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# WBI News



Frannie Léautier on recent trip to Japan

## Interview with Frannie Léautier, Vice President, World Bank Institute

### **Q: You've noted recently that WBI should "be nimble" in its approach to development. What did you mean by this?**

**A:** I mean that WBI needs to reorient itself so that what it offers meets clients' needs and demands and at the moment when they need it. That's the only way to remain on top of the game in capacity building in a rapidly changing world. Clients have to be current in terms of what works and be able to improve rapidly, because if they don't have the capacity to devise strategy or good policy and to implement it, they cannot use investment aid effectively. Thus given the fundamental nature of capacity building, being nimble in producing solutions is critical.

### **Q: The Bank plans to devote considerable resources to helping low-income countries under stress. What are the criteria for inclusion in this group of countries and how can capacity enhancement make a difference?**

**A:** The Bank's definition takes a number of factors into account, for example, countries' level of political stability, whether or not they are in arrears in loan repayment, plus whether or not they have a government structure in place that can manage economic policy. In relation to capacity enhancement, most of these countries do not have a functioning national-level government, and so the question becomes how to ensure development by working with lower-level entities, or even the private sector. Enhancing the government's capacity by having it work with these other entities is one of the key ways of helping low-income countries under stress to move up the development ladder. This may be the only thing one can do in that country, because until it has a government that can enter into long-term commitments in terms of borrowing or service delivery, you need to have an alternative mechanism in place to manage and deliver basic services in ways that are not irreversible, for instance, that could damage the environment.

### **Q: You are placing more emphasis on working with World Bank country teams and across sectors to better integrate WBI's work with that of the rest of the Bank. What opportunities and challenges does this present?**

**A:** It is critical for WBI to work with the Country Teams and Country Directors, because they are usually the client's first point of contact with the Bank; and they also define the development assistance strategy for the country. This relationship also presents an opportunity to collaborate on the current reforms for Bank staff learning programs, so that staff and client learning are better integrated. This would involve the establishment of regional learning centers that would address three important needs: individual learning needs for career



## Interview, Continued

development; country team learning requirements that integrate multisectoral concepts, the bridging of cultural differences, and so on; and the third would emphasize regional learning needs, because each region has its particular characteristics. This gives WBI an entry point to help country teams integrate capacity enhancement within country programs while also interacting with client teams in the countries. The challenge for WBI is to find an effective way to scale up what it does on the client side to accommodate the country teams' learning needs and to embed capacity enhancement work more broadly in country programs.

**Q: The Bank has been making a strong case that learning is as important as lending and that capacity enhancement is indispensable to sustainable development. What are your views on this?**

**A:** The Bank has embedded knowledge and learning in lending for a long time. Just look at the typical project appraisal document which normally contains very useful information about the project and the sector. A great deal of learning also takes place at the project supervision stage. So this is not a new concept. What is new is that clients are looking to us to differentiate our learning products according to their needs. In a number of low-income countries conditions for effective use of lending are not favorable, therefore knowledge and learning are key before these countries can become credible recipients of either public or private investment. On the other hand, the middle-income countries don't really need to borrow from us, but do wish to tap into the Bank's global knowledge stores in a number of areas. This shows that it's time to "unbundle" knowledge out of lending and create separate, customized knowledge products. However, although lending and knowledge are separable, they are also very closely tied, because good learning leads to good lending. Thus we have a virtuous circle that connects learning and lending.

**Q: Given the current unstable global environment, crises can occur suddenly, for example, in Afghanistan. Does WBI have the capacity to respond?**

**A:** WBI just put in place a rapid response mechanism that enables it to deal with a relatively broad range of issues, and I'm proud of the way WBI responded to two recent crises. In Argentina WBI quickly mobilized one of its top advisers to work on regulation issues, work that was well received not only by the client, but also by the regional staff. In Afghanistan, within a matter of days WBI put together a team to carry out the first knowledge assessment for this country that lacks even the most basic means of communication, something that is critical for a nation with such a large diaspora. However, if we had to respond to say five or six countries at the same time, could we do so? Previously the answer would have been no, but the way we are organized now, the response is hopefully yes.

**Q: What has the Afghanistan team accomplished so far?**

**A:** The team has looked at the government's information flow requirements and the bottlenecks that would hinder such flows, and has quickly come up with suggestions for how to put Afghanistan on the global scene in this respect. For example, they have been working with the Bank's South Asia Region to create a web site for tapping into the diaspora. This web site is a place where people can register, note their skills, and indicate how they can participate. State-of-the-art technology allows the diaspora to communicate with each other and provide help even when they are not physically present in the country. Having identified needs, the next challenge is deciding whether the response should be provided in a single bundle or in multiple bundles, whether it should be part of educational reform or a standard loan, where the financing is going to come from, and so on.

**Q: The Bank is emphasizing accountability for the use of**

**resources expended by the Bank and others on poverty reduction. How does WBI plan to address this concern?**

**A:** The Bank's shareholders and other stakeholders want us to better document the results we are achieving, the real impact we are having on the ground. WBI's recent restructuring has made its evaluation function much more independent, by reporting directly to the Bank's Operations Evaluation Department. WBI is focusing on assessing not only inputs, but also outputs and impacts. What was the end result of an activity in terms of what people actually learned? Did it result in a country policy reversal or improvement? This approach is also helping us determine whether particular activities are more effective when delivered by means of face-to-face learning or as distance learning with partners. Do people learn better when they are brought together or is learning just as effective when they are separate? Evaluation enables us not only to refine product delivery, but also to assess how we can best work with others in the Bank.

**Q: In recent years WBI has quickly moved toward distance learning models via 37 centers that rely largely on videoconferencing and the Internet. How do you see this use of technology evolving?**

**A:** One of the things that surprised me on my first country visit after coming to WBI was how quickly access to knowledge and technology has led to innovation and entrepreneurship. I'd like to use Ghana as an example. In Accra we have a distance learning center with the Ghana Institute for Management and Public Administration. The center is already selling content to North American universities for \$800 per videoconference on such topics as African drama, religions, and traditions. Not only can people in the United States gain access to information to further their research and learning, but it's a great opportunity for Africa to finance its tertiary education by selling local content. Look at what could happen if

## Interview, Continued

this were to be done on a global scale. Instant exchanges of information would allow countries to earn revenues that they couldn't before because they didn't have access to the necessary technology. Thus I see WBI moving beyond just helping to create distance learning, but promoting partnerships between countries and think tanks, private sector companies, and others in the industrial world where there is a demand for content. This means that WBI really needs to focus on getting information out rapidly and packaged for optimal accessibility using a variety of media and channels. This implies that we must deepen our global presence and help

countries tap into global knowledge and learning opportunities while actively identifying local and indigenous sources of knowledge.

### Q: So how do you see WBI five years from now?

A: First, from the client's point of view, WBI would become a premier source of development solutions, whether those solutions results from WBI's own resources, from the larger World Bank Group, or from a source outside the Bank and across the globe. Second, I would like to be able to show real evidence of capacity that countries have built because of their association with

WBI. They would, for example, be able to write their own poverty reduction strategy papers and carry out their own education sector reforms. Third, I want World Bank staff to view WBI as central to the achievement of development objectives. Fourth, I want to facilitate access to learning opportunities for all Bank staff, perhaps through a kind of learning portal, so that their skill sets can remain on the cutting edge. Finally, I want to know that whatever the learning event, WBI has added value by offering the best possible pedagogical advice and support. This is a tall order but given the urgency of development challenges, one we need to pursue.

## Tapping into the Knowledge Revolution

In December the World Bank released a new study on China and the knowledge economy prepared by WBI and the Bank's East Asia and Pacific region at the request of the Chinese government: *China and the Knowledge Economy: Seizing the 21st Century*. According to China's Vice Minister of Finance Jin Liqun: "The emerging knowledge revolution has provided unprecedented opportunities for China's development. This study has done an excellent job of assessing China's knowledge strategy in the coming years."

The report notes that as China deals with the social, political, and economic pressures of the 21st century and builds on its remarkable economic growth and poverty reduction achievements, it will need to make major changes to its development strategy to upgrade existing and create new institutions and infrastructure critical to harnessing the knowledge revolution. Specifically, the report recommends that China's strategy focus on updating its economic and institutional regime to support investment and entrepreneurship, upgrading education and learning to meet the knowledge needs of the new economy, and building information infrastructure to support education and facilitate government and business transactions. It also suggests that China diffuse new technologies across the country, improve the public and private research and development system to promote innovation, and exploit global knowledge through multinational partnerships.

To sustain poverty-reducing growth in the next decade China must overcome a number of challenges, including creating 100 million to 200 million new jobs for people moving out of agriculture and state-owned enterprises and new entrants into the work force, maintaining growth and competitiveness by dealing with inefficient state-owned enterprises and nonperforming loans and diversifying its goods and services, reducing regional inequality, sustaining the environment, and investing in education.

"Knowledge and information are becoming the key drivers of international competitiveness and the global economy," says the World Bank's Carl Dahlman, the report's coauthor. "To compete and prosper in this new environment, China has to move away from factor-intensive growth toward knowledge-based growth, become more open, and harness the forces shaping the global economy."



Shanghai's Pudong New Area

Similarly, with the European Union on the verge of eastward expansion, the pre-accession countries must address the challenge of acquiring and using knowledge and new information technologies if their living standards are to catch up with those of current members. Ireland and Finland offer good examples of European countries that have transformed their fortunes through the use of knowledge. Ireland's focus on education and information technologies was central in transforming its formerly rural economy into Europe's largest exporter of computer software, and Finland, in a single decade, transformed itself from a distressed exporter of wood and paper into a knowledge-intensive economy whose

## Tapping into the Knowledge Revolution, Continued

leading firm, mobile phone maker Nokia, binds Finns to millions of people worldwide in an invisible web.

Several Central European countries are developing knowledge economy strategies. According to Johannes Linn, World Bank vice president for Europe and Central Asia, for these to work the countries must go beyond simply investing in communications and information technology. They need an economic and institutional framework that provides people with the requisite skills and funds local centers of innovation that guarantee the flow of fresh ideas.

Effective use of knowledge is becoming the most important factor for achieving international competitiveness, creating wealth, and improving

social welfare. WBI's Knowledge for Development Program supports the Bank's knowledge and learning agenda by helping client countries exploit the knowledge revolution. WBI's program consists of the following four components:

- A course that provides participants with a knowledge assessment methodology for ascertaining their country's preparedness for the knowledge economy and prepares them to address the key issues
- Policy services that help client countries develop concrete knowledge strategies
- TechNet, the World Bank's crosscutting thematic group on knowledge science and technology for development that acts as a clearinghouse and network for professionals

- Knowledge economy tools that help countries benchmark themselves against their neighbors, competitors, or those they wish to emulate.

As Carl Dahlman, who manages the program puts it: "Knowledge strategy is not just about high tech or information and communication technologies, but is about making effective use of knowledge . . . about getting knowledge to mothers, farmers, workers, enterprises, and government to improve lives, and it requires better interaction between policies, institutions, technology, people, and government."

For more information about knowledge for development visit <http://www.worldbank.org/wbi/knowledgefordevelopment/> or contact Carl Dahlman at [cdahlman@worldbank.org](mailto:cdahlman@worldbank.org)

## Building Parliaments' Capacity to Tackle Poverty

While official development assistance over the last 25 years has made a difference, another 2 billion people will be added to the world's population during the next 25 years, the majority of them in developing countries, and most could face a life of extreme poverty. This grim outlook led to a 1999 decision by the World Bank and the International Monetary Fund to make poverty reduction central in a reformed framework for concessional lending and debt relief. Poverty Reduction Strategy Papers (PRSPs) give countries the responsibility to develop strategies for domestic poverty reduction and present these directly to the Bank's and Fund's boards. Both the two boards and national governments would consider and endorse the strategies.

As of the beginning of 2002, some 70 countries were involved in the PRSP process. One of the key features of the process is that although it is government led, it should also include wide participation by civil society to ensure country ownership and avoid charges that international institutions are imposing policies and priorities. However, some observers have expressed concern that in their efforts to engender civil society participation governments have overlooked the role of parliaments in the process.

The challenge for parliaments is to use their oversight responsibilities, influence over budgetary matters, and legislative leverage to ensure that the needs of the poor are heard and met and to insist on following up on commitments made to reduce poverty via the PRSP. However,

while parliaments face many constraints in this endeavor, ranging from training gaps to infrastructure weaknesses, parliaments can plan capacity-building steps, and international support to finance such steps is increasingly becoming available.

To this end, in 2001 WBI and the United Nations Development Programme launched an initiative to explain the PRSP to parliamentarians and to help parliaments determine what role they believe they should play in the PRSP process. With financial support from Belgium and the Netherlands, a pilot program on Parliaments, Governance, and the PRSP is now under way in six African countries and, in collaboration with the government of Finland, in Eastern Europe. An impact is already discernible. For example, following the first

workshop with parliament in late 2001, parliamentarians are engaging more fully in dialogue with advocacy groups for the poor and are planning to review the next government budget through the lens of poverty reduction.

For more information contact Rick Stapenhurst at [Fstapenhurst@worldbank.org](mailto:Fstapenhurst@worldbank.org) or visit <http://www.worldbank.org/wbi/governance/parliament.htm>



South African National Council of Provinces Plenary

# Program Highlights



## Global Dialogues on Sustainable Development

The Global Dialogues on Sustainable Development (GDSD) are a series of workshops and panel discussions on issues related to the Johannesburg 2002 World Summit, also referred to as Rio Plus 10, which will take place in Johannesburg, South Africa, in August. The GDSD seek to involve a worldwide, broadly based audience with an interest and stake in the summit.

Environmental sustainability is central to the World Bank's mission of fighting poverty and promoting stable, sustainable, and equitable growth. As part of the Bank's preparations for the summit, WBI is offering the GDSD to bring together specialists and leading experts to discuss topics high on the summit's agenda. The events are held in the Bank's headquarters in Washington, DC and connected via videoconference to selected sites around the world for real-time interaction with developing country experts. Videostreaming allows anyone with access to the Internet to view the dialogues and to access background materials. Dialogues include the following topics:

- Food Security and Trade, October 2001
- Food Security and Biotechnology, January-February 2002
- Sustainable Water Use, April-May 2002
- Corporate Environmental and Social Responsibility, dates to be announced.

**For more information on Global Dialogues on Sustainable Development visit:** <http://www.worldbank.org/wbi/sdglobaldialogues/>

**For more information on Johannesburg Summit 2002 Learning Activities visit:** <http://www.worldbank.org/wbi/sdjohannesburg/>

## Decentralization in East Asia

With the workshop on Intergovernmental Fiscal Relations in East Asia, January 2002 saw the launch of the program on Building Capacity for Decentralized Financing and Delivery of Services in East Asia sponsored by the Asia-Europe Meeting (ASEM) Trust Fund and jointly managed by the Bank's East Asia Poverty Reduction and Economic Management Unit and WBI. Government officials, trainers, and academics from China, Indonesia, the Philippines, Thailand, and Vietnam attended the workshop, which was held in Denpasar, Indonesia.

This client-led program combines technical assistance and action-oriented learning activities with the objectives of establishing a well-designed framework for decentralization in East Asia, building the capacity needed to support this framework, and promoting the sharing of knowledge through a regional network of decentralization experts and practitioners. The program supports both regional and country-specific tasks, and will address such priority topics as the development of options for structuring intergovernmental reforms, the role of municipal development funds, the enhancement of local government policymaking and administrative capacity, and the design of equalization grants. Counterparts define, develop, and lead the activities, with the World Bank serving in a partnership role as a knowledge hub.

**For more information visit** <http://www.worldbank.org/wbi/publicfinance/decentralization/ASEM.htm>

## Decentralization and Community Empowerment in Africa

This four-day workshop on Decentralization and Community Empowerment: Sharing Lessons and Designing Actions, was held in Nairobi, Kenya March 25-28, 2002. A joint effort of WBI, the World Bank's Africa Region, and the Association of Local Government Authorities of Kenya (ALGAK), the workshop's objective was to share experiences and iden-

tify tools for improving national policy environments for decentralization, increasing the responsiveness of local governments, and enhancing community participation in local and national governance. More than 80 participants attended from 14 African countries, including officials from national government ministries, mayors and others working at the local government level, NGO representatives, and academics.

The workshop emphasized that for local governments to be strong and operate effectively, there is an equal need for strong and effective national governments carrying with them the political will for committed action toward decentralization. The themes of inclusion and participation resonated well with workshop participants, who emphasized throughout the need to strengthen the demand side of decentralization—empowering local governments and communities to take part meaningfully in poverty reduction programs. “Ownership by the people is a requirement for sustainability and people-driven development,” said Masarr Sarr, from the Municipal Development Agency in Senegal. Participants identified a number of tools being used across Africa for increasing government accountability and community empowerment, including urban audits, organizational and financial audits, scorecards and others.

**For more information visit** <http://www.worldbank.org/wbi/communityempowerment/>



Participant works with Virtual Learning Environment to help create community of practice

# Resources from the World Bank Institute

## New Publications



### **Protecting the Global Environment: Initiatives by Japanese Business**

*Edited by Wilfrido Cruz, Koichiro Fukui, and Jeremy Warford*

This volume is the result of a joint program by the WBI and the Development Bank of Japan.

Its aim is to encourage dialogue about the links between global environmental concerns and national development policies and programs. The book is based on the premise that traditionally, policymakers have not viewed global environmental problems such as climate change as collateral outcomes of their national sustainable development agenda. Thus the book presents case studies from Japan that demonstrate how policy reform and investment can together produce national economic benefits, while at the same time mitigating carbon emissions associated with climate change. The case studies highlight the software aspects of change instead of the technology, for example, public-private sector cooperation, pricing incentives, and community participation.

The WBI-Development Bank of Japan program helps develop networks of policymakers, decisionmakers, and opinionmakers in an attempt to expand constituencies for coordinated approaches to climate change actions and sustainable national development initiatives. 2002. 141 pages. ISBN 0-8213-5122-2. SKU 15122. Price code S22

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## Working Papers

### **Street Children: Promising Practices and Approaches**

*Elena Volpi*

In many regions of the world the phenomenon of street children continues unabated, while in other parts it is just beginning to emerge. Behind child disconnection lie highly vulnerable families and communities, many struggling to come to terms with economic liberalization and growing inequality. Disconnection can also be traced to a lack of communication in the family and the weakening of social capital. Street children are a warning sign of the dire need for social development and poverty reduction policies to help prevent more young people from becoming marginalized. While preventive interventions are essential, those children already facing the hardships of street life need immediate opportunities for human development via special protection programs. This report distills the main lessons learned from a number of programs that have attempted to meet the special needs of street children worldwide, and identifies promising practices. 2002. 37 pages. Stock no. 37196

### **Law Compliance in the Forestry Sector**

*Arnoldo Contreras-Hermosilla*

Illegal acts are a major threat to global forest resources. Various studies on the magnitude and impact of forest crime completed in the last few years show rather shocking results: Illegal forest acts of various kinds are common everywhere, in developing and industrialized nations, and in all major forest types—boreal, temperate, and tropical. Forest crime prominently includes illegal logging; but acts against the law also affect other sector operations such as forest products transport, industrial processing, and trade. This paper looks at available evidence on the magnitude and impacts of illegal acts and the vulnerabilities of the forest sector, and proposes a strategy for combating forest crime. 2002. 47 pages. Stock No. 37205

### **Japanese Social Policy: Collection of Eight Working Papers**

These papers were prepared for a project

on Social Development in East Asia studying the Japanese and East Asian development management experience and to share the lessons of that experience with developing and transition economies. The experiences of other countries are often presented to ensure that these lessons are placed in the proper context. These eight papers cover a number of important issues related to Japanese Social Policy, and are intended to provide important policy lessons for policymakers in developing countries and other development stakeholders.

### **The Evolution of Social Policy in Japan.**

*Konosuke Odaka.*

2002. 22 pages. Stock no. 37202

### **Public Health Insurance in Japan.**

*Tetsuo Fukawa.*

2002. 23 pages. Stock no. 37201

### **Employment Practices as Social Policy.**

*Hiroyuki Chuma.*

2002. 19 pages. Stock no. 37199

### **The Public Pension System in Japan: The Consequences of Rapid Expansion.**

*Eiji Tajika.*

2002. 26 pages. Stock no. 37203

### **Social Expenditure and Economic Growth: Sharing Growth in a Japanese Way.**

*Eiji Tajika and Yuji Yui.*

2002. 25 pages. Stock no. 37198

### **Japanese Policies Towards Poverty and Public Assistance: A Historical Perspective.**

*Sheldon Garon.*

2002. 24 pages. Stock no. 37200

### **The Role of Families, Communities, and Governments in Improving Socioeconomic Performance: The Japanese Experience.**

*Shinji Yamashige.*

2002. 35 pages. Stock no. 37204

These and other WBI Working Papers are available in Adobe Acrobat PDF format at: <http://www.worldbank.org/wbi/>