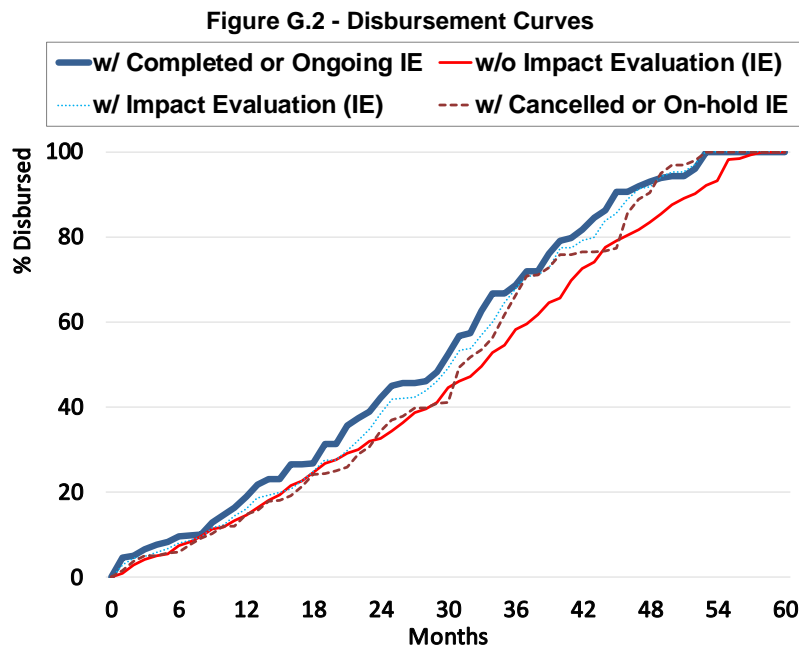


Source: OVE. IE Database 2017.

- 3.2 As it is described in the main document, IDB specialists had an extra incentive to propose IE since the introduction of the DEM. However, there is no institutional mechanism to track evaluations implemented. Not all IEs proposed are equally well conducted in the field. The success of the IE in the field depends on many conditions, including changes of local authorities and execution agencies, changes

in the design of the project for technical or political reasons, take-up rates of the intervention, non-compliance, attrition of the selected beneficiaries, spillover effects of the treatment or contamination of control groups in the case of experiments. These reasons make it difficult to complete an IE and it is the basis of a natural mortality rate for each intent.³ As a consequence, many evaluations were proposed but difficulties upon implementation forced team leaders to cancel them. This likely comes at the cost of compromising the quality of some of the IEs.

3.3 Figure G.2 is analogous to Figure G.1, but separates the project IEs into two cases. The first one includes the projects with IEs that have been completed or are currently ongoing; while the second one includes all IEs that have been cancelled, or are on hold. We do this to attempt to separate the “successful” cases from the “unsuccessful” ones. Despite the differences over time being smaller compared with those loans with no IE, the effect is like the one found in Figure G.1.



Source: OVE. IE Database 2017.

3.4 To sum up, the inclusion of an IE seems to have a positive effect on the disbursement of the loans. The rest of the paper provides an empirical strategy to measure this effect and estimates of the benefits generated by it.

³ See Appel and Karlan (2016).

IV. EMPIRICAL STRATEGY

- 4.1 In this paper, we attempt to test the conjecture of the positive effect of including an IE in the design of a loan. The main challenge of this analysis is the fact that projects are not randomly selected to have an IE. Therefore, there are several confounding effects that need to be taken into consideration. The first and most obvious would be the possibility that better projects select themselves for an IE. To deal with this issue, we use preparation time and DEM scores as proxies for project design quality. Another confounding effect is the possibility that projects with better executing agencies are more likely to have IEs. Although we cannot directly observe the executing agency, we include in all our regressions country, year and sector fixed effects, to capture part of the executing agency effect. In sum, there is a potential source of endogeneity in the inclusion of IE in the projects, but we argue that all observable variables reduce the possible bias generated by it.
- 4.2 The methodology used here is straightforward. We first estimate the probability of including an IE in an IDB operation. Even though we cannot clearly rule out the possibility that the best projects select themselves for IEs, we argue that an IE can be included only if certain conditions are met, particularly interest from the team leader and the government implementing the project. This convergence creates the space for the IE to help in the implementation of the project. We try to estimate the probability of proposing an IE as the following function:

$$Prob (EI_i) = f(X_i; \varepsilon_i) ; \quad (1)$$

where EI_i is a dummy that takes value 1 if the project had at least one IE, and zero otherwise. X_i is a set of observable characteristics of the project at design, including country, year of approval, sector, experience of the team leader at design (measured by the number of IDB projects led since 1980), size of the project (measured by the amount in US dollars of the loan), and the scores on the project logic section of the DEM;⁴ and ε_i is an error term. Model (1) is estimated using a linear probability model.

- 4.3 The second part of the analysis is to estimate the model of disbursement rates. For that we constructed a panel with all projects and information about the percentage of the loan disbursed by month and run the following model

$$y_{it} = \alpha_0 + \alpha_1 t + \alpha_2 t^2 + \alpha_3 t^3 + \alpha_4 (t * IE_i) + \alpha_5 (t^2 * IE_i) + \alpha_6 (t^3 * IE_i) + \beta X_i + \theta_i \quad (2)$$

where y_{it} is the percent of the loan i amount that has been disbursed in year t . This variable goes from 0 to 100, taken the original approved amount as base. IE_i is a dummy variable that identifies whether project i includes an IE in its loan proposal. This is based on the information included in OVE's database. X_i is a group of control variables used in the analysis of the probability to propose an IE, including dummy variables for country, year, and sector. It also includes information about the project -amount approved, preparation time in months, experience of the team

⁴ This section of the DEM assesses the quality of the project diagnosis and the logic of the intervention to address the problem diagnosed.

leader and the ex-ante evaluability scores on project logic and economic analysis-. The inclusion of these variables in the regression is related to the concept of confounders established by Rubin (1990) or “conditional independence assumption” as referred by Lechner (1999, 2002). The assumption made here is that the variables included in the set of covariates are not currently affected by the IE being conducted. They should have been defined prior to the beginning of the implementation of the project and disbursements initiated, which they do. However, these are necessary conditions and not necessarily sufficient (Imbens and Wooldridge, 2007).

V. RESULTS

A. Probability of Including an Impact Evaluation

- 5.1 In this first step, we attempt to understand the drives of proposing an impact evaluation for a given project. The results of the first regression are presented in table G.5. We observe that the size of the project (loan amount) and the planned duration of the project are not correlated to proposing an impact evaluation.
- 5.2 The DEM scores with respect to project logic are correlated, but this correlation is mostly driven by the sector of the project – once sector fixed effects are included, the coefficients for the DEM score on project logic become insignificant. The inclusion of the DEM scores in the regression was an attempt to measure for the quality of the project – at least with respect to how well defined the problem being addressed by the project is and the logic behind the intervention. However, as shown in graph G.3, the scores do not vary much.
- 5.3 The only coefficient that is significant, regardless of other controls used, is the project preparation hours. The more hours spent in project preparation, the higher the probability of including an impact evaluation. This result cannot be understood as causal, as including an IE is likely to also demand more work, therefore more hours to prepare the project. This variable, as the other ones included in the regressions presented in table G.5, are included in the disbursement model discussed in the following section.

Table G.5 - Probability of Including an IE

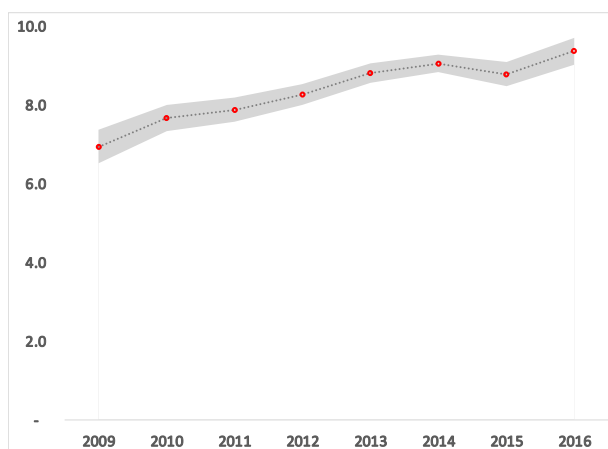
Variables	(1)	(2)	(3)	(4)
Loan Amount (log)	-0.0240 (0.0166)	0.0095 (0.0152)	-0.0026 (0.0185)	-0.0058 (0.0183)
Duration of the loan (plan)	-0.0009 (0.0014)	0.0016 (0.0013)	0.0014 (0.0014)	0.0008 (0.0014)
DEM Score. Logic of operation	0.0477*** (0.0128)	0.0229** (0.0116)	0.0202* (0.0119)	0.0004 (0.0127)
Hours of Preparation	0.0001*** (0.0000)	0.0001*** (0.0000)	0.0001*** (0.0000)	0.0001*** (0.0000)
Constant	0.4307 (0.3027)	0.4918 (0.4762)	0.6617 (0.5270)	0.7339 (0.5167)

Observations	561	561	561	561
R-squared	0.0513	0.3357	0.3879	0.4252
Approval year FE	No	Yes	Yes	Yes
Country FE	No	No	Yes	Yes
IDB Division FE	No	No	No	Yes

Source: OVE Database

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Graph G.3 - Average DEM scores – Project Logic



Source: OVE Database

B. Effect of Impact Evaluations on Cumulative Disbursements

5.4 The core of the analysis is based on different specifications of equation 2. OVE's database was created using information provided by almost all the staff involved in IE at the IDB. During the interviews, OVE specifically asked about the origination process of the IE, particularly those derived from the set of incentives in place in the IDB. In some cases, they felt almost imposed by the Bank management operational policy. However, most IEs seemed to be responding to a genuine interest in learning, either from the Bank or from the government implementing the project.

Table G.6 - Cumulative Disbursements and Impact Evaluations

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Months since approval	2.089***	1.890***	1.969***	1.798***	1.617***	1.618***	1.631***	1.633***	1.653***	1.651***	1.645***
	-0.021	(0.031)	(0.030)	(0.030)	(0.028)	(0.028)	(0.028)	(0.028)	(0.028)	(0.028)	(0.028)
Months ²	-0.012***	-0.009***	-0.011***	-0.008***	-0.006***	-0.006***	-0.006***	-0.006***	-0.007***	-0.007***	-0.007***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Months ³	0.000**	-0.000	0.000*	-0.000*	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
IE*Months	0.274***	0.241***	0.105***	0.161***	0.244***	0.266***	0.269***	0.259***	0.248***	0.247***	0.238***
	(0.036)	(0.034)	(0.033)	(0.033)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)
IE* Months ²	-0.005***	-0.004***	-0.003***	-0.004***	-0.005***	-0.006***	-0.006***	-0.006***	-0.006***	-0.006***	-0.005***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
IE* Months ³	0.000***	0.000***	0.000**	0.000***	0.000***	0.000***	0.000***	0.000***	0.000***	0.000***	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Original approved amount							-1.507***	-1.718***	-1.808***	-1.797***	-1.784***
							(0.080)	(0.082)	(0.082)	(0.082)	(0.083)
Time approval-eligibility (month)								-0.259***	-0.261***	-0.263***	-0.264***
								(0.019)	(0.019)	(0.015)	(0.019)
Preparation time (man-months)									-0.150***	-0.149***	-0.162***
									(0.021)	(0.021)	(0.021)
TL experience (Num. loans)										0.204***	0.239***
										(0.069)	(0.070)
DEM - Program Logic											-0.142*
											(0.073)
DEM - Economic Evaluation											0.159***
											(0.041)
Observations	39,331	39,331	39,331	39,331	39,331	39,331	39,331	39,331	38,971	38,971	38,438
R-squared	0.872	0.889	0.901	0.906	0.922	0.923	0.924	0.924	0.925	0.926	0.925
Operation duration FE	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
IDB Division FE	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Approval year FE	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Operation Type FE	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes

Source: OVE Database

Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

- 5.5 Table G.6 contains the set of main results. The dependent variable is the cumulative disbursement of project i in year t . We estimated models as linear probability model and cluster standard errors by project, to allow for the arbitrary autocorrelation within a project over time. All models are based on a third-degree polynomial specification (cubic) of time and IE. Model (1) shows the basic specification, without any other control. The coefficient of interest -the first-degree polynomial times the IE- has a value of 0.28. This indicates that a project including an IE disburses, on average, more rapidly than one without it for almost one quarter more. The other two coefficients of the specification are also significant, but their value is close to zero. Of course, this coefficient cannot be interpreted due to the fact that disbursements are correlated with other characteristics. Models (2), (3), (4) and (5) include different fixed effect to control for differences in time-invariant unobservable factors across operation, country, IDB Division, approval year and operation type. The coefficients on the disbursements decrease a little in the first cases, but once the control for unobserved time-invariant factors of the IDB division, approval year and type of instrument is accounted for, the value of the coefficient is similar to the first estimation.
- 5.6 Models (6), (7), (8), (9), (10) and (11) maintain the same polynomial specification with fixed effects, but includes different variables that are correlated with the disbursement profile of the projects. This includes size (approval amount in US\$); time between the approval and the eligibility; preparation time of the operation; team leader experience in each period (to include changes in of leaders); and DEM scores (program logic and economic evaluation). The coefficient of interest marginally decreases with the inclusion of each of these variables, but the effects remain significant. In the last case -the saturated model- it is almost 0.24, which means that after including these observed characteristics and controlling of time invariant effects, projects with an IE have a better performance.

C. Discussion

- 5.7 A major caveat of this analysis is that IEs are not randomly assigned to projects, which means that that team leaders select better projects to have IEs. In this case, the simple comparison could be potentially misleading since it only captures the effect of this selection. However, all team leaders of all projects have been subject to the same sort of incentives introduced with the institutional changes in IDB since 2009. This does not explain why some projects include an IE while others do not. In the process of constructing our database, we interviewed about 90% of team leaders that had at least one project with an IE. It has been clear from these interviews that many team leaders were responding to the incentives in place to promote IEs. It was also clear that the most IEs were proposed when there was interest from the Bank or from the client government to learn about the results of the intervention. We tried to understand what was behind the decision to propose an IE. Certain sectors and countries seemed more likely to include an IE in the projects. As expected, social sector projects had a much higher chance to propose an IE, while across countries there is no clear pattern. We also use the other scores that compose the overall ex ante evaluability score to try to control for the quality of the project.

- 5.8 When comparing disbursement rates, we found that projects with an IE do seem to disburse faster, even though we are not able to identify the exact mechanisms through which they do so. Projects with IE take more hours to be prepared, and possibly have been more carefully designed. But it is also possible that the results come from a higher commitment from governments to implement it according to a specific and well-developed plan, to be able to have the IE done, as well as due to closer supervision of the evaluation team in the field.
- 5.9 We attempted to look at this by comparing projects with IEs completed or currently ongoing versus the ones whose IEs have been cancelled or are on hold. It is true that projects with worse proposals are more likely to have the IE cancelled; i.e. the evaluations that have been less developed. But we argue that the difference between the results of both can be used as an indication of the work of the supervision teams in the field. Our results show that projects with evaluations that have been cancelled or put on hold do not seem to disburse differently from the projects without IE, providing some evidence that the work of supervision in the field can be helpful.

VI. FINAL REMARKS

- 6.1 The use of IEs would go beyond their well-known role in contributing to knowledge of what works and how things work, or even the role of accountability, to a much broader role of supporting policy maker in executing projects.
- 6.2 We showed here that IDB projects approved between 2009 and 2016 -after the introduction of the DEM- with a proposed IE disbursed faster than those without an IE. The exact channel through which IEs are helping projects to be delivered is not clear. We attempted to shed some light on that by comparing disbursement rates of projects with IEs that were completed or are ongoing, with projects with IEs that have been cancelled. We noticed that disbursement patterns of the latter is not significantly different from those of projects without an IE. We argued here that this is an indication that IEs do play a role in the execution of the project, likely due to the support and training provided by researchers and field staff to ensure that the IE can be conducted. Another important aspect to have in mind is that a set of conditions needs to be in place for an IE not to be cancelled, and among these conditions is the interest and commitment of the government, which could potentially be one of the drivers of the results presented here.
- 6.3 More research needs to be done to understand the main channels through which IEs help in project implementation, especially for policy makers to take advantage of during project execution.

APPENDIX

Probability of Cancellation

In OVE's database we identified 205 projects with an IEs proposed, 57 has all IEs proposed cancelled or on hold, and another 63 are currently on hold (not being conducted). Table G.4 shows the difference of scores between loans with and without IE, and those with cancelled and active IE. It shows the how those projects with IE had, on average a higher score, but the difference the ex-ante evaluability scores of projects with cancelled and non-cancelled IEs is not significant.

Table G.8 DEM Scores of Projects with and Without IE

Score	W/O IE	IE		
		General	Cancelled	Active IE
DEM Score section 3	7.9	8.4***	8.5	8.4
DEM Score section 4	8.0	8.6***	8.7	8.5
DEM Score Section 5. Evaluation	3.8	6.0**	6.0	6.0
DEM Score. Total	7.6	8.7***	8.7	8.6

Source: OVE. IE Database 2017. *** p<0.01, ** p<0.05, * p<0.1

IEs can be very challenging to be conducted, as a result it is expected that some of them will just not be completed. We see that in our database many IE have been cancelled, and we tried to estimate the reasons behind that. For that we estimated a linear probability model of cancelation as a function of: (1) country in which the project is taking place; (2) sector; (3) year of approval; (4) the main motivation to propose an IE -if it was driven by the incentives in place or by a genuine interest in learn-; (5) indicators for who was in charge of designing the evaluation -team preparing the project, the government team implementing it or a consultant-; (6) indicators for who was in charge of supervising the evaluation -team preparing the project, the government team implementing it or a consultant-; (7) the method proposed -RCT, quasi experimental or not defined-, and (8) the cost of the evaluation as a share of the total project cost. Table G.5 shows the estimation of different models starting with a defined methodology.

Table G. 4 Probability of Cancellation of IE

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Defined Methodology	-0.307*** (0.049)	-0.307*** (0.049)	-0.166*** (0.048)	-0.128*** (0.049)	-0.100** (0.048)	-0.146*** (0.050)	-0.151*** (0.050)
Ln(Budget)		0.001 (0.015)	-0.000 (0.014)	-0.004 (0.013)	-0.010 (0.014)	-0.013 (0.014)	-0.009 (0.016)
Design IDB			-0.344*** (0.040)	-0.210*** (0.052)	-0.146*** (0.054)	-0.183*** (0.055)	-0.184*** (0.055)
Design Consultant			-0.350*** (0.052)	-0.167** (0.068)	-0.131* (0.069)	-0.144** (0.071)	-0.187*** (0.072)
Implement. IDB				-0.186*** (0.063)	-0.227*** (0.065)	-0.192*** (0.067)	-0.212*** (0.068)
Implement. Consultant				-0.225*** (0.055)	-0.245*** (0.056)	-0.238*** (0.057)	-0.232*** (0.058)
Constant	0.537*** (0.045)	0.540*** (0.052)	0.626*** (0.049)	0.613*** (0.049)	0.719*** (0.112)	0.929*** (0.301)	0.946*** (0.364)
Observations	531	531	531	531	531	526	526
R-squared	0.066	0.066	0.195	0.220	0.259	0.315	0.355
Approval year FE	No	No	No	No	Yes	Yes	Yes
Country FE	No	No	No	No	No	Yes	Yes
IDB Division FE	No	No	No	No	No	No	Yes

Source: OVE Database
Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

IE that are not well defined from the design are more likely to be cancelled as well as the loan. Different variables show a similar association with the probability of cancellation, including having a well-defined methodology ex-ante or having the IDB or a specialized consultant for the design or the execution of the evaluation. This last variable can be considered a measurement of ownership of the IE, since it was measured by who is responsible for supervising the implementation of the IE.

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