Impact Evaluation is the study of causal relations between a program, policy or intervention and outcomes of interest. IE is frequently confused with monitoring and evaluation.

**Impact evaluation (IE) and monitoring and evaluation are different but complementary activities.** Monitoring is the ongoing process of tracking project implementation, including inputs, activities, and outputs. Periodic evaluations of monitoring data provide assessments of whether a project is being implemented as planned. These can also be used to track changes in target outcomes over time, but they cannot tell us whether these changes are caused by the project.

**IE goes one step further to directly attribute changes in specific outcomes to a particular project or intervention.** The fundamental problem we face in trying to measure the causal impact of a program is being able to disentangle how much of the outcome change is a direct result of the program, and how much is due to external factors unrelated to the program. To be able to make causal statements, and separate intervention impact from the effect of external factors, IEs are based on counterfactual analysis. The counterfactual represents what would have happened in the absence of some specific action/intervention.

In practice, we cannot observe any specific unit of intervention with and without an intervention at the same time, and so we estimate the counterfactual using impact evaluation methods. The counterfactual, measures what would have happened to participants, had the intervention not taken place, and it is estimated using a comparison group that does not receive the intervention being evaluated. Finding a good counterfactual, or comparison group, is the key to having a good IE. The ideal comparison will be between two groups that are on average indistinguishable, except that one group receives the intervention (treatment) and the other does not (comparison). An IE design focuses on finding the best possible comparison group to compare their outcomes over time, starting from before the rollout of the intervention. Although there are many ways to set up a comparison group, the randomized controlled trial, where units are randomly allocated to either treatment or control (comparison group), ensures an accurate and balanced comparison and represents the gold standard for evaluation.

**HOW CAN IE IMPROVE POLICIES AND RESULTS?**

Impact evaluations can be designed to find answers to what works and why:

1. Is a program/project/policy having its intended effect (that is, **what works**)? These evaluations measure the size of a project/program impact.
2. What are the mechanisms that drive impact (that is, **how/why does it work**)? These evaluations help understand how to change specific elements of a program or policy to make it work better.

By testing different variants of the same project (for example, different forms of encouraging at-risk youth to participate in a program), IE can determine, with statistical precision, which of these variants is most effective in affecting key outcomes, and by how much.

**IE is not an audit of a project.** Instead, IE can be designed as *part of project implementation* to
WHAT IS IE?

IE analyses (baseline, intermediate, final) are discussed as soon as possible with the project team and other key stakeholders, before being disseminated more broadly.

WHERE IN THE PROJECT CYCLE CAN IE ADD VALUE?

• Understanding constraints: IE design involves detailed exposition of the causal chain/mechanisms through which specific interventions are expected to achieve results. This process highlights areas of uncertainty that may be the main constraints/mechanism to achieve impact, and critical assumptions for the intervention to have an impact.

• Providing inputs to improving policy design: Driven by this review of the causal chain and supported by the available evidence, these areas of uncertainty/assumptions form the basis for variations of project/intervention design, which can be tested using IE to determine which are most effective in practice. This also ensures that the latest evidence helps to inform project design, building, and evidence-policy feedback loop.

• Providing new data for policy making: Baseline IE data not only provide a basis for measuring project impact later on, but also can validate project design assumptions; the baseline data may also be used to improve project design prior to implementation. The same holds for subsequent rounds of data collection.

• Supporting project implementation and monitoring what challenges are faced can improve project design and implementation, informing potential midcourse corrections.

• Generating practical specific knowledge: Final IE analyses inform future project and policy design and funding allocations. All results from IE analyses (baseline, intermediate, final) are discussed as soon as possible with the project team and other key stakeholders, before being disseminated more broadly.

• Connecting to global networks and knowledge platforms: Projects undertaking IEs with support from DIME\(^1\) are connected to a broader global network of practitioners, policy makers, and experts in a set of relevant areas.

WHEN SHOULD WORK ON AN IE BEGIN?

The best IEs are designed to answer specific questions. In order to do this, IE design should happen before a program or intervention is implemented. The highest quality and most convincing IEs are those that are built into the design of a program or intervention from the beginning.

IE RESOURCES

Web: http://www.worldbank.org/dime
Facebook: http://www.facebook.com/IEknowpage

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