

The Knowledge for Development Program

K4D Newsletter

The World Bank Institute

<http://www.worldbank.org/wbi/knowledgefordevelopment/>

Welcome to the second issue of the Knowledge for Development (K4D) Program Newsletter. The newsletter is published quarterly to keep our colleagues at the World Bank, our country clients, partner institutions, and the general public updated on the latest developments with regard to the activities of the K4D Program. Highlights in this issue include synopsis of our more recent knowledge economy assessments, such as those for Slovakia and India, and brief details on the progress of our policy studies. We also bid farewell to two of our colleagues who are leaving the Program for new assignments.

We welcome any comments, suggestions or feedback you may have and invite you to contact us at ke@worldbank.org.

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Knowledge Economy Assessments

The key goal of the assessments is to help countries identify their strengths and weakness as a knowledge economy and to develop the necessary strategies that need to be undertaken for the transition to a Knowledge Economy. The Program provides three levels of KE assessments: Benchmarking (Basic), Enhanced (Intermediate) and Comprehensive Assessments. In fiscal year 2004, K4D undertook a total of 15 assessments, and below are the highlights of several recent ones.

Benchmarking Assessments

Tanzania

As part of broadening the K4D work program's reach into Africa, the K4D team provided inputs for the Tanzania Country Economic Memorandum (CEM) that will be prepared in FY05. Anuja Utz, assisted by Derek Chen and Aimilios Chatzinikolaou, developed a KE note on Tanzania as an input for the Tanzania CEM concept note. A KE benchmarking presentation for Tanzania was also put together. Main findings include a noticeable improvement in economic and institutional regime in recent years. Tanzania has also made notable progress in the innovation pillar and slight progress was made in the education and ICT sectors. However, the change is not as impressive relative to what is

occurring in other countries in the region, for example, in Kenya.

For more information, contact Anuja Utz.

Slovakia

Following the completion of a desk KE benchmark assessment for Slovakia, K4D team members made two separate visits in June 2004 to the country (Aimilios Chatzinikolaou and Jean-Eric Aubert) to explore with the government the possible next stages of this work. Feedback was very positive and together with the WB country unit, a clearly defined framework of collaboration will be developed soon. Overall, Slovakia's KE readiness is not as strong as that many of the other EU Accession countries, which presents a significant challenge and signals a sense of urgency for Slovakia, which became part of the European Union in May 2004.

For more information, contact Jean-Eric Aubert or Aimilios Chatzinikolaou.

South East Europe Knowledge Economy – FYR Macedonia, Serbia and Montenegro, and Bosnia and Herzegovina

At the request of the Country Director for South East Europe, a Knowledge Economy project for these three countries began in May 2004. The overall objective of the project is to assess the KE readiness of each country and to develop recommendations for discussion within the World Bank and a plan for developing knowledge economy related work in the region. In June 2004, Robert Whyte led a mission to the three countries to undertake an exploratory analytical review of policies and institutions that support the development of a knowledge-based economy for each country. The findings of the mission have been prepared in four papers – an overview paper and three individual country reports, and the project review meeting will be held on July 9, 2004.

Broadly speaking, all three countries are at a very early stage of progress in becoming knowledge-based economies and all three exhibit significant weaknesses in their capacity to make this transition. In summary, the legal, regulatory

and competitive environment is weak and in need of modernization, the business environment although improving remains complex and confusing, the telecommunications sector is essentially still un-liberalized and access to and use of ICT (e.g. through e-government and e-business) remains low, the innovation system is weak and indeed some critical elements are completely missing, and tertiary education is very inefficient and dysfunctional, and disconnected from the real economy.

For more information, contact Robert Whyte.

Enhanced or Sector Assessments

Tunisia

Jean-Eric Aubert and Professor Jean-Louis Reiffers (Institut de la Méditerranée) traveled to Tunisia from June 14-21, 2004, to advise the Tunisian government on the design of an annual Knowledge Economy report. The report, which is an essential dimension of the National Development Plan, will provide details on major policy measures related to KE, progress on the implementation of these measures and their impacts. A first version of the report is expected to be available by the end of 2004.

For more information, contact Jean-Eric Aubert.

India

The enhanced KE assessment for India “*India and the Knowledge Economy: Leveraging Strengths and Opportunities*” was completed earlier this year and was discussed at a review meeting with the India Management Team on March 11, 2004. The report, developed by Anuja Utz and Carl Dahlman, was well received by participants and peer reviewers. Reviewers commented that the report brings together the major issues related to India's transition to the knowledge economy and underlines key actions needed for India to successfully transform itself into a knowledge based economy. The revised report has now been sent to the Government of India. A consultative workshop of policy makers, private sector and civil society representatives will be held in New Delhi in Fall 2004 to discuss the findings of the report and to decide on next steps

in moving forward the knowledge economy agenda in India.

For more information, contact Anuja Utz.

Armenia

In collaboration with the World Bank Armenia country team, K4D is currently producing an enhanced KE assessment for Armenia. The assessment focuses on benchmarking Armenia's position on knowledge economy indicators and on identifying policy instruments to accelerate transition to knowledge-based competitiveness. Particular attention will be devoted to both short- and longer-term policy initiatives to enhance linkages between universities, science organizations and productive sector. Yevgeny Kuznetsov and Aimilios Chatzinikolaou visited Armenia from June 20-26, 2004 and met with selected IT and other companies, country promotion and enterprise development organizations and academics.

Based on our preliminary KAM analysis, Armenia's current overall standing as a Knowledge Economy, relative to the rest of world, has improved slightly since 1995. However, it has not performed well when compared to the majority of other economies in the ECA region. In terms of the individual KE pillars, Armenia has demonstrated significant improvement in the Economic and Institutional Regime, but has fallen behind for the education, innovation and ICT pillars.

For more information, contact Yevgeny Kuznetsov or Aimilios Chatzinikolaou.

Comprehensive Assessments

Mexico

The Mexico Knowledge Economy Report was recently completed and was discussed in a reviewed meeting (June 14, 2004) with the WB Country Director and peer reviewers. Overall, it was agreed that the report is a valuable piece of work with a convincing storyline and well-grounded analysis. The strong point of the report is the long-term perspective and analysis of relevant global KE best practices. The report will

be revised based on the useful comments and recommendations received, and the major conclusions will be presented in a workshop in Mexico in July 2004 as part of the high-level meeting organized by the Office of the President of Mexico, which focuses on policy options for promoting competitiveness and innovation.

The report argues that Mexico should continue to strengthen institutional capabilities by finalizing current reforms which open markets to international competition. Also, it was recommended that the current education and innovation systems should be improved and the ICT infrastructure upgraded.

For more information, contact Yevgeny Kuznetsov or Aimilios Chatzinikolaou.

Knowledge Products and Tools

Knowledge Assessment Methodology (KAM)

The Knowledge Assessment Methodology (KAM – www.worldbank.org/kam) is a diagnostic and benchmarking tool that provides a preliminary assessment of countries' and regions' readiness for the knowledge economy. Aimilios Chatzinikolaou manages the KAM, and Arseny Malov (WBI Knowledge and Learning Services) provides technical support. The KAM assists countries to benchmark themselves with neighbors, competitors, or other countries they wish to emulate on the four pillars of the knowledge economy.

The team is currently updating the data set and also expanding the country sample covered by the KAM. In addition, a CD-ROM version of the KAM will be available soon.

Aimilios Chatzinikolaou recently visited Paris (June 13-16) to present the KAM to various academics, who are involved with Knowledge Economy work. On July 15, Aimilios also made a KAM presentation to approximately 20 OECD staff at the OECD office in Paris and collaboration issues between the K4D team and the OECD regarding the KAM and country work were discussed.

A KAM presentation to senior World Bank management is planned for a forthcoming Corporate Day event and a presentation to the World Bank Board of Executive Directors has been scheduled at a technical briefing meeting on July 22, 2004.

For more information, contact Aimilios Chatzinikolaou.

Knowledge Economy Policy Studies

Knowledge and Economic Development

This research project, being undertaken by Derek Chen and Carl Dahlman, assesses the effects of knowledge on economic growth. The first paper resulting from this research effort “*Knowledge and Development: A Cross Section Approach*” has been completed and accepted for publication in the World Bank’s Policy Research Working Paper series. By using an array of indicators of knowledge, as independent variables in cross-section regressions that span 92 countries for the period 1960 to 2000, this paper shows that knowledge is a significant determinant of long-term economic growth. In particular, it was found that the stock of human capital, the level of domestic innovation and technological adaptation, and the level of information and communications technologies infrastructure all exert statistically significant positive effects on long-term economic growth.

For more information, contact Derek Chen.

Diaspora Project

Historically, contact with the outside world for many countries, and hence assimilation of knowledge from abroad, was often established through skilled immigrants and the communities they founded in foreign countries. During much of the 20th century, multinational firms have facilitated knowledge transfers by establishing facilities in developing countries, often with the assistance of locally based nationals. Viewed in this historical perspective, Diaspora networks have always been a key knowledge bridge between developing economies and technical know-how and investment capital.

The K4D Program is preparing a book “*Diaspora Networks and Migration Chains as Springboard for Knowledge-based Development*”. The book draws on research funded via a DFID grant that explores best practice regarding maximizing “gains” to sending countries from Diasporas of highly skilled emigrants from several countries, including Argentina, Armenia, Chile, Colombia, India, Pakistan and South Africa. Notably, the emigrants studied encompass three major subgroups: scientific and professional streams; executives of multinational corporations and start-up entrepreneurs. Also under discussion is a possible additional chapter on the positive Korean Diaspora experience, drawing on analysis carried out by the Korean Development Institute. The first draft of the Diaspora book is to be ready by October of this year and the final version by February 2005.

The Diaspora project helped organized a seminar of the Argentine Diaspora of highly skilled. The seminar took place on June 12-13 at the World Bank (video-conference with Argentina) and in the Argentinean embassy. There were more than 80 participants in total. The objective of the seminar was to discuss a country study prepared by the project and to identify next steps in terms of practical follow up projects.

For more information, contact Yevgeny Kuznetsov.

Gender Equality and Economic Development: The Role for ICTs

This paper, written by Derek Chen, originated as a background paper for the Gender Equality session at the Second MENA Knowledge for Development Forum, held in March 2004 in Marseilles, France. It focuses on the role that information and communication technologies (ICTs) can play in improving gender equality, thereby enhancing long-term economic growth. The paper provides statistical evidence showing that increases in the level of ICT infrastructure tend to improve gender equality in education and employment and that gender equality in education is an important contributor to gender equality in employment. The paper was published as a

World Bank *Policy Research Working Paper* (No. 3285) in April 2004 and is available online at: <http://econ.worldbank.org/view.php?type=5&id=35079>

For more information, contact Derek Chen.

Learning and Knowledge Exchange Events

Francophone Africa Policy Dialogue

In April 2004, Jean-Eric Aubert and Aisling Quirke, together with WBI GDLN and Human Development divisions, and the Bank's Africa Region, organized from the Paris office a GDLN-based series of policy dialogues with Francophone Africa. This dialogue - "*Policy Dialogue on Knowledge for Development with Francophone Africa*" – drew participation from government officials from Benin, Mauritania, and Senegal, and was moderated from both Paris and Washington. Composed of 5 sessions, the Dialogue involved high-level policy makers dealing with education, ICT and innovation policies. The series benefited from the support of the Swiss Development Corporation and the French Ministry of Foreign Affairs, and was developed in cooperation with the Institut Universitaire d'Etudes du Developpement (Geneva). In total, there were 92 participants from the 3 countries.

For more information, contact Jean-Eric Aubert or Aisling Quirke.

Conference on Restoring Global Balance Together

Faythe Calandra, Carl Dahlman, Yevgeny Kuznetsov, and Anuja Utz organized a keynote speech and a conference session for the above Staff Exchange Program/Knowledge Sharing conference, which was held at the World Bank, June 28-29, 2004. The keynote speech was presented by Carlos Cruz Limon, Rector, Universidad Virtual, Tec Milenio of Monterrey, Mexico on the challenges of restoring global balance. The conference session on The Role of Education in Building Knowledge Societies, looked at innovative education initiatives in Jordan and Mexico. At this session, the CISCO Learning Institute (CLI) presented their program

to develop Internet-based training materials for math curriculum for grades K-12 in Jordan. Further details are available online at: <http://www.worldbank.org/ks/sepsks04/>

For more information, contact Anuja Utz.

Operational KE Projects

Romania KE Project

Jean-Eric Aubert chaired the panel overseeing a quality enhancement review of a KE project in Romania in May 2004. Suggestions and comments from the panel assisted in the fine-tuning the US\$50,000 project, which basically aids the establishment of several hundred telecenters, the training of people in use of ICT, and the development of an e-government in Romania.

For more information, contact Jean-Eric Aubert.

Turkey Knowledge Economy and Innovation Loan

Following on from an earlier knowledge economy assessment of Turkey, Robert Whyte is part of the ECA team designing a \$100 million investment lending operation covering three key aspects of knowledge economy development, namely skills for KE, e-development and enterprise innovation. Working closely with counterparts in Turkey (TTGV) and with World Bank colleagues, Robert is leading the development of the \$40m enterprise innovation component. The goal of the component is to create a coherent, integrated technology support system designed to encourage and support larger numbers of enterprises to increase productivity and competitiveness through innovation and the adoption and development of technology. The project team undertook a Preparation mission in May 2004 and the project is now well into the detailed design phase. It is hoped to be able to put the project to the WB Board in December 2004.

For more information: Contact Robert Whyte

Partnerships

Korea Knowledge Partnership Program

The annual meeting between Korean Development Institute (KDI) and WBI took place on June 16, 2004. Korea Knowledge Partnership Projects completed in FY04 were reviewed and it was agreed to deliver an additional 12 projects in FY05. These 12 projects include jointly organized KE conferences in such countries as Mongolia, Mexico, Thailand, Brazil and Madagascar, the provision of technical assistance to client countries and a research project on expanding and cultivating innovation systems.

For more information: Il Whan An

and the British Council, the United Kingdom's cultural relations organization. Paula is returning to the British Council to take up the post of Director of the New Zealand office. In her time with the Program, Paula has contributed to developing a community of practice for K4D and won an award from the President's *Simplification Fund* for developing a knowledge sharing methodology for working across sectors of the Bank. The knowledge of developing a multi sector community of practice for the K4D Program has been converted into a set of learning materials for the HR Learning Support Group. A set of debriefing notes on her assignment with the Program can also be found with Faythe Calandra.

Farewell to Paula and Dany

Paula Middleton left the Knowledge for Development Program on June 30 after two productive and happy years with the team. She has been on assignment to K4D under the Partnership Agreement between the World Bank

Beginning 1st July 2004, Dany Bosseler will take on a new assignment working with the director of WBI's Sector and Thematic Programs in the World Bank Institute. During her time with the K4D team, Dany assisted Tsutomu Shibata with the Brain Trust Program and Paula Middleton with the K4D Community activities.

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**The K4D Team**

**Program Manager**

Mr. Carl J. Dahlman

*Senior Advisor*

**Team Members:**

Mr. Il Whan An

*Senior Public Sector Specialist (on secondment from the Korean Ministry of Planning and Budget)*

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*Research Analyst*

Mr. Derek H. C. Chen

*Research Analyst*

Mr. Yevgeny Kuznetsov

*Senior Economist*

Ms. Aisling Quirke

*Junior Professional Associate (based in Paris)*

Mr. Tsutomu Shibata

*Advisor (Manager of the Brain Trust Program)*

Ms. Anuja Utz

*Senior Knowledge Management Officer*

Mr. Robert Whyte

*Senior Program Officer*

Mr. Douglas Zhihua Zeng

*Research Analyst*

For profiles of the team members, please visit

<http://www.worldbank.org/wbi/knowledgefordevelopment/contactus.html>

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The Knowledge for Development (K4D) Program

Knowledge, and its application, is now widely acknowledged to be one of the key engines of economic growth. The increasing importance of knowledge has created both opportunities and challenges for developing countries. On one hand, the knowledge revolution presents significant opportunities for promoting economic and social development, thereby reducing poverty. On the other hand, it has become more crucial than ever for countries to position themselves so as to participate effectively in the knowledge-driven markets that now dominate the global economy. Failure to do so, could result in countries being left further behind.

The main objective of the K4D Program is to help client countries make the transition to the Knowledge Economy, which is one that uses knowledge as the key engine for economic growth. More specifically, the Program helps countries make more effective use of knowledge for their overall economic and social development by focusing on the four 'knowledge' pillars: an educated and well-trained population; a dynamic innovation system; an established information and communication technologies (ICT) infrastructure; and an economic and institutional regime that is conducive to the creation and use of knowledge. The K4D Program thus works with clients to develop concrete 'knowledge' strategies covering the four KE pillars, taking into account issues of political economy, governance and the need to build stakeholder ownership.
