

The Knowledge for Development Program

K4D Newsletter

The World Bank Institute

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

Welcome to the January 2006 issue of the Newsletter of the Knowledge for Development (K4D) Program. This newsletter is published quarterly to keep colleagues at the World Bank, country clients, partner institutions, and the general public updated on latest developments of the K4D Program. Highlights in this issue include the appointment of Mr. Bruno Laporte as the Manager of the K4D Team and the launch of the new 2006 KAM. We welcome any comments, suggestions or feedback you may have and invite you to contact us at ke@worldbank.org.

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Welcome to Mr. Bruno Laporte

The K4D Team would like to extend a very warm welcome to Mr. Bruno Andre Laporte, who has been appointed manager of a new unit in the World Bank Institute that comprises of the K4D Team and the Knowledge Sharing Team. Mr. Laporte, a French national, has been leading the World Bank wide Knowledge Sharing Program since November 2000. He pioneered the development of the innovative global best practice system in education, organized around Thematic Groups and the Education Advisory Service. He has also been very active in shaping overall corporate strategies for knowledge sharing.

Mr. Laporte joined the Bank in March 1985 as an education economist with the Europe, Middle East and North Africa (EMENA) Projects Department. Since then, he has worked extensively on education, training, and employment issues in Europe, the Middle East, Latin America, and East Asia, and held several managerial positions across the Bank.

Thank you/Merci to Jean-Eric

The K4D team would like to express our sincere thanks to Mr. Jean-Eric Aubert (based in Paris) who has served as acting manager for the K4D Program since February 2005. Jean-Eric's leadership, responsiveness, and diligence, despite the distance and time difference, have been very

much appreciated during the past year. Jean-Eric will continue to provide guidance for the development of the K4D Program.

Country Knowledge Economy Assessments

The key goal of these assessments is to help countries identify their strengths and weakness and to develop strategies for their transition to a Knowledge Economy. The Program provides three levels of KE assessments: Benchmarking (Basic), Enhanced (Intermediate) and Comprehensive Assessments.

Comprehensive Assessments

Publication of the Overview for the Report on Finland as a Knowledge Economy

The advanced publication of the [Overview](#) of the Report on *Finland as a Knowledge Economy – Elements of Success and Lessons Learned* was released at the *World Summit on the Information Society* (WSIS) conference held in Tunis, Tunisia, November 16-18, 2005. The study, which will be available in February 2006, focuses on how the Finnish government and the private sector increased their R&D and innovation efforts, and used the financial crisis in the 1990s as an opportunity to make a major transformation from a natural resource-based to a knowledge-based economy. This included not just developing the ICT sector, but using knowledge to leverage performance of its natural resource-based sectors.

The report was developed in cooperation with Finland's Ministry for Foreign Affairs, Ministry of Trade and Industry, Finpro (Finnish National Agency for Cooperate Internationalization, ETLA (The Research Institute of the Finnish Economy and the World Bank Institute, and edited by Prof. Carl Dahlman, Georgetown University, Prof. Jorma Routti, Helsinki University of Technology & Creative

Industries Management, and Pekka Ylä-Anttila, Research Director of the ETLA

For more information, contact Anuja Utz.

Report on India and the Knowledge Economy – A Bestselling World Bank Publication

The K4D report on [India and the Knowledge Economy – Leveraging Strengths and Opportunities](#), was listed one of the bestselling World Bank publications of 2005. The report, authored by Carl Dahlman and Anuja Utz, was launched in June 2005, and more than 1,300 copies have been sold in 2005.

A key finding of the report is that while it has made enormous strides in its economic and social development in the past two decades, India can do much more to leverage its strengths in today's knowledge-based global economy. The report argues that when supported by the right kind of government policy incentives, the country can increase its economic productivity and the well-being of its population by making more effective use of knowledge.

For more information, contact Anuja Utz.

Enhanced Assessments

Innovation in Ethiopia

At the request of the World Bank Country Director, Ms. Aisling Quirke traveled to Ethiopia from September 2 to October 15, 2005 to conduct field assessment on innovation in Ethiopia. The results of which would potentially feed into the next Country Assistance Strategy (CAS) for Ethiopia.

Over the course of the 6 week mission, more than 30 interviews were conducted with local stakeholders, which included entrepreneurs, university professors, financial institutions, farmers, enterprise support organizations, representatives of international organizations and local World Bank staff.

There is limited innovation activity in Ethiopia because of the absence of a risk-taking culture, profit generation, and the lack of much-needed business support services. Despite this, one does observe an enormous resourcefulness in Ethiopia. Ethiopians demonstrate an extraordinary capacity to identify simple solutions to every day problems. There is a great capacity for imitation or sometimes even incremental innovation, be it at agricultural or industrial level. Some success stories can be identified (for example, in the horticulture industry), reinforcing the conclusion that there is considerable untapped innovation potential in the economy.

The report's policy recommendations include:

Promote Awareness of Innovation. Given the many cultural barriers to innovation and the general risk adversity of Ethiopian society, the first step in creating a functioning innovation system is to foster a culture of innovation through the promotion of innovation and entrepreneurship at grass-root level, notably by demonstrating the importance and value added of innovation.

Create a Center for Entrepreneurship and Innovation. Such a center would be a hybrid between Fundacion Chile and UNCTAD's Center for Innovation and Enterprise development. Its main objective would be to boost start-up creation in Ethiopia, improve access to information on product and market development, catalyze change and build confidence among the enterprise community both at home and abroad.

Create Innovation Incubator at Mekele University. In Ethiopia, where confidence levels are low and risk-adversity high, the demonstration effect is particularly important. Incubators, which provide a protected environment in which researchers can develop, test and later demonstrate their idea, are a relatively low-cost instrument to support innovation and complement efforts undertaken by centers for innovation and entrepreneurship. These incubators can be housed in universities, research centers or independent centers.

For more information, contact Jean-Eric Aubert.

Knowledge Products and Tools

Launch of the 2006 Knowledge Assessment Methodology (KAM)

The *Knowledge Assessment Methodology* (KAM - www.worldbank.org/wbi/kam) is an interactive benchmarking tool developed by the K4D Program. The KAM has been extensively used by researchers, international organizations and governments to evaluate countries' position vis-à-vis competitors in the increasingly globalized economy that puts a premium on knowledge and innovation. This year's changes brought about fully updated dataset as well as enhanced capabilities and user interface.

[KAM 2006](#) uses 80 structural and qualitative variables for a group of 128 countries to generate a range of comparative data tables, charts and figures that illustrate different aspects of countries' Knowledge Economy readiness. Various modes can display and compare countries' overall Knowledge (KI) and Knowledge Economy (KEI) indexes and demonstrate performance scores on the four main Knowledge Economy pillars: Economic Incentive and Institutional Regime, Education, Innovation, and Information & Communications Technology (ICT). A country can be compared against all the countries in the sample, or to countries in a certain region, or to countries of a particular level of income or human development.

Apart from the regular updating of the dataset with the latest available data, *KAM 2006* includes additional variables related to business environment and innovation, such as the business start-up data from the World Bank Group's Rapid Response Unit. In addition, new interactive tools that enable the user to better tailor the output and graphics to individual needs and requirements has also been added. For example, the "Global Ranking" feature presents, in a sortable table format, the various KAM indexes and KE pillar performance scores of all 128 countries. Visit www.worldbank.org/wbi/kam for further details.

For more information, contact Alexey Volynets.

Web section on the Diasporas of Highly Skilled and Migration of Talent

The Program recently launched on the [K4D website](#) a new section devoted to [Diasporas of Highly Skilled and Migration of Talent](#). As countries move to second-generation reforms and focus on long-term growth agenda, they increasingly reach to their Diasporas as an entry point to articulate and implement such agendas. This new section covers the growing field of academic inquiry and practical expertise in this area, including publications, events and pilot projects. On the requests of the governments, K4D Program has provided advisory services to develop relevant pilot initiatives to create Diasporas networks in Chile, Mexico and Argentina.

For more information, contact Yevgeny Kuznetsov.

Web section on New Industrial and Innovation Policy

Another new section on the [K4D website](#) is that of [New Industrial and Innovation Policy](#), which is dedicated to exploring issues of economic restructuring and technological dynamism in developing and transition economies. New Industrial Policy is a set of innovative interventions which is distinct from the “old” functional/horizontal industrial policy of the 1980s and 1990s and capable of avoiding its familiar pitfalls of “picking winners.”

Conventional development economics focuses on endowments: institutions, investment climate, cultural dispositions, property and trade laws, as well as institutions for assuring the rule of law. The alternative views growth as a process. In this case, the problem for developing economies is not to secure adequate institutional endowment, but rather to identify and mitigate the key constraints to growth in successive periods. Conceived this way, a developing economy resembles a vast, continuously improving Toyota-style production system.

The new work program on New Industrial Policy is designed to bring together cutting edge policy research from WBI and leading universities with World Bank’s operational work and country dialogue. The program highlights:

- An on-going series of seminars and presentations.
- Analytical work focused on selected middle-income economies such as Chile, Mexico, Russia, Argentina and South Africa.
- Collaboration with scholars such as Charles Sabel, Columbia University, Anna Lee Saxeninan, University of California Berkeley and Wonhuyk Lim, Korean Development Institute and Brookings Institution.

For more information, contact Yevgeny Kuznetsov.

The Knowledge Assessment Methodology and World Bank Country Operations in an Age of Global Competition

This K4D paper appears as a chapter in a book published by the Sustainable Development Department of the Inter-American Development Bank. The book, [“The Knowledge Economy in Development: Perspectives for Effective Partnerships”](#) was released at the World Summit on the Information Society (WSIS) conference held in Tunis, Tunisia, November 16-18, 2005.

The chapter highlights the importance of knowledge for long-term economic growth by presenting the concept of the knowledge economy and the knowledge economy framework. It describes the KAM and associated charts and data in detail by using a spectrum of countries from the various regions as examples. Because of its transparency, simplicity and versatility, the KAM has been widely used and accepted for facilitating engagements with World Bank country team and policy discussions with government officials from client countries.

For more information, contact Derek Chen.

Learning and Knowledge Exchange Events

Francophone Africa Universities in Service of Development: What Lessons to Draw from Success Stories?

Dakar, Senegal

November 30 - December 2, 2005

This seminar was jointly organized by the K4D Program, Agence Universitaire de la Francophonie (AUF) and the Conference of Francophone Africa and Indian Ocean University Rectors (CRUFAOCI). Contributions from the World Bank Institute Human Development Department, the World Bank Africa Region and the French Ministry of Foreign Affairs are gratefully acknowledged.

50 Francophone Africa University Rectors and professors gathered for this event to exchange successful experiences of their universities' contribution to their societies' development. More than 70 case studies were collected within less than a month by Rectors and professors themselves, and 20 of those were selected for presentation at the seminar. The discussions were organized around the following themes: Training and Curricula; Research and Innovation; Governance; Services to Community; Inter-State Cooperation.

The seminar is the second in a series related to a project between K4D and the Agence Universitaire de la Francophonie (AUF). The project aims to pinpoint at how universities are able to contribute to their societies' development. By focusing on existing success stories and sharing experiences among the Francophone Africa University Rectors, this project hopes to develop awareness on the knowledge for development issues and how universities can be key actors in stimulating such strategies in their countries.

For more information, contact Capucine Edou.

Conference on the Economic Emergence of China

Paris, France

December 14, 2005

At this half-day conference delivered at the World Bank Paris Office, Prof. Carl Dahlman (Georgetown University) gave his insights on the economic emergence of China. The event was attended by about 30 participants from various government institutions, think-tanks, universities, the press and the OECD.

For more information, contact Jean-Eric Aubert.

Farewell and Welcome

Ms. Aisling Quirke has left the World Bank after completing a very productive two-year Junior Professional Associate (JPA) term with the K4D program. Aisling plans to remain very engaged with development work by working as a consultant in Paris and possibly Ethiopia for the next few months before pursuing an MBA degree in September 2006.

Ms. Justine White has been recruited as a research analyst in the World Bank Paris office. Justine, an Australian national, holds degrees in economics and political science, and has extensive experience as a business consultant on urban matters in China and Africa.



The K4D Team

Manager

Mr. Bruno Andre Laporte

Team Members:

Mr. Jean-Eric Aubert	<i>Lead Specialist (based in Paris)</i>
Mr. Do-Geol Ahn	<i>Senior Public Sector Specialist (on secondment from the Korean Ministry of Planning and Budget)</i>
Ms. Faythe Agnes Calandra	<i>Program Assistant</i>
Mr. Derek H. C. Chen	<i>Economist</i>
Ms. Capucine Edou	<i>Consultant (based in Paris)</i>
Mr. Tatsuji Hayakawa	<i>Consultant</i>
Mr. Yevgeny Kuznetsov	<i>Senior Economist</i>
Mr. Kurt Larsen	<i>Senior Program Officer</i>
Ms. Michelle J. Lemaire	<i>Language Program Assistant (based in Paris)</i>
Ms. Anuja Utz	<i>Senior Operations Officer</i>
Mr. Alexey Volynets	<i>Research Analyst</i>
Ms. Justine White	<i>Research Analyst</i>
Mr. Douglas Zhihua Zeng	<i>Economist</i>

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.
