

**The Knowledge for Development Program**

# **K4D Newsletter**

**The World Bank Institute**

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Welcome to the third 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 recent knowledge economy assessments and details on our knowledge exchange workshops, one of which focused on Africa.

We welcome any comments, suggestions or feedback you may have and invite you to contact us at [ke@worldbank.org](mailto: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 this issue of the Newsletter, we provide brief details on the benchmark assessment on Mongolia and enhanced assessments on Armenia and Morocco.

## **Benchmarking Assessments**

### **Mongolia**

In September 2004, K4D prepared a knowledge economy benchmark assessment of Mongolia for presentation at a joint K4D/Korean Development Institute conference "Knowledge-Based Economic Strategies for Mongolia" to be held in Ulaanbaatar. Mongolia's position vis-à-vis the knowledge economy is mixed: It has strengths in education and there have been significant improvements over recent years in the country's economic and institutional regime. In particular, it ranks well on the rule of law, and on tariff and non-tariff barriers, but not as well on government effectiveness. On the other hand, in terms of information technologies, telephone, personal

computer and Internet penetration are all lower than for most of Mongolia's neighbors, and the rate of growth of Internet penetration over the past five years has been much slower than for other countries in the region. Innovation in Mongolia is also weak with comparatively very low levels of R&D and FDI expenditures. Innovation at the enterprise level also appears very weak. Nevertheless, proximity to growing Chinese markets and access to technology from elsewhere, including China, offers major opportunities for Mongolia, and the recent improvements in the investment climate should make it easier for Mongolia to take advantage of these opportunities over the coming years.

The full presentation can be found at: [http://idep.kdi.re.kr/news/news\\_read.jsp?seq=7523](http://idep.kdi.re.kr/news/news_read.jsp?seq=7523)

*For more information, contact Robert Whyte.*

## **Enhanced or Sector Assessments**

### **Armenia**

K4D, together with the World Bank Armenia country team, recently completed an enhanced KE assessment for Armenia. The report "*Armenia: Moving Towards Knowledge-Based Growth*" may become part of the Country Economic Memorandum. The main objective of the study is to suggest how (1) demand for knowledge among young people, (2) stock of existing domestic human capital, and (3) Diaspora networks can trigger a quick expansion in skill-intensive and export-driven entrepreneurship.

The report emphasizes that Armenia's current stint of strong growth is a unique opportunity to generate self-reinforcing dynamics: virtuous circles of interaction between domestic human capital and the Diaspora. It concentrates on the mobilization and recombination of existing human capital, via investments in intangibles, such as knowledge and skill transfer from the Diaspora to Armenia. Hence, the major value of the study, apart from the specific policy recommendations, is in offering (a) a different perspective on familiar problems: an invitation for policy makers to change their way of thinking, and (b) identification of pilot knowledge-intensive initiatives.

*For more information, contact Yevgeny Kuznetsov or Aimilios Chatzinikolaou.*

### **Morocco**

The national KE assessment has been completed by Ifrane University under the guidance of Jean-Eric Aubert (K4D) with the support of Abdelkader Djeflat (consultant). The report titled "Le Maroc Dans L'Economie De La Connaissance: Enjeux et Perspectives (Knowledge Economy Trends in Morocco: Issues and Perspectives)" was recently published. It presents the main elements to benchmark KE receptiveness and performance of Morocco, as well as key issues regarding implementation of KE related policies. The report is being used to raise awareness of the importance Knowledge-based economic development in countries both at national and local levels.

*For more information, contact Jean-Eric Aubert.*

## **Knowledge Products and Tools**

### **Knowledge Assessment Methodology (KAM)**

The Knowledge Assessment Methodology (KAM – [www.worldbank.org/kam](http://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.

A CD-ROM version of the KAM is being developed and will be available soon. A KAM presentation to the World Bank Board of Executive Directors has been scheduled at a technical briefing meeting in November 2004.

*For more information, contact Aimilios Chatzinikolaou.*

### **CD-Rom for Policy Dialogue on Knowledge for Development with Francophone Africa**

A CD-Rom containing materials from the "Policy Dialogue on Knowledge for Development with Francophone Africa" held in April-May 2004 has been produced. The contents, which are in French, include PowerPoint presentations and reports that were used in the Dialogue, plus 50-minutes of video extracts of key presentations. Further details on the policy dialogue are provided below.

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

### **Knowledge Economy Policy Studies**

#### **Knowledge and Development: A Cross-Section Approach**

This paper, written by Derek Chen and Carl Dahlman, assesses the effects of various aspects of knowledge on economic development. It is the first output from the Knowledge and Economic Development research agenda being conducted by the team. 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. The paper has been published as a World Bank *Policy Research Working Paper* (No. 3366) in August 2004 and is available online at: <http://econ.worldbank.org/view.php?type=5&id=37702>

*For more information, contact Derek Chen.*

### **Learning and Knowledge Exchange Events**

#### **Francophone Africa Policy Dialogue**

In April-May 2004, Jean-Eric Aubert and Aisling Quirke, jointly with WBI Global

Development Learning Network (GDLN), Human Development division, and the Africa Region, organized from the Paris office a GDLN-based series of policy dialogues with Francophone Africa. *Policy Dialogue on Knowledge for Development with Francophone Africa* was participated by government officials from Benin, Mauritania, and Senegal, and was moderated from both Paris and Washington. In total, there were 92 participants from the 3 countries. The event was supported by 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).

Composed 5 sessions, each three hours in duration, the dialogue mainly focused on policies related to education and training, innovation, and information infrastructures. The interest of governments in knowledge-and-innovation-centered development strategies was strongly evident. Innovative initiatives such as tourism in Mauritania and health care in Senegal were highlighted. The issue of finding the optimal balance between emphasis on basic education, tertiary education and vocational/professional training was also raised. It was also agreed that indigenous knowledge, being important assets especially in the context of Africa, should be more widely tapped and harnessed. Thus, the event has identified the pertinent issues related to Africa's development, which will form the basis for further discussion and research. Similar DLC-based events with local universities in Africa to develop a longer-term capacity in K4D-based strategies are currently being considered.

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

#### **Policy Dialogue Project on the Diasporas of the Highly Skilled**

With support and guidance from K4D team member Yevgeny Kuznetsov, the Diaspora initiative "Red de Talentos" (Networks of Talent) has been developing in Chile and Mexico.

Fundacion Chile has received a grant of about US\$50,000 from the Science and Technology Agency (CONICIT). A meeting to

design the Diaspora work program took place in Santiago, Chile during the week of September 20, 2004. Similarly in Mexico the Director General for Technology Modernization of Science and Technology Agency (CONICYT) has been leading the initiative and biweekly meetings are currently being conducted. A leadership conference has been planned in San Antonio, Texas in October 14-16, 2004.

*For more information, contact Yevgeny Kuznetsov.*

### **South-South Capacity Enhancement Policy Dialogue Program in Innovation**

As a follow-up to 'Turning Technology into Business' workshop organized by K4D Program and Fundacion Chile in March 2004, a Chilean delegation visited Finland from August 30 to September 1, 2004. The Deputy Minister of Economy headed the Chilean delegation. The next activity is scheduled for October 2004, which is a study tour to South Korea that will be participated by delegations from Russia, Chile, Mexico and Argentina.

*For more information, contact Yevgeny Kuznetsov.*

## **Operational KE Projects**

### **Mexico: Innovation for Competitiveness Project**

From August 30 to September 2, Yevgeny Kuznetsov participated in the identification mission of the Mexico Innovation Project and helped to define the Business Innovation and Technology Upgrading Component of the project. The objective of the project is to enhance the competitiveness and productivity of the Mexican economy by improving Mexico's innovation system.

*For more information, contact Yevgeny Kuznetsov.*

### **Tunisia**

A mission by K4D team member Jean-Eric Aubert and Professor Jean-Louis Reiffers (Institut de la Méditerranée) advised the Tunisian government for preparing an in depth review of its

KE related policies as part of the monitoring process of the National Plan. The review will attempt to assess the impact of selected policy measures. A first draft will be completed by October 2004. In addition, a national KE conference is being planned for this calendar year with Mr. Jean-Francois Rischard, Vice President for Europe, as a keynote speaker.

*For more information, contact Jean-Eric Aubert.*

## **Forthcoming Events**

### **Global Innovation Policy Dialogues**

On October 11 and 12, the first in a series of global innovation policy dialogues will take place. The dialogues will be delivered via videoconferencing from the Paris office, with participants in Washington, Paris, Geneva, Maastricht, Vienna, Addis Ababa and Kampala.

The pilot series of global innovation policy dialogues consists of 6 sessions, which will be conducted from October through December 2004. The dialogues will focus on three geographical regions and two sessions will be devoted to each region. Each session will have two to three countries from the selected region participating.

The dates, regions and countries to be covered during the initial six sessions are as follows:

- Sessions 1 / 2: Sub-Saharan Africa (Ethiopia, Uganda) – October 11th / 12th
- Sessions 3 / 4: South Asia (China, India) – November 15th / 16th
- Sessions 5 / 6: Mediterranean, including Middle East and North Africa (date to be decided)

The objective of this policy dialogue is to enable policy makers and relevant stakeholders active in the field of innovation policy to review and analyze policy issues related to innovation in developing countries. Experts included are from the World Bank and a number of international organizations, notably UNCTAD, UNIDO, UNU-INTECH, UNESCO, OECD, European Commission, IKED (International Organisation for knowledge Economy and Enterprise

Development), INSME (International Network for SMEs), and the Agence Francaise de Development. It is hoped that these discussions will result in an improved understanding of the key issues, and consequently form a basis for the development of future support activities by relevant communities both in the World Bank and outside.

*For more information, contact Aisling Quirke.*

### **India and Knowledge Economy Workshop**

The K4D program is currently organizing a workshop on “India and the Knowledge Economy: Leveraging Strengths and Opportunities” that will take place in New Delhi, India on November 9, 2004. This workshop, which is being developed in partnership with the Confederation of Indian Industries (CII), will include high level policymakers as well as representatives from the private sector and civil society in India, and will provide a forum to see how we can work together to identify concrete initiatives to advance the knowledge economy agenda in India.

*For more information, contact Anuja Utz.*

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### **The K4D Team**

#### **Program Manager**

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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.*

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