



# THE WAY FORWARD

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As a leader in carefully integrating impact evaluation research into the design of its operations, the World Bank has demonstrated the high value of a trial-and-adopt technology to increase the impact of its operational portfolio. Introducing existing evidence in project design and embedding iterative trial-and-adopt approaches into projects to generate new knowledge optimizes project design and maximizes development impact. Learning from projects is the comparative advantage of WBG, and the knowledge this creates is a global public good that can be freely used by all.

The World Bank has accumulated deep expertise in implementing this technology. It has developed and tested approaches to improve project design and support project implementation by building local project management and analytical capacity and systematically using data and experiments to inform operational decisions. Small investments in this approach—as little as 1 percent of the overall project—can secure large increases in operational impact, in some cases up to 50 percent or more. Despite these high returns, the World Bank currently deploys modern iterative impact evaluation techniques in fewer than 5 percent of its projects. The World Bank is ready to expand this approach across its lending portfolio.

With adequate knowledge financing, the Bank can (a)systematize the adoption of evidence in project design across the entire project portfolio,

achieving economies of scale through batch approaches to incorporating knowledge in projects and introducing common measurement and data systems; (b) scale up iterative trial-and-adopt techniques to optimize delivery modalities, targeting, and other project design parameters to increase impact, increasing the share of projects with impact evaluations five-fold; and (c) build local capacity in data and analytical skills to serve as a foundation for optimizing the impact of all government programs in client countries, not just those funded by the World Bank.

## Systematize Adoption of Evidence in Project Preparation

Diffusion and adoption of knowledge cannot be achieved on a piecemeal basis. To facilitate the systematic incorporation of existing evidence in project design and building on extensive World Bank experience in doing that for DIME programs, operational portfolios can be prepared in batches. Batch preparation has multiple advantages: it leverages economies of scale in learning, takes advantage of group dynamics in adoption, and, potentially, uses peer pressure to advance global agendas. In addition, batch preparation can be used to introduce common measurement frameworks and data systems that will support reporting on outcome orientation. Across more than 50 workshops since 2007, we have demonstrated that preparing projects in global workshops with project teams and government clients working intensively for a week is effective in improving intervention choice, project design,

and implementation features; lowering preparation costs; and motivating the adoption of impact evaluation. These workshops, organized as a collaboration between research and operations, count with the participation of sector directors and chief economists, key policy and technical counterparts, and project teams. Researchers provide training and facilitation with hands-on support to advance project design, operationalize evidence and develop data and learning strategies across the life cycle of the projects. Taking this to scale will require relatively small changes in the operational calendar, project cycle, approval processes as well as the assignment of small-batch preparation budgets.

## Strategic Expansion of Impact Evaluation

Institutional collaboration between regions, sectors and research across the World Bank can help expand the generation of knowledge that will feed back into project preparation and implementation. To scale up iterative trial-and-adopt foundational learning and just-in-time decision-making, a proportion of projects would be selected to trial multiple interventions, delivery modalities, packages, parameters, targeting, etc. to identify and adopt proven ways to increase impact. The lessons would inform mid-course corrections and feed into lessons for the Bank portfolio. The studies will rigorously document impact for client, donor and investor reporting and address demands for outcome orientation.

## Building Local Capacity to Improve Project Implementation

Over the last 15 years, the World Bank has developed a strong model of training and learning-by-doing with government counterparts that has been shown to speed up disbursements, increase compliance with plans, and increase development impact. Clients of projects selected for implementation support benefit from assistance across the project cycle for data management systems and digital tools capacities for analysis, and generation of just-in-time evidence to manage for greater impact. This can be scaled up in conjunction with a scale up of impact evaluation.

Combining these strategies will greatly increase the World Bank's impact and its role as a global knowledge leader.

In summary, the knowledge the World Bank generates by working with its projects is a non-excludable global public good that can help the development community improve resource allocations to maximize the impact of development finance. Optimizing funding for it, as for any other public good, requires a deliberate decision by donors and investors to establish a financial architecture for impact. Such architecture would provide the basis for improving global policy choices and for increasing the returns of local investments by large margins. Without such a deliberate decision, expectations for maximizing the effectiveness of development financing will remain unrealized.