

Introduction

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This book reports lessons learnt through a three-year partnership between the European Investment Bank (EIB) and the Global Development Network (GDN). The EIB-GDN Programme in Applied Development Finance applied rigorous evaluation techniques to ongoing private investments in developing countries, while building local research capacity. Local researchers provided an understanding of local contexts. The programme created a pool of local researchers with experience in development impact assessment.

The book was co-edited by Pierre Jacquet, Emmanuel Jimenez, Shahrokh Fardoust and Alexandros Sarris; Matt Ripley was a major contributor; François Bourguignon, Arianna Legovini, Claudio Cali and Nina Fenton were co-authors; Alexis Atlani, Abhay Gupta and Brendan Harnoys-Vannier provided input. The authors based the chapters on their own experience of the programme and on feedback provided by the researchers, technical experts, private-sector funds and companies involved.

The EIB-GDN Programme in Applied Development Finance started in 2017. Competitively selected young researchers from Africa and the Caribbean were asked to assess the impact of a set of projects financed under the EIB's Impact Financing Envelope. Each cohort of ten researchers was matched with expert advisors who mentored them and assigned particular EIB investments to study. The researchers usually worked in pairs. The research outputs are referred to as deep dives. Deep dives are innovative research-based impact studies that collect data and use rigorous methods to investigate the nature of development impact and discuss causality. They provide an evaluative product that occupies the middle ground between descriptive studies focusing on outputs and much heavier, comprehensive scientific impact evaluations. During the three-year programme, 30 researchers produced 16 deep dives (EIB-GDN 2019, 2020, 2021).

The programme innovated in three major ways:

It used academic research techniques to study the development impact of ongoing private-sector investments. Measuring this impact requires unusual coordination between researchers and the private sector. Deep dives answer questions that interest funders and companies as well as academic researchers. Deep dives can fill a research gap between descriptive studies and scientific impact evaluations.

It built capacity for evaluative research in developing countries. The programme relied on developing country researchers and mentored them to produce the deep dives. Researchers with an understanding of the local context of interventions add to the relevance, legitimacy and credibility of impact studies. The approach included local stakeholders in well-informed debates on how to promote economic and social development, and contribute to the sustainability of development impact.

Capacity building in itself added a development impact as compared with alternative ways to conduct such evaluative work.

It offered an opportunity to boost accountability and development effectiveness. The programme complemented the Bank's established results measurement framework by developing in-depth impact studies. The EIB gained new insights into the impact of ongoing projects. In some cases, these insights pointed towards ways to improve development impact management. Discussions with research teams allowed project promoters to reflect on their impact theses and on ways to boost impact alongside financial sustainability. The reputable and independent Expert Advisor Committee endorsed the impact studies, strengthening the accountability of EIB activities.

This book describes the three-year journey taken by the organisations partnering under this programme, detailing the lessons learnt and opportunities for future work.

Chapter 1 was co-authored by Shahrokh Fardoust, Pierre Jacquet and Matt Ripley. The chapter describes the role of impact investing in the development financing context, and the crucial role of impact measurement within this field. It illustrates the major issues and challenges behind impact measurement and the diversity of measurement practices. It discusses factors motivating measurement and describes a research gap in impact studies. It introduces deep dives as a way to bridge the research gap.

Chapter 2 was led by Emmanuel Jimenez and co-authored by Pierre Jacquet, Alexandros Sarris, Shahrokh Fardoust, Nina Fenton, Claudio Cali, François Bourguignon and Arianna Legovini. The chapter comprehensively discusses the process behind the deep dives. It explains how research fellows were selected and paired, how projects were allocated and how mentoring was provided by expert advisors. It describes how deep dives were developed through an interactive and iterative process; the role of expert advisors in the choice of methods; and the challenges of data collection. It summarises the results, describes the process of building research capacity, and discusses what the research fellows learnt from the exercise.

Chapter 3 was written by Matt Ripley. This chapter assesses the use of deep dives by stakeholders. It proposes an analytical framework based on four distinct underlying motivations for the use of deep dives: instrumental, conceptual, symbolic, and capacity building. It uses the framework to review the use of deep dives, based on a survey and discussions with key stakeholders. It discusses how deep dives were used along each of these four dimensions by the EIB and its private-sector partners, by introducing rigour in impact assessments while serving the interests of diverse stakeholders.

Overall, the programme showed that tensions between the needs and interests of different stakeholders can be managed without compromising on quality. The resulting research-based deep dives can inform debates about development impact. The following chapters detail the main conclusions. Our key take-home messages are summarised below.

Interactivity

Interaction among the researchers, expert advisors, the EIB and investees shaped the deep dives. The researchers had to understand the context and the project, and test their initial ideas with expert advisors and then investees. The researchers needed the investees' cooperation and identified research questions that provoked their interest. Communication was often challenging – between the

researchers and the private-sector companies they worked with and between the researchers and the ultimate readers of the deep dives. Deep dives mobilise academic approaches to address real-life and real-time issues, but they must be relevant and clearly communicated if they are to successfully engage private-sector companies and reach wider audiences. The researchers had to learn to combine academic rigour with appealing formulation, style and content. Substantive communication training and a significant research translation effort by EIB staff helped to achieve this aim.

Knowing and understanding stakeholders' interests and needs was key. Deep dive studies addressed these interests and needs where possible. Interaction was needed because the interests of stakeholders are diverse and research design must consider more than one set of interests. The EIB-GDN programme demonstrated that this interaction produced interesting research outputs, or deep dives, which were useful to stakeholders, including private-sector partners.

Adaptability

The Private-sector companies targeted by the studies often wanted insights with relevance to their business objectives as well as their development impact. Rapid results were needed as a relevant basis for operational decision-making. The researchers wanted to produce high-quality academic papers to further their careers. Their mentors, seasoned scholars, placed a strong emphasis on academic rigour and relevance, and required high-quality work based on methodologies tailored to the questions selected and the available data. The EIB-GDN programme required a balance between rigour, timeliness and relevance. Achieving this balance required constructive interaction among stakeholders, and adaptability in setting research questions and methodologies. This was a major learning point for the researchers.

Data availability constrained the methods that could be applied and demanded adaptability. Data collection was strongly affected by the COVID-19 pandemic. The experience showed that a research-based approach can give useful and rigorous insights even when data requirements are met imperfectly. New data sources and innovative techniques (such as big data and machine learning) might help close future data gaps.

Building capacity

Substantial capacity was built among the research fellows who participated. Technical skills were boosted through interaction with global experts in impact evaluation. The researchers also gained a better understanding of the challenges of working in a non-academic context, discussing plans with non-researchers, reformulating feasible questions and approaches, and securing the buy-in of companies. The expert advisors were crucial in helping the young researchers to reorient their questions, methodological choices and presentations to meet private companies' interests without compromising on academic quality. The researchers also benefited from supervision by EIB team members. This was particularly valuable in shaping communications to a non-academic context, achieving the best use of data collected and preparing executive summaries for companies. The GDN provided organisational and logistical support for facilitating interaction, formalising commitments, monitoring work advancement, organising annual seminars for new inductees and providing research communication training.

Future perspectives

We see several ways in which this pilot exercise might usefully be scaled up. It could be expanded by increasing the number of impact studies conducted on private-sector projects that are expected to produce development impact. It could also be “deepened”, for example by choosing several projects in the same sector, so that the learning produced by impact studies could acquire a form of sector-based validity.

Funding remains a challenge. Private impact investors are unlikely to fully cover the costs of partnering with academia to more rigorously assess their impact, because of the public-good nature of this research: the learning function of impact assessments benefits everyone. Impact studies – an exercise in mobilising rigorous methods to assess impact – are an example of how public money can support good research documenting the impact of private-sector projects. They demonstrate how new kinds of public-private partnerships can emerge. We hope that other development institutions will be inspired by the example of the EIB-funded programme and help to scale up the approach.

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