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General Research Advisory Panel
correspondence
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		<table border="1"><tr><td>Withdrawn by Ann May</td><td>Date November 29, 2018</td></tr></table>	Withdrawn by Ann May	Date November 29, 2018
Withdrawn by Ann May	Date November 29, 2018			

D&A

OFFICE MEMORANDUM

TO: Research Committee Members

DATE: March 6, 1980

FROM: Gobind Nankani^(G) and Rachel Weaving^(RW), VPDSUBJECT: World Bank Research News

1. We should be grateful for your comments on the first issue of Research News, attached. This publication about the Bank's research program is to be issued three times a year. It will carry news of current developments, supplemented by articles reviewing aspects of Bank research in a style accessible to nonspecialist readers. Readers are directed to written studies and to Bank staff for further details on the topics discussed.

2. Research News is being sent to all professional staff in the regions, CPS and DPS, plus certain others in the Bank, including the Executive Directors. At present there are roughly 2,000 external recipients, mostly in government, universities and research centers, with the majority in developing countries.

3. We are particularly concerned that Research News should appeal to Bank operating staff. In this regard, suggestions regarding changes in its writing style would be highly welcome.

Attachment

Distribution:

Messrs. H.B. Chenery
 S. Acharya
 B. Balassa
 J. Baneth
 L. de Azcarate
 R. Gulhati
 J. Holsen
 B. Kavalsky
 D. Know
 R. Picciotto
 M. Selowsky
 D. Turnham
 H. van der Tak
 B. Waide
 A. Walters

GNankani/RWeaving:lt

DRAFT
January 3, 1980

To: Mr. H. B. Chenery
From: Gobind Nankani
Subject: Framework for Assessing D & A Needs/Demand
for Research Projects

1. I attach a matrix which arrays the usual functional categories of research against types of research output. Without claiming to have been exhaustive, I identify ten types of research output:

- 1) Modeling/Analytical Framework
- 2) Case-Studies
- 3) Sample Survey Results
- 4) Empirical Testing of Hypotheses
- 5) Estimation and Simulation of Models
- 6) Techniques (algorithms) for clearly defined problems
- 7) Industry/Commodity Studies
- 8) State-of-Art Reviews
- 9) Regionally-Sponsored Studies
- 10) Non-successes

2. The following observations are in order:

(i) Taking the narrowest view of 'operational relevance' (i.e. of immediate use to the regions, with little adaptation of results), the above list, somewhat crudely, may be said to be arranged in decreasing order of need for D&A within the Bank. Thus, in a filled matrix by department, or by unit, the greater the density of research projects on the left-hand side of the matrix, the greater the need for D&A. Thus, modeling or devising an analytical framework to study a problem is much further from final use than say an algorithm or a state-of-art review. This assumes, however, that all non-successes have been entered in column (10). It is also understood that for items (2) through (5), intra-Bank dissemination to the regions/ countries that form the basis of the case-studies, or sample surveys or data-sources, takes place somewhat automatically through interaction. The need for D&A of these results to other countries does however remain, and is reflected in the density of the left hand side of the matrix.

(ii) Much D&A effort may require, in the first instance, further research, i.e., some looped sequence, within (1) to (10) above, in order to obtain an intermediate kind of research output. Thus, for example, a state-of-art review may reveal gaps in knowledge that require a modeling effort or a series of case-studies.

(iii) In some cases, research output from groups of projects may require to be disseminated together, or a project may have outputs that are of different kinds and hence can be disseminated with different degrees of readiness.

(iv) Dissemination outside the Bank requires a much wider definition of 'operational relevance' as does a more 'liberal' view of Bank operations. Thus, many research projects, especially those producing output of types (2) through (5), are of relevance to policy-makers, to regional economists, etc., in the sense in which the lessons of history are useful, i.e., in providing information on what works where, and to some extent, why and how it works. This information is not easily transferred to different contexts, but provides some insights. This kind of research output may be disseminated without further research, in the form of say, Development Policy Notes or through the Bank Research News, if the wider definition of relevance is adopted. In addition, of course, these may appear in journals, etc. (see attached list of D&A instruments by Candler and Stoutjesdijk).

(v) Items (6) through (8) viz. techniques (algorithms), industry/commodity studies and state-of-art reviews, are those for which the proposition that 'good research creates its own demand' is most applicable, because they provide output that is easily recognized, obtained and used by potential users. For these kinds of research output, the distinction between intra-Bank and extra-Bank dissemination seems superfluous.

(vi) Item (9), regionally-sponsored studies, have by definition automatic dissemination within the Bank. However, for extra-Bank D&A, this may require some additional work (e.g., the 'transfer' of the Turkey general equilibrium model to a Turkish institute).

(vii) Defining non-successes is no mean task; however, having identified projects that fit in this category, dissemination of their results is by definition not worthwhile except insofar as they identify blind alleys and/or develop methods that can be tried in subsequent research. To the extent that the latter is true, there is a case for some dissemination through one or other of the less formal channels, e.g., Bank Research News.

3. In summary, the attached matrix provides only a crude way of assessing D&A needs, and the many caveats listed above are in order. In particular, it begs the question of defining non-successes, it does not adequately deal with the distinction between intra-Bank and extra-Bank D&A, it unjustifiably assumes a narrow definition of 'operational relevance', and it does not explicitly recognize that some research outputs may require further research before D&A becomes feasible, while others are best disseminated in groups. These however are some of the costs of working in two dimensions.

Attachments

Annex

Dissemination Instruments

Printed

Monographs

Journal Articles

Working Papers (particular subject)

" " (state-of-the-art)

Manuals

Finance and Development articles

Functional reviews

Consulting

Missions supplying manpower

Joint Missions

Special Missions (all DED)

Demonstration Missions (methodological)

Direct advice to LDC institutions

Oral

Seminars (In-house); open and directed

" (in LDC's)

" (in DC universities)

Workshops(Training)

Personnel interchange

Regular transfers

"Outreach": DED to Regions

Internal Sabbaticals: Regions to DED

OFFICE MEMORANDUM

TO: Mr. Hollis Chenery, VPD

DATE: Nov. 30, 1979

FROM: A. Stoutjesdijk, ^{W. Candler} *Will Candler*SUBJECT: Dissemination and Applications (D&A)

1. Following the GRAP report, we believe that DPS should make specific recommendations for additional resources for dissemination and application, in the FY81 budget.
2. There are three functions to be provided for: dissemination of research results, application of specific techniques, and feedback of felt needs for research. Precise definitions for these activities are difficult to draw up, but in general we may assume that in the case of dissemination, the researcher has a perceived audience, and in the case of application there is a client. It should be noted that application tends to be much more resource demanding than dissemination, and that feedback should be an almost "free" by-product of good dissemination and application.
3. We believe that the GRAP proposal to establish Senior Economists in the office of the Chief Economists will help focus these functions for the region. A similar focal point will be needed in the DPS and the CPS. To the extent that the D&A activity is effective in persuading operational staff that new techniques of analysis are worthwhile, there may be resource implications on the side of the operating departments. This raises the issue as to how P&B is best sensitized to these implications.
4. We believe that more attention should be given to the dissemination plans in RPO proposals, but beyond this we would be distrustful of any proposal which established rigid formulas for the way D&A was to be carried out. The subject matter, methodology, researcher and user all influence the appropriateness of different approaches (see Annex). To what extent there can be, the separation of research and D&A functions again depends on circumstances and no simple generalization can be made. Thus, we would suggest that the extra man-years for dissemination be allocated from your office to research departments, with the possibility of periodic review in the light of experience and need, and the undertaking to provide corresponding professional time for dissemination and application. This would allow maximum flexibility of the distribution of D&A effort amongst professionals, and between research and D&A over the life of a research project.
5. Clearly, such a flexible approach will need to be monitored, and the recent changes in the time recording system will facilitate this. We suggest that D&A efforts be agreed between the research department providing the personnel, and the operating department which provides the operational context. That is, we would propose line item accounting for DPS D&A efforts, agreed between DPS and the regions.

6. Along with staff resources for dissemination should come discretionary budget for travel, computer, assistance, etc. We do not favor allocation of the discretionary budget to the regions with slots to DPS/CPS, since we believe that this would court a situation where applications were not made because manpower and resource availabilities could not be matched.

7. In the past, the most effective D&A has been carried out on an informal basis due to personal contact between regional and research staff, often influencing the direction of RPO's, and affecting the content of mission support.

8. We believe that this should continue. It will be supported by:

- (i) The continuation of two to four day "dissemination" seminars to review advances and capability in various research areas.
- (ii) Internal sabbaticals and outreach posts;
- (iii) A time reporting system which identifies for the research department, and the region, the time being devoted to different forms of D&A,
- (iv) An economist in each Region who will be aware of these efforts, sensitive to where other D&A might be needed, and knowledgeable of what might be available.
- (v) Additional slots (up to 12 according to GRAP), in DPS/CPS for identifiable extra resources available for D&A, and
- (vi) A contact person in DPS and in CPS who would help facilitate the researcher-operational contacts which would be needed for fruitful applications.

9. The DPS contact person would direct enquiries to the relevant staff members, monitor the demands being made on DPS, and assess how well we were able to respond to them. He would be aware of the types of application DPS could make, and would review these and felt needs, with the regional D&A Senior Economists, and he would draft the Dissemination section of the Annual Report on Research.

10. This function could be delegated to departments, but we believe a wider view of the DPS D&A activities would be desirable. Arguments can be made for placing a Dissemination Advisor (we have to find a better title!) either in the office of the Vice-President, or PPR.

Attach.

cc: Messrs. B. King, M. Haq, J. Duloy, Ms. H. Hughes, Messrs. E.P. Wright,
S. Acharya, Mrs. L. Cleave.

WCandler:mcc

GRAP Follow-up

✓ Mr. Wright
Mr. Adams

FY81

RESEARCH

Overview

116. The Bank's program for research is based on the phased implementation of the recommendations of the General Research Advisory Panel (GRAP) whose report was discussed by the Board in November, 1979. The GRAP report provided an overall review of the Bank's research program and recommended the expansion of the Bank's role in research to include wider dissemination and application of the Bank's research findings, some redirection in selected research topics, strengthening of the data base in selected research fields, and support for research groups in developing countries. Given the Bank's overall budget limitations, the expansion of research activities recommended by GRAP will be effected in stages. The increase in research expenditures programmed for this category in FY81 represents a substantial first step in response to the Panel's recommendations. In addition the Bank, in response to the recommendations of the Research Advisory Panel on Income Distribution and Employment (RAPIDE), ~~the FY81 Program continues to provide~~ substantial financial and staff support to the UN Household survey (\$0.4 million through FY80 with \$0.8 million programmed for FY81).

Program

117. The administrative costs and selected indicators of output of research activities for FY81 and for FY76-80 are shown in the table below: United States Nat.

RESEARCH: COSTS AND OUTPUTS

	FY76	FY77	FY78	FY79	FY80		FY81
					Rev. Prog.	Curr. Est.	
Costs in <u>FY80 \$000</u>							
In-House Research	4590	4435	4611	3429	3415	2699	4236 a/
Joint Research b/							
- External	2918	2694	2697	3217 c/	2769	2859	3186
- Bank Staff	4126	4809	4381	5134	4831	5091	4983
- Subtotal	7044	7503	7078	8352	7601	7950	8169
Total Research Costs	11634	11938	11689	11780	11016	10649	12405
% Increase over previous year	-1%	+3%	-2%	+1%	-6%	-10%	+16%
% Total Administrative Expenses	5%	5%	4%	4%	3%	3%	3%
No. Joint Research Projects in process at end of fiscal year d/	63	61	67	70	70	88	90

a/ Includes in FY80 \$400,000 and in FY81 \$760,000 for UN-Bank studies on household living standards.

b/ Joint research projects refer to projects approved for funding by the Research Committee to be undertaken by outside consultants and/or Bank staff.

c/ In the FY76-80 Program, a project 'in process' has been defined as one which had unspent funds at the end of a fiscal year. For the FY80 Estimate-FY81 Program, the definition includes projects which may not have unspent funds but continue to involve staff time.

e/ Includes \$380,000 for the Research Advisory Panel

DRAFT

Sacharya:lt
May 9, 1980

Suggested redraft to replace
present paragraphs 118 and 119.

New Drafts for paras. 118 and 119 :

118. The decline in in-house research activities in FY79 and FY80 was the result of realignment of work programs to accommodate an expansion of policy work, including the World Development Report and special studies of basic needs. With the completion of the work on basic needs, which absorbed a total of 10 staffyears over the period FY78 to FY80, the diversion of resources from in-house research is expected to be reversed in FY81. The increased expenditure on external research in FY79 includes the costs of the external research advisory panels, which totalled about \$0.4 million in FY80 prices.

119. Total expenditures on Bank research have been programmed at about \$12.4 million in FY81. The sharp increase in the category, in-house research, to \$4.2 million reflects three factors: the reversal of the earlier trend noted above, the expansion of resources of dissemination and application, and increased expenditure on the living standards measurement study. The remaining \$8.2 million is for joint research projects authorized by the Research Committee. The \$3.2 million of this allocated to the ^e External ^r Research ^b Budget ^{includes} ~~represents~~ an increase of about \$0.4 million over the previous year in order to implement the new directions for the research program urged by the GRAP report.

Mr. Acharya

OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery

FROM: Heinz Vergin, Assistant Director, PAB

DATE: April 18, 1980

SUBJECT: FY81 Budget and Work Program - DPS
FY81 Budget - External Research and WDR

The FY81 work program and budget recommended to Mr. McNamara in our memorandum of April 4 (copied to you) has been approved. Accordingly this note confirms the FY81 budget that will be available to DPS, External Research and WDR. The budget details by expense category have been discussed with and provided to Mrs. Cleave.

Development Policy Staff

Authorized Professional Staff	157
Assistants	91
Secretarial/Clerical Staff	86
Discretionary Budget in FY80 \$ million	11.0

The number of professional positions noted above restores the position discussed in Mr. Qureshi's memo to you of November 13, 1979. We understand that this position will be devoted to WDR work. The budget also includes funding of the study on Living Standards at \$760 thousand.

External Research

The External Research budget has been approved at FY80 \$3.2 million.

World Development Report

The WDR Core Group account has been approved at FY80 \$0.9 million or at the same level as the FY80 budget pending selection of the core group and development of a specific work program for WDR IV in the Fall. The WDR Core budget will continue to provide 3.0 professional staffyears and funding of 5 assistant/secretarial positions. As far as the budget for the proposed improvements in the global analyses for WDR IV, V and VI are concerned, we will proceed as indicated in Mr. McNamara's memo to you of April 4, 1980. Procedural matters concerning the administration of the WDR Core budget are under review and will be the subject of a separate memorandum.

PSanJose/ov

cc: Mrs. L. Cleave ✓

- Regions/LDC mtr. will claim about \$200,000 out of the \$400,000 addition to ERB.

3-030

3:503

DEVELOPMENT POLICY STAFF

SUMMARY

Distribution of FY80 Budget
(US\$ Thousands)

	<u>Actual</u>			<u>Original^{a/}</u>	<u>Revised</u>	<u>Budget</u>	<u>+ Over</u>
	<u>FY77</u>	<u>FY78</u>	<u>FY79</u>	<u>FY80</u>	<u>Estimated</u>	<u>FY81</u>	<u>- Under</u>
					<u>FY80</u>		<u>FY80</u>
							<u>Original</u>
							<u>Budget</u>
<u>Authorized Positions</u>							
Professional	151	150	150	151	150	154 ^{b/}	
Assistants	88	89	86	88	88	91	
Secretarial/Clerical	81	81	83	83	83	85	
<u>Staffyears Used</u>							
Professional	146.6	150.9	148.0	151.0	150.6	154.0	
Assistants	85.4	86.5	82.1	88.0	85.7	91.0	
Secretarial/Clerical	78.4	78.3	78.8	83.0	80.0	85.0	
Consultant Years	15.0	17.0	15.2	17.1	16.2	21.2	
<u>Discretionary Costs</u>							
Temporary	266.6	212.5	287.0	244.2	277.2	216.9	-27.3
Overtime	53.0	48.8	69.0	54.2	68.2	54.8	+0.6
Travel (Staff/Consultants)	510.5	491.6	528.1	562.9	529.2	563.9	+1.0
Representation	10.2	12.5	11.3	11.8	11.8	11.8	-
Hospitality	7.3	6.2	5.9	8.0	8.0	8.4	+0.4
Consultants	422.3	385.1	520.8	610.2	578.2	807.2	+197.0
Contractual Services	72.6	80.1	178.8	137.0	161.8	169.0	+32.0
Communications	46.1	51.0	65.7	55.9	55.9	55.9	-
TOTAL	1388.6	1287.8	1666.6	1684.2 ^{a/}	1690.3	1887.9	+203.7

a/ Including funds from PAB's contingency: \$45,000 EPD Contractual Services; \$1,100 Representation and \$1,300 Hospitality.

b/ Excludes positions for LSMS (3 professional and 1 secretary).

Requesting re-allocation from Region Out

DPS FY81 Budget New Requirements*

DRC:

- Need for more discretionary resources.
- Imbalance between senior and junior staff. Consultants may fulfil this role.

	<u>Research</u>	<u>Data Maintenance</u>	<u>Program Lending</u>	<u>Economic Sector Work</u>
DED	2 Prof x 38 \$76,000 2 RA x 17 34,000 1 Sec x 14 14,000			1 Prof x 33 \$38,000
EPD	1 Prof x 38 \$38,000 1 RA x 17 17,000 1 Sec x 14 14,000	1 Prof x 38 \$38,000 - Trade 2 RA x 17 34,000 1 Sec x 14 14,000 2.5 SY Cons 100,000 - Consultants		
PPR			2 Prof x 38 \$76,000 1 Sec x 14 14,000	
	<hr/>	<hr/>	<hr/>	<hr/>
	Salaries \$193,000	X \$86,000	\$90,000	\$38,000
	X Overhead 70% 135,000	60,000	63,000	27,000
	Consultants 272,000 + 102,000 (6.8 SY) ^{a/}	X 100,000 (2.5 SY)		
	\$600,000	<u>\$246,000</u>	<u>\$153,000</u>	<u>\$65,000</u>

1 position requested

*Commodities Data 1/4
Energy 1/2
Debt Reporting on Tape 1*

* Excluding request for Contractual Services (see attached form of Detailed Listing of Contractual Services).

a/ If the lower (\$430,000) amount for research is approved, the consultant's request will be \$102,000 or 2.5 SY.

3.30, Wednesday, meeting / Gabriel.

Mr. Achenyo

Mr. K. Georg Gabriel, PAB
Through E. Bevan Waide, VPD
E. Peter Wright, VPD

February 29, 1980

DPS Work Program and Budget for FY81

1. As compared with the budget for the current fiscal year, DPS is requesting the following additional resources for FY81, and the work program (Table I attached) has been prepared on this basis:

Research	\$430,000	-	\$600,000
Living Standards Measurement Study (LSMS)		\$360,000	
Data Maintenance and Systems Support		246,000	(v. important)
Country Economic and Sector Work		65,000	
Structural Adjustment Lending		153,000	
		<hr/>	<hr/>
Total DPS	\$1,254,000		\$1,424,000

2. The funds requested for research and the LSMS are consistent with the proposals submitted by Mr. Chenery to Mr. McNamara in his memorandum of January 25 and considered by the Finance Committee on February 12. However, the above request does not cover the budget for "External Research" which is managed by the Research Committee, nor, of course, does it include provision for research managed by CPS. If Mr. Chenery's proposals for additional Bank-wide research expenditures of \$1,500,000 are approved in full, the allocation for external research would be increased by \$600,000 and the allocation for CPS research by \$300,000. On the other hand, if only the lower figure of \$1,060,000 were to be accepted, the additional allocation for external research would be \$430,000 and for CPS research \$200,000. The two alternative research budgets are as follows:

	<u>Additional Resources for Research</u>	<u>Upper</u>	<u>Lower</u>
	CPS	\$300,000	\$200,000
	DPS	600,000	430,000 →
(separate line item)	External Research	<u>600,000</u>	<u>430,000</u> →
	Total	<u>\$1,500,000</u>	<u>\$1,060,000</u>

LC Runer: Research has priority over other DPS items...

DPS Research

3. As indicated in the supporting memoranda from Mr. King and Mrs. Hughes, we are requesting three new professional positions and three more F/I positions for research (two of each in DED, one of each in EPD). There would be two additional secretaries to match. One of the higher level positions in DED would be designed to support new research initiatives which have a bearing on important issues, but do not fit into the ongoing divisional work programs. Work on problems of structural adjustment in LDCs would receive particular attention. The other would be for a general economist with writing skills who would give his full attention to the dissemination of research results through various channels, including workshops for country economists, staff working papers and other written material. Among other things this would free resources in VPB for the production of the regular news bulletin on Bank research referred to in the President's Memorandum on the GRAP Report. One of the research assistants in DED would be for demographic work and the other would be in the Front Office.

4. In EDP, research is mainly concentrated in the areas of international trade and capital flows. The EPDIT Division in particular needs to be strengthened so that it can extend and deepen its analysis of the direction and structure of trade and of the prospects for LDC exports of manufactures, and the additional professional position is required for this purpose. The research assistant would assist in the dissemination of data on income distribution.

5. Of the additional \$430,000-\$600,000 requested for DPS research, roughly \$330,000 would be accounted for by new positions and \$100,000 - \$270,000 would be for additional consultants to support the work of the three research-producing departments. These consultants would assist in developing new research proposals, particularly for projects of the smaller quick-maturing kind, and they would also contribute to research application and dissemination, including preparation of state-of-the-art papers, organization of workshops and seminars, dissemination of the global model and selected country models, application to countries of social accounting models and application to industries of work on investment planning and appropriate technology.

Living Standards Measurement Study

6. When a new budgetary account was authorized for this study in July 1979, it was envisaged that \$230,000-\$235,000 would be spent on it in FY80, \$850,000 in FY81 and \$415,000 in FY82 (all at FY80 prices). The study has now been rephased, and expenditure in FY81 should be limited to \$590,000, as indicated in the attachment to Mr. Chenery's memorandum of January 25.

External Research Funds

7. It is proposed to establish an initial fund of \$100,000 for trial applications under the control of the Research Committee. External research funds will also be used to develop a program for the support of LDC research institutions, for which FY81 requirements are estimated at a further \$100,000. The rest of the additional funds to be allocated to the external research budget will be used for new research, with priority being given to developing a better understanding of international economic issues. → 200

Data Maintenance and Systems Support

8. For the reasons explained in Mrs. Hughes' memorandum, EPD is requesting an additional professional position, together with another F/I slot, for the new Systems Division. A research assistant is urgently needed for energy work. The EPD request also includes an additional 2 1/2 years of consulting services to establish a primary commodity data system (1 year), an energy data system (1/2 year) and arrangements for tape debt reporting (1 year). These will all be one-shot operations, and maintenance and further development will be absorbed by the Department.

9. You are aware of the large amount of overtime worked in EPD, much of it related to the World Development Report, and it has been agreed in principle that both additional staff and additional computing resources are needed to enable it to cope with continuously expanding demands for the collection, storage and retrieval of data emanating from the Bank's global and country analysis and from the research program. Computing requirements will be covered by a separate budget submission which the Department is preparing. Further, as pointed out in Mrs. Hughes' memorandum, EPD has an unusually low ratio of secretaries to staff, and we are therefore requesting two additional secretaries, one of whom has been attributed to research and the other to data maintenance.

Country Economic and Sector Work

10. The Regions' requests for DPS support for regionally-managed economic and sector work in FY81 exceeded DPS capacity to assist by more than the usual margin. PAB, in reviewing the Regions' indicative plans for such work, has accepted that Bank-wide regionally-managed CESW should rise in real terms by 5 per cent in FY81 over FY80 budget, and that the DPS share of this work should at least be maintained at the level of previous years when it accounted for 6.9 per cent of the total. We have particular difficulty in meeting regional demands for specialist support in such areas as trade and industry and public finance, and to a lesser extent employment and population. These all fall within the province of DED, and without more resources for this Department there is no way in which the DPS share of CESW can be maintained. We are accordingly requesting an additional position for this purpose, leaving its allocation within the Department to be decided later when we have a clearer idea of the demands that have to be met (paragraph 7 of Mr. King's memorandum). → prog. heavily

Structural Adjustment Lending

11. DPS is being called upon to provide support to the Regions in developing the new type of program lending for "structural adjustment", Mr. Haq, in his memorandum to Mr. Chenery of January 31, documents a case for four additional professional positions, a research assistant and one man-year of consulting services to enable PPR to provide this support. Five man-years of DPS support appear to be consistent with the likely needs of the Regions, but they do not all have to come from PPR. We have in fact dropped the request for consulting services on the understanding that consultants for structural adjustment lending will be financed from a special fund to be maintained by the OVP for this purpose. Part of the DPS support will no doubt take the form of increased participation in loan preparation and appraisal by the staff of other DPS Departments, but it is difficult to distinguish this in advance from DPS participation in country economic and sector work, for which we are anyhow seeking additional resources. Taking these factors into account, and allowing for the tight overall budget constraints, we are requesting only two new professional positions (and one secretary) for PPR at this stage.

WDR Core Group

12. We are proposing that the budget for the WDR Core Group should be maintained for the time being at the FY80 level, i.e. \$181,000, excluding salaries budgeted by PAB and contractual services covered by IPA. Our understanding is that the adequacy of this provision will be reviewed in the first quarter of FY81 when the Core Group for WDR IV has been selected and can develop a specific work program.

DPS Work Program

13. The new positions requested (7 professionals, 5 research assistants, 4 secretaries) are reflected in Table I. Overall, the DPS work program envisages a 12 per cent increase in professional staff time devoted to research and a smaller increase in work on data collection and maintenance. The projected increase of three man-years in direct manpower provided by DPS to the Regions comes mainly from DED and PPR and reflects the additional contributions proposed to country work and program lending. The World Development Report will also continue to make heavy demands on DPS resources -- a total of 15 1/2 man-years of professional staff and 12 man-years of F/I staff, or approximately 15 per cent of all DPS manpower.

14. We have not included in the DPS budget and work program the provision that would have to be made for publication of the proposed Quarterly World Economic and Social Indicators, which would require a quantum jump in the quality of the work done and impose additional demands on the already

stretched resources of EPD at a time when the Divisions concerned with international trade and capital flows and global modelling will be particularly heavily involved in the preparation of WDR IV. The cost of producing and distributing the Quarterly has been estimated at around \$380,000 p.a., divided more or less equally between DPS and IPA and including a slot for a full-time professional who would have to be hired specially for the job (Mrs. Hughes' memorandum to you of December 26, 1979, copy attached). We hope therefore that this publication can be deferred for the time being and reconsidered when WDR IV is out of the way.

EPW:cbk

cc: Mr. Chenery (o/r)
DPS Directors
Mr. Acharya, VPD
Mrs. Cleave, VPD
Mr. Vergin, PAB
Mrs. San Jose, PAB

OFFICE MEMORANDUM

TO: Research Committee Members

FROM: Gobind Nankani, VPD

SUBJECT: Minutes of the December 17th, 1979 Meeting

DATE: January 3, 1980

Members present at the meeting were Messrs. Chenery (Chairman), Acharya, Balassa, Baneth, de Azcarate, Gulhati, Holsen, Kavalsky, van der Tak, and Walters. Messrs. Wright and Nankani were also present.

1. By way of introduction, the Chairman observed that after the issues note prepared by the Research Adviser had been distributed to Committee members, he had met with Mr. Gabriel (P&B) to discuss the research-related budget guidelines being forwarded to Mr. McNamara. He noted that although the Board had reacted in session to the GRAP report, the crucial decisions would emerge from the budget. He explained further that the budget guidelines included an unconstrained option that requested an increase in the FY81 research budget of \$4.4 million, which would imply an acceptance of most of GRAP's recommendations, but that the budget suggested option was for an increase of only \$1.1 million. In this regard, the Research Adviser explained that the unconstrained budget figure of \$4.4 million fell short of the amount implied by the total package of GRAP recommendations because it included \$0.6 million for the Living Standards Study, while paragraphs 5.08 and 5.09 of GRAP implied an increase of approximately \$4.7 million. Following this introduction, the Chairman suggested that the meeting proceed with items on the agenda.

Board Reactions to GRAP

2. The Chairman opened this discussion by asking whether members who were not at the Board meeting had any questions, noting at the same time that Board discussions tended to be ambiguous and to concentrate on the negative aspects of the subject under review.

3. One member wished to know whether there was general support for an increase in the research budget. In reply, the Chairman noted that there had been no polling of views, and that as indicated in the analysis of the transcript, the reaction to this proposal had been ambiguous; what was clear was that matters concerning the dissemination and application of research results dominated the discussion.

4. Another member noted that the transcript analysis suggested that the most significant split was on the issue of a research subsidiary, and wished the Chairman to comment on it. The Chairman, in replying, observed that this idea was not in the GRAP report itself, and had been included by Mr. McNamara in his memorandum to the Board. He added that it was not clear what Mr. McNamara's own ideas on the research subsidiary were, but that most Board members when polled prior to the meeting had expressed greatest concern on the proposed financing of the subsidiary from Bank profits without a general description of alternative uses. In response to a further question, the Research Adviser replied that most countries who favored the research subsidiary idea were Part II countries, while those who questioned it were largely Part I countries.

5. A third member asked whether the Board had expressed a view on the implicit GRAP recommendation that research on fiscal and financial development issues be left to the IMF, to which the Research Adviser answered in the affirmative, pointing out that Item IV J on the transcript analysis indicated that two Board members had spoken on the issue, and both had taken objection to GRAP's view on this matter.

Budget Issues Arising from GRAP Board Discussion

6. The Research Adviser commenced this discussion by pointing out that some of the scenarios in his issues note on the subject had become redundant since the budget guidelines were already in hand. He suggested that the ensuing discussion would be most productive if Committee members concentrated on, first, the share of increased staff-time vis-a-vis research funds per se in the research budget increment, and second, on what directions the efforts for increased collaboration and strengthening of research capacity in developing countries should take.

7. The Chairman, in addition, suggested that members express their views on how the proposed \$1.1 million budget increase ought to be shared between the External Research Budget and various Departments. Explaining the latter remark, the Chairman said that P&B had included increases in regional staff arising out of the GRAP recommendations in the regional departments' budget figures, and noted further that any fund increases for dissemination and application would have to be shared between DPS and CPS. In

response to a question, he explained that although the \$1.1 million was probably picked because it constituted 10 per cent of the previous year's research costs, given the ambiguity surrounding the decision, part of it would probably have to be earmarked for dissemination and application. He indicated that he would clarify these ambiguities with Mr. McNamara in the ensuing weeks. He concluded however that dissemination and application funds for the research departments would be shared between the External Research Budget, DPS and CPS.

8. In a brief divergence from this trend of discussion, one member asked whether Committee members favored the budget guidelines which recommended an increase in the research budget of 15 per cent while the Bank's overall budget was projected to grow by 4.7 per cent. Three members expressed the common view that the \$1.1 million in question would have a larger impact in research than elsewhere. One of these members added that with the Steering Groups in place, he would much prefer these funds to be used in research than in the economic sector work program. A fourth member wished to know if there were a long-term program to increase the allocation of resources to research, and pointed out that if this were so, then this increase would have to start at some point. Further, the Chairman noted that the President's Council had agreed with the proposition that research resources should approach their FY74 share (5%) in the Bank's administrative budget. In addition, the Research Adviser noted that he expected a major increase in the demand for research resources following the setting up of Steering Groups, the redefinition of DRC's research program, and from the greater costs associated with increased research collaboration with LDC institutions and increased dissemination and application.

9. Returning to the earlier theme, namely, the disposition of dissemination and application funds, the discussion threw up two alternative suggestions: first, that research proposals explicitly include some element of D & A in their budget requests, such funds being contingent on their arriving at results that were worth dissemination; and second, that there be a separate D & A fund in addition to the External Research Budget, from which 'successful' research projects would be financed for the dissemination and application of their results. With respect to these suggestions, the Chairman pointed out that they were not mutually exclusive.

10. Another member felt that the Committee ought not to be so deeply involved in every decision, and favored the idea of a significant part of the D & A fund being allocated to the Regions to purchase D & A services, with the research departments' D & A funds being reserved for conferences and seminars. Many members reacted unfavorably to the latter suggestion, expressing the view that the objectives of the regions were narrower than those of the Bank as a whole, hence the need to centralize these decisions with a Bank-wide forum such as the Research Committee. In response to the counter suggestion that this was an ideal role for the Steering Groups to play, another member pointed out that the latter did not exist for all functional areas, but that sub-committees of the Research Committee could perform this function.

11. Another sub-theme in this discussion related to the general principle of earmarking D & A funds, many members expressing the fear that unless this were done, such funds would end up being used for other purposes. There was strong support for this view among members present. The Chairman suggested, in addition, that a matching-funds arrangement be considered, with the Committee matching allocations made by the regions, it being understood that the actual shares of the total D & A funds received by various units would be resolved through the budget process. All members present supported this suggestion as a useful principle.

12. The Chairman next raised the issue of the relative weights to be attached to an increase in research staff vis-a-vis in research funds per se, in the actual use of the increase in the research budget. One member expressed the view that rarely in the past had a good research project been denied funding because there were no funds, and that the real constraint was staff-time. The Chairman responded with the view that there were some areas in which staff-time was a bottleneck (offering the example of DED's Urban Division which is doing the 'City Study' and little else), but that the toughness of the Committee's decisions had reflected the degree of tightness in its budget. He suggested that, unless there was contrary evidence, the utility of staff-time and research funds be regarded, at the margin, as being equal: thus, whatever the amount set aside for increasing the production of research, this would be expected to be split between staff-time and research funds. In

response to a member's view that the increased staff-time be allocated primarily to D & A activity, the Chairman said that it was apparent that many Department Directors would prefer to do so. He observed that he foresaw the hiring of five or six more staff members in research, resulting in additional D & A as well as research activity.

13. On a related topic, one member asked whether the proposal for an increase in the Chief Economists' staff had been abandoned. The Chairman said that his understanding was that it depended on the response of the regions. Most members agreed that it would be useful to have at least one region experiment with the idea. In the same vein, another member asked about the proposal on 'internal' sabbaticals of one to two years between the regions and the research departments. This was recognised by many members as a fruitful idea, but one which remained to be finalized.

14. The Research Adviser then asked whether members had any specific suggestions on the strengthening of research capacity in the developing countries. He offered the view that in the short-run this implied greater research collaboration with developing country research institutions, and an increased role for developing country consultants in economic sector work. The Chairman added that taking stock of the research institutions in member developing countries with the help of regional staff was also a priority matter, and solicited the cooperation of the Chief Economists in this matter.

15. Finally, the Research Adviser drew attention to the last item on the agenda, namely, the proposal that small (under \$10,000) requests for supplementary funding, whenever deemed legitimate, be shared with the sponsoring department. One member pointed out that there had been a previous ruling of the same sort, but that the recommended two-thirds share of the sponsoring department had proved too high to be workable. The Committee agreed to try an equal cost-sharing rule as the norm for such requests in future.

Distribution: (Please see next page)

Distribution: Messrs. H. Chenery
✓ S. Acharya
B. Balassa
J. Baneth
L. de Azcarate
R. Gulhati
J. Holsen
B. Kavalsky
D. Knox
R. Picciotto
M. Selowsky
D. Turnham
H. van der Tak
B. Waide
A. Walters
P. Wright

The table below summarizes the three budget growth alternatives for FY81 discussed above:

	FY81 BUDGET GROWTH ALTERNATIVES									
	FY80		Increase over FY80 Budget							
	Budget		Unconstrained		Budget Perspectives		Modified Budget Perspectives			
	\$M	% Share	\$M	%	\$M	%	\$M	%	% Share	
<u>Operating Programs</u>										
Lending	104.7	31	4.3	4	1.1	1	2.4	2	31	
Supervision	52.5	16	3.8	7	3.1	6	3.4	6	16	
Economic & Sector Work	32.1	10	3.8	12	1.2	4	1.9	6	10	
Oper. Review & Policy	20.2	6	2.7	13	0.3	2	0.3	2	6	
TA & Other Coun- try Work	10.4	3	1.2	12	0.1	1	0.1	1	3	
Subtotal	219.9	66	15.8	7	5.8	3	8.1	4	66	
<u>Other Programs</u>										
Research	11.0	3	4.4	40	0.2	2	1.7 ^{a/}	15	3	
OED	3.1	1	0.3	10	0.2	6	0.3	10	1	
EDI	8.3	3	0.5	6	0.4	5	0.5	6	3	
General Support	80.4	24	7.0	9	2.3	3	3.2	4	24	
Boards	10.3	3	0.3	3	0.2	2	0.2	2	3	
Subtotal	113.1	34	12.5	12	3.2	3	5.9	5	34	
TOTAL	333.0	100	28.3	9	9.0	3	14.0	4	100	
Contingency			3.3	1	3.3	1	3.3	1		
FY80 Base Adjustments ^{b/}			(1.6)				(1.6)			
TOTAL BANK			30.0	9.0	12.3	3.7	15.7	4.7		

^{a/} Research increment
 \$0.6 - Living Standards Study/UNNHSCP
 1.1 - GRAP recommendations

^{b/} FY80 Base reduction of \$1.6 million for non-recurring costs:
 (i) \$1.2 million for Currency Pooling, and (ii) \$1.4 million for
 new office building costs; offset by \$1.0 million for increased
 vacation pay rates.

OFFICE MEMORANDUM

TO: Mr. Hollis Chenery

DATE: December 12, 1979

FROM: Shankar Acharya

SUBJECT: Discussion with Minister G. Sicat from
the Philippines on Research

1. I had a useful and interesting discussion with Mr. Sicat this morning. Mr. Larry Hinkle from the East Asia Region participated. At his request, I gave Mr. Sicat some background on the GRAP Report, Mr. McNamara's memorandum to the Board and the subsequent Board discussion. He was clearly very interested in the Bank's new emphasis on the institution-building objective of the research program, including the prospect of more collaborative projects with developing country institutions and governments. He seemed particularly favorably disposed towards collaborative research arising from policy needs as perceived by the government and the Bank's Region. He foresaw a significant role for the recently established Philippines Institute of Development Studies in this context. He welcomed the prospect of pursuing these issues further (with him and P.I.D.S.) when I visit Manila for 2-3 days in the first week of March.

2. Mr. Sicat asked about the possibilities for policy makers-cum-technocrats (including senior ones like himself) spending 3-6 month sabbaticals in the Bank, "recharging their batteries" and gaining from day-to-day contact with the Bank's large and talented staff of development economists. I mentioned the post-doctoral program mooted in GRAP, but noted that for the present such arrangements would have to be worked out on an informal, case-by-case basis (however both Mr. Hinkle and I observed that this should not be too difficult). Mr. Sicat strongly urged a program of such sabbaticals. He emphasized that many governments would be willing to pay the salaries of their staff while on sabbatical; what the Bank needed to provide was simply office facilities and the opportunities for professional interaction. I promised to discuss this matter with you. My own view is that the Bank should be extremely forthcoming on such arrangements, especially if no salary costs are involved. How do you react?

cc: Messrs. B. Waide (o/r)
R. Cheetham
M. Gould
L. Hinkle
G. Nankani

SAcharya:lt

1 SA (o/r)
2. GRAP file

FORM NO. 75
(9-78)

THE WORLD BANK

ROUTING SLIP		DATE:
		Jan. 7, 1980
NAME		ROOM NO.
Mr. Chenery		
Messrs. <u>Nankarni/Acharya o/r</u>		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
FROM: Bevan Waide	ROOM NO.:	EXTENSION:

OFFICE MEMORANDUM

TO: Mr. Bevan Waide, VPD

DATE: Dec. 27, 1979

FROM: Will Candler, DRC *Will*SUBJECT: GRAP Follow-Up

1. Four remarks you reported in your memo of December 10th suggest some need for further dialogue with Bank management on the research and dissemination question.

i) "The content of the research program had not been well received". (p. 1).

ii) "Neither dissemination nor applications should be a problem if the research was of value and interest to potential users: indeed they would seek it out". (p. 1)

iii) "He particularly sought suggestions on how we could give direct support to the research institutions themselves". (p.2)

iv) "He expressed complete agreement with the idea that by far the biggest benefit of Bank operations was the influence on planning objectives and policies at all levels". (p. 2)

2. Content of Research Program

I would be concerned that other than the signal "research portfolio should be changed", we will get little help on what to add, and what to drop. Decisions to change should be made interactively since both what we can do, and what the Bank would like us to do, should affect the decision. The simple signal we have been receiving of a stationary budget does not contain much information as to the desired direction of change.

3. Seeking Out Applications

We don't seem to be conveying the message, on how much "seeking out of applications" is already going on. We already have to turn down requests for applications, and this is without any established focus for such requests. We don't have more applications, because we don't have the resources to make them.

Where we are looking at quantitative analytical techniques, aimed at "influencing planning objectives and policies at all levels", the resource demands are enormous, since one can develop and illustrate the technique

with respect to a single country; but even one application in each region would require six times the resources for dissemination, which were used for research. Ideas can be disseminated relatively cheaply, and I believe we do a good job of this: But when it comes to illustrating that Tanzania's agricultural price policy is costing them \$xM p.a., substantial additional resources are needed. (In this context we are contributing \$.5M p.a. to "application" in Tanzania, through support of the Market Development Bureau, in a project context. This does not, somehow, get counted as an application.)

4. Direct Support to Research Institutions.

If the objective is to "influence planning objectives and policies at all levels", then it is not clear that our efforts should focus on Research Institutions. Better to focus on the policy advisory groups, and their research support staffs, responsible for policy analysis at all levels, i.e., at the relevant groups within the Government bureaucracy. In this connection, the attached proposal for a Cooperative Studies Program, may be of interest, since it does focus, on exactly the groups responsible for policy formation.

5. Influence on Planning Objectives and Policies.

Even where we have major lending to a sector, we frequently have no mechanism for substantive review of sector policy with the Government: Where the scale of the Bank's lending program is considered simultaneously with the Government's own development efforts. The consequence of this is that if we feel a mechanization project is uneconomic, the Government merely ceases to talk to us of this project, and seeks support from a bilateral. We never get to confront the Government with the implications of its investment priorities. Thus, this aspect of Bank project work minimizes our influence on planning objectives and policies. I don't consider that our sector reviews entirely serve the purpose, since they are not considered regularly in the context of the scale of Bank lending. What is called for is an annual development policy review, by Bank and Government officials, in those countries and sectors where we have a large lending program. This could be arranged even where there is no program loan.

Whilst I agree with the President's observation, I am not sure that he fully appreciates how labor intensive (from well qualified professionals) this type of effective influence tends to be.

WCandler:mcc

TO: Mr. John Duloy, Director, DRC

DATE: November 19, 1979

FROM: W. Candler, DRC *wll*

SUBJECT: Proposal for EDI - Cooperative Studies Program

1. I have not discussed the attached with EDI, indeed most of it stems from our recent joint discussions.

2. I think it fits "naturally" into the existing pattern of Bank activities.

cc: DRC Senior Staff

WCandler:mcc

November 19, 1979

Proposal for:

EDI - Cooperative Studies Program

1. This proposal is prompted by Mr. McNamara's memorandum to the Board on the GRAP final report, in which he noted that a research subsidiary, funded from IBRD profits, should perhaps be considered.
2. The objective of the Cooperative Studies Program (CSP), would be essentially identical to EDI, that is to say to promote the use of good analytical techniques for project design, and by key policy advisors, and advisory groups, in member countries. But, whereas EDI currently teaches such techniques, and hence increases policymakers' knowledge and awareness, the CSP would involve pilot applications in a project and policy making context.
3. The necessary pre-condition for a cooperative study, would be that it would be undertaken anyway (with or without CSP involvement). Thus, where the decision had already been taken, by a member country, to study say, tariff/import quota policy, or strategy with respect to an exhaustible resource, or economic development of a river basin, port congestion, or national transport policy, etc., it would be open for the country to negotiate a cooperative study. Cooperation would be with an institution in the member country (usually some part of a Ministry or parastatal) which would provide a cadre of professionals, and the policy orientation for the study.

The CSP would contribute to discussions of the appropriate methodology, and the payment of add-on costs, where these exceeded the resources which could be made available by the cooperating institution. Frequently, these add-on costs would include the time of consultants employed to help orient the study, computer services, some training for the counter-part staff, primary data collection, if appropriate, and so on.

4. Indus, Egypt, Algeria (all contributed to by UNDP), represent three recent studies which would have qualified for the CSP. Their important characteristics being:

- (i) An existing local institution with responsibility for policy formation (WAPDA, EXWAP AND BNEDER),
- (ii) A study which would be made with, or without, Bank involvement,
- (iii) Appreciation that the desired complexity of analysis, exceeded the in-house capability of the local institution,
- (iv) Appropriate Bank experience with the required analytical technique, and
- (v) A finite commitment by the Bank, limited to the study period.

5. In the two irrigation studies, Bank staff have direct involvement in model construction and implementation; in Algeria the sector model is the responsibility of consultants, but Bank staff assist in supervision, and promote a policy/methodology dialogue which assures BNEDER that their (UNDP) money is being well spent. Thus, it is envisaged that the cooperative part of CSP could be implemented in a number of ways.

6. Such a program could start small, say a \$1 M or \$2 M budget the first year, with the intension of expanding it to meet demand. It would require a small central staff to negotiate cooperative agreement, and contribute to their implementation. It would fit in well with our proposals for DPS/CPS allocation of staff time to identifiable dissemination activities, and it would tie in with Bank projects. Thus, where individual studies appeared useful, but too big for the CSP, they would frequently be candidates for financing as part of a larger project package.

Mr. Acharya

OFFICE MEMORANDUM

TO: DPS Directors

DATE: December 10, 1979

FROM: E. Bevan Waide, VPD *EBW*SUBJECT: General Research Advisory Panel: Follow-Up

Mr. McNamara, over lunch on December 5, discussed his and DPS' reactions to the Board discussion on GRAP, and asked about the follow-up action we intended to take. He made it clear throughout that he thought research was important, if expensive and risky, and placed emphasis on the need for good research management.

Mr. McNamara was of the view that the content of the research program had not been well received by the vast majority of Board members: while this had not been stated explicitly, there was little expressed conviction about the present program and not much support for additions to the current volume of research. We agreed that this was a serious situation which appeared to have its roots both in the content of the research program itself, and the difficulty that seems to have been experienced in convincing Board members about the benefits received from the research program--and convincing some Bank staff and outsiders too. The question of the benefits the Bank had received from its research program had been asked by Mr. Narasimham during the Board meeting: the GRAP report did not seem to have addressed this key issue satisfactorily, although Mr. McNamara thought that there was a reasonable story to be told. He cited the WDRs as one very successful means of digesting research output. ←

Relating dissemination to content, Mr. McNamara summed up a long discussion by saying that in his view neither dissemination nor application should be a problem if the research was of value and interest to potential users: indeed they would seek it out. So the central question was how to make sure that the research program, and especially DPS' large element of it, was well designed to meet users' needs. Mr. McNamara noted that all the Executive Directors had endorsed the idea of steering groups, and he urged that the full promised complement be set up now--the risks of having them start work prematurely would outweigh the cost of a slow review of the research program in the remaining fields. Secondly, Mr. McNamara agreed it would be useful for the DPS to judge its recent and on-going research program against criteria of operational and analytical utility to the Bank and developing countries. From this and earlier reviews it would be possible to derive guidelines that should help shape the content of the research program in the future. I noted that such guidelines would emerge in part from the initial reviews by the steering groups.

what review?

Mr. McNamara went on to ask how we should encourage the strengthening of research capacity in developing countries--which the Board had clearly supported. We discussed various means of collaboration and I argued that there would be no difficulty in conveying the message that research should be done in or with LDCs, where feasible. Indeed, this criterion was already in use. He particularly sought suggestions on how we could give direct support to research institutions themselves: we reviewed the experience of the Ford Foundation in this field which he thought excellent and I thought expensive. He is seeking ideas on this (perhaps we should consider a policy or issues paper on the subject). ←

Lastly, we discussed various means of strengthening the Bank's capacity to absorb new research findings: he said he was not yet convinced that strengthening Chief Economists' offices, as a means of research origination and dissemination, would work, but it could be tried in some regions. He repeated the argument that dissemination and application should be easy if the subject matter is useful. I noted that there were severe staffing constraints in the regions that limited their capacity for research assimilation, application or origination. We then discussed other budget implications of GRAP. While accepting that in certain topics proper research application would require more resources, as would publication, Mr. McNamara did not seem to feel that the outcome of the review was an overwhelming case for many more staff--not, at least, until the review mentioned earlier had begun to produce results.

In conclusion, Mr. McNamara asked that, in the light of our assessment of the Board's response to the GRAP report, we prepare a short note to review how we plan to proceed: he would call a meeting to discuss this note with Messrs. Stern, Qureshi, Baum, etc., preferably before January 15, when he leaves for East Africa.

A few other topics came up in passing. He mentioned that he felt that the DPS was widely misunderstood within the Bank [and perhaps misunderstood the rest of the Bank]. He suggested it would be a good idea to give a presentation of the DPS FY81 work program to the President's Council for their information--and indeed to repeat the exercise at other levels. He agreed with the remarks made by Mr. El Naggar at the Board on the coverage of international issues, arguing that our contribution to, say, commodities' negotiations was hindered by insufficient research. We went on to discuss the non-quantitative elements of Bank lending: he expressed complete agreement with the idea that, while capital transfer was essential, by far the biggest benefit of Bank operations was the influence on planning objectives and policies at all levels: he hoped that program lending in a few countries [he doubted whether the numbers would be even as high as seven per year in 1982/83] would be a vehicle for this, but only one of many vehicles. In this connection, he seriously questioned whether the

Bank's economic and sector work was adequately focused, well applied, and well used. He had with reluctance acceded to a small increase for the current year after a long period of holding the volume level. I mentioned various examples of the extensive use being made of economic and sector work by regions, and noted that many RVPs judged that, even give staff constraints, they had chosen to see more economic and sector work done--ESW to date was in fact exceeding the FY80 budget provision.

cc. Mr. Chenery o/r
Mr. Wright
✓ Mr. Acharya
Mr. Nankani

EBWaide/ko

Handwritten notes in the top right corner, possibly including the name "Kearney" and other illegible scribbles.

Report of the
General Research Advisory Panel

August 1979

TABLE OF CONTENTS

	<u>Page No.</u>
List of Panel Members	(i)
Summary and Principal Recommendations	(ii)
I. Introduction	1
II. The Bank's Role in Research	5
Objectives and Criteria	5
Relations with Other Research Organizations ...	7
(i) Researchers in Developing Countries	8
(ii) Researchers in Developed Countries	11
(iii) Other International Organizations	11
Data Collection	11
III. The Organization of Research Within the Bank	14
The Research Community	15
Influence of Operations on Research	17
Other Social Scientists	18
IV. Research Applications, Dissemination and Training ..	19
Introduction	19
Application of Research within the Bank	19
Dissemination and Training in the Bank	20
Research Application and Dissemination Outside the Bank	21
V. Size and Priorities	23
Size	23
Priorities	25
Appendix Bank Research: Evaluation and Future Priorities ...	29
Annex I Membership of Specialized Advisory Panels and List of Panel Reports	36

General Research Advisory Panel

List of Members

- W. Arthur Lewis (Chairman) - Professor of Political Economy,
Princeton University, Princeton,
New Jersey, U.S.A.
- O. Aboyade - Professor of Economics, University of Ibadan,
Ibadan, Nigeria
- David E. Bell - Executive Vice President, Ford Foundation,
New York, New York, U.S.A.
- H. Giersch - President, Kiel Institute of World Economics,
Kiel, Federal Republic of Germany
- N. Islam - Assistant Director General, Economic and Social
Policy Department, Food and Agriculture Organization,
Rome, Italy
- M.J. Kim - President, Korea Development Institute, Seoul, Korea
- E. Malinvaud - Director General, Institut National de la
Statistique et des Etudes Economiques, Paris,
France
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Summary and Principal Recommendations

I. Introduction

1. The present General Research Advisory Panel was asked to evaluate the Bank's economic research program and to make recommendations for the future. The Panel has relied on the reports of Specialized Research Advisory Panels in the fields of agriculture and rural development; commodities; income distribution and employment; industrial development and trade; energy, water and telecommunications; and transportation, as well as on the reports of external advisory panels which have examined the entire range of Bank activities in the areas of population and education. The recommendations of the Panel are summarized below.

II. The Bank's Role in Research

2. Objectives and Criteria. The Bank's research objectives must be stated in relation to the policy needs of its member countries as well as its own analytical requirements. While focusing on its operational needs, the Bank should not neglect the contribution to the understanding of the development process that its central position makes it particularly qualified to provide.

3. We endorse the four objectives of Bank research formulated in 1971:

- (i) To support all aspects of the World Bank's operations including the assessment of development progress in member countries;
- (ii) To broaden understanding of the development process;
- (iii) To improve the Bank's capacity to give policy advice to its members;
- (iv) To assist in developing indigenous research capacity in member countries.

4. We further suggest that the Bank should rely on exploiting its comparative advantages in research, which may be defined as follows:

- (i) The Bank should capitalize on the skills and information that it acquires through its activities as a lender and as an adviser. However, fruitful analysis of data presupposes an adequate conceptual framework, so we would expect some part of the Bank's research program to be concerned with theory.
- (ii) The Bank should excel in comparative studies, though its program should not be confined to work of this kind.

*Project-related
research.*

(iii)

(iii) The Bank is exceptionally well placed to handle larger investigations involving several manyears of research time, and we would expect rather more than half of its research manpower to be engaged on projects of this kind. However, many medium and small projects will also qualify for inclusion in the program, because they exploit the Bank's comparative advantage in data and experience, and because of their relevance to the Bank's immediate needs. In any case, the Bank should not embark upon an investigation unless it is willing to commit sufficient resources to see it through.

5. Relations with Other Research Organizations. As a major actor in the field of development research the Bank has a responsibility to consider the impact of its activities and decisions on other organizations active in the field. In general we would encourage the Bank to adopt a more collaborative research stance than it has in the past.

Brookings
etc.

6. Researchers in Developing Countries. We endorse the general idea of collaborative research as the major instrument of interaction between the Bank's research program and developing country researchers and recommend that the number of such collaborative projects be increased. We also urge the Bank to exploit the opportunities for collaboration represented by studies financed under loans and credits as well as studies undertaken in connection with country economic and sector work. Furthermore, we recommend that the Bank join with other funding organizations in the support of regional research institutions and that it offer postdoctoral fellowships to researchers associated with institutions in developing countries for research to be undertaken at the Bank. Finally, the Bank might support the creation of socioeconomic research institutions as projects to be financed under Bank and IDA loans and credits.

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etc.

7. Researchers in Developed Countries. We endorse the general reluctance of the Bank to finance research by institutions in developed countries. We recognize that cases may arise where special expertise is needed which is only available from institutions or consultants in developed countries. We would encourage the Bank to play a coordinating role in research involving developed and developing country researchers when it can do so at minimal financial cost.

anti-
Brookings

8. Other International Organizations. It is our impression that a good deal more can and should be done to insure effective collaboration on research among the Bank and other international agencies. In particular, the Bank should be very active in communicating its research plans and inviting comments on them, while continuing of course to make its own decisions on what research to undertake.

UN
agencies
coordination

9. Data Collection. We recommend that the Bank make a systematic effort at documenting and inventorying data generated by its research and operational efforts and that it establish the necessary in-house capability

in the specialist functions that statistical expertise and data management involve. However, expenditure by the Bank on primary data collection should be related mainly to specific data needed for its research or lending operations or to specific topics for which it feels a particularly urgent need. Finally, we recommend that the matter of data collection on income distribution and employment, raised by the RAPIDE panel, be studied by specialists in the field who would examine:

- (i) How a program in this area might be organized from a few pilot surveys to a more systematic effort aimed at producing international comparability.
- (ii) In what ways the Bank might contribute to organizing and supporting such an undertaking.

*Income
Distr.
data*

*↓
Pick out for Macmillan paper*

III. The Organization of Research Within the Bank

10. The Research Community. While it is difficult for us to enter deeply into organizational questions, it seems possible to suggest some criteria for improving the present organization. Among them would be the following:

- (i) The need for a minimum critical mass, which is now lacking in certain areas. *which?*
- (ii) The need to balance the requirement of continuity of research by individuals against operational involvement.
- (iii) The need for a balance to be struck between the use of staff and of consultants on individual projects.

11. Influence of Operations on Research. Additional machinery is needed to bring research and operational staff closer together in the generation of research programs. We suggest that for major areas of research the Bank create 'Steering Groups,' consisting in about equal numbers of suppliers and consumers of research in that area.

12. Other Social Scientists. A final issue relating to the organization of the research community within the Bank is the role of non-economists. Bank research has been dominated by economics. However, with the Bank's more purposive attempts to encourage and support social change and to comment on such change, the Bank will need social scientists in other fields, particularly sociology and political science.

IV. Research Applications, Dissemination and Training

13. Application of Research within the Bank. As the research program has come of age, there are increasing demands for research applications from the operational departments. Since there are no explicit budgetary and staff allotments for this purpose at present, there is a problem of promoting the application of new analytical techniques in the Bank.

14. In cases where highly specialized skills are involved (such as the construction of sector programming models) it would be worthwhile to establish a special unit to undertake applications of these techniques on a Bank-wide basis. Apart from such highly specialized modelling, most applications can be undertaken by CPS and DPS professionals, and we recommend that the CPS and DPS staff be increased by six man years for the purpose of research application. ←

15. Parallel to this strengthening of the central staff, the Bank should stress the role of regional Chief Economists in articulating regional research needs and in the application of research results in country economic, project and sector work. The Chief Economist should be provided with additional staff for this purpose. For the immediate future, we would suggest appointing one senior economist, with wide interests and some research experience, in the office of each Chief Economist, to concern himself primarily with the promotion of research and the application and dissemination of research results. This number could be increased as the work expands.

16. Dissemination and Training in the Bank. Apart from the existing modes of research dissemination, we would suggest that brief reports be prepared on the findings of individual research projects, which should highlight the relevance of the results for the operational and policy work of the Bank. Furthermore, we recommend that state-of-art papers be prepared to review research areas that are of particular interest to operational staff and that seminars be organized, using these papers as inputs. A further spur to assimilation of research by operating staff would be provided if researchers participated in reviewing the output of operational economists in their field. Dissemination and training objectives would also be served by extending the rotation of Bank staff, expanding the scope of sabbaticals and instituting advanced training programs.

17. Research Application and Dissemination Outside the Bank. We suggest that the Bank extend the distribution of its research related documents to all research institutions of some standing in the developing countries, as well as to institutions working on development problems in the developed countries. More frequent arrangements should be made for authors to visit developing countries and hold seminars on their results. To the extent possible, research results should be introduced into courses at the Economic Development Institute. The Bank's resident offices should play a role in ensuring proper linkage with the local research community. || EOI

18. In cases where Bank research has produced new techniques, there is sometimes demand for training in such techniques from member countries, beyond what can be accommodated through the use of existing staff and budgets. The use of specialized consultants may be the most effective answer to this problem, and the Bank should be willing to share the cost involved, not out of the research budget, but as a part of its general budget.

V. Size and Priorities

19. Size. We begin with the observation that the development process in most of its aspects is still insufficiently understood and that more research on development issues is strongly warranted. While there are other individuals and organizations able to contribute to the needed research, there is a prima facie case for additional Bank-financed social science research on development. The need for such research is urgent and the Bank is well equipped to undertake it. We find the Bank's research record to be good in terms of quality and usefulness and an increase in Bank research seems both desirable and feasible. ??

20. Our recommendations for increased collaboration and institution building, data management and retrieval, and expanded dissemination and application would by themselves cost about \$3.5 million a year at today's prices. In addition we recommend that aggregate expenditure on socioeconomic research (as defined in the administrative budget) be expanded at a rate up to ten percent a year in real terms, which cumulates to about 60 percent over 5 years. The ten percent expansion of the research program would be about \$1.0 million in the first year. Another review like the present one might be commissioned in about five years to make recommendations for the subsequent period.

21. Priorities. We endorse the past movement in Bank research to such newer fields of Bank emphasis as agriculture and rural development, urbanization, and income distribution and suggest that over the coming period still further shifts in emphasis may be warranted. We have also reviewed the list of research topics proposed by the various specialized panels and selected those which appear to us to be of particular importance for the Bank to undertake. We have further suggested topics of our own in areas not covered by the specialized panels. However, precise allocations among types and fields of research, and the choice of particular projects, are matters which the panel considers can only be decided by the Bank, taking into account such factors as the availability of particular skills in the staff, and the comparative quality of research proposals. We would not wish any list of ours to inhibit the Bank in these managerial functions, whether by pushing topics of which the Bank is doubtful, or excluding topics it might otherwise favor.

Chapter I

Introduction

1.01 Research has been an established part of the World Bank's economic work for over twenty years. In the latter half of the 1960's, Bank research activities began to expand in response to the diversification in Bank operations. In 1971, the Bank created a separate, centralized budget for research. At the same time a standing committee known as the Research Committee was established to formulate guidelines for Bank research and to administer the Bank's research budget. Four objectives for Bank research were enunciated in 1971. They are:

- (i) To support all aspects of the World Bank's operations including the assessment of development progress in member countries;
- (ii) To broaden understanding of the development process;
- (iii) To improve the Bank's capacity to give policy advice to its members;
- (iv) To assist in developing indigenous research capacity in member countries.

1.02 Most individual research projects are reviewed on completion, but since 1977 the Bank has sought more comprehensive reviews of its research activities in a number of areas. Specialized Research Advisory Panels (SRAPs) of outside experts have evaluated the Bank's research in agriculture and rural development; commodities; income distribution and employment; industrial development and trade; energy, water and telecommunications; and transportation. These panels have assessed the quality and relevance of past Bank research in their respective fields, identified important areas for further research and provided their views on the special contribution that the Bank could make in such research. The reports of the SRAPs also make valuable comments on such general issues as the organization of Bank research, relationships between producers and users of research within the Bank, and the Bank's relationships with research institutions in member countries. In addition to the SRAPs, external advisory panels have examined and reported on the entire range of Bank activities in population and education. These panels have commented on Bank research activities in these fields, and we have read these observations with care. 1/

1/ Annex I lists the members of these panels and their reports.

1.03 The present General Research Advisory Panel was established to provide judgments on general issues concerning the Bank's research posture in the future. Our draft terms of reference defined this task as follows:

"The primary objective of this review will be to assess the size of the overall research program and its character and balance. This should be done in the light of the Bank's operations in, and advisory services to its member countries, with consideration given to the role it should play in increasing worldwide understanding of the development process."

The panel was also asked to assess whether the objectives presently enunciated for the program (cited in para 1.01 above), needed reformulation or ordering in terms of priority.

1.04 The panel was invited to establish its own final terms of reference after its meetings with Bank staff. Our deliberations have been concerned with the following broad questions:

- (i) What should be the objectives of the Bank's research program?
- (ii) What are the Bank's research needs?
- (iii) What kinds of research is the Bank most suited to undertake?
- (iv) What policies should guide the Bank in its relationships with other research institutions and other researchers? What responsibilities should the Bank assume toward the development of indigenous research capacity in member developing countries? How best can it sponsor such development, given its own needs and abilities?
- (v) What role and responsibility are appropriate for the Bank in the generation, management and dissemination of data?
- (vi) What improvements are needed in the organization and execution of research by the Bank?
- (vii) How can the Bank better assimilate the fruits of its research in its operations? How can it better propagate these results to its other chosen audiences?
- (viii) What has been the quality of Bank research, and how useful has it been to Bank operations?
- (ix) What is the appropriate size for the Bank's research program?
- (x) What are important areas of research for the Bank to enter in the future, given its objectives, aptitudes and needs?

We have been conscious of the intrinsic difficulty of answering many of these questions, especially for a group of outsiders not very familiar with the internal workings of the Bank.

1.05 The Panel has had some difficulty obtaining a complete picture of the Bank's contributions to research on development. This is in part because the Bank's activities are naturally diverse; the Bank is involved through its projects, its policy advice, and otherwise, in seeking to apply what is known and what is being learned about the entire complex, sprawling subject called "development." Our difficulty also stems in part, in our opinion, from the fact that the Bank has become increasingly involved in research over the past decade in a variety of ways and from several different sources of initiative, without bringing the whole picture together in any publication or organizational unit. At present, the Bank's contribution to research breaks into at least five parts:

- (i) Research funded in part from a central research budget (known as the "external research budget") and allocated through the Research Committee, amounting in fiscal year (FY) 1978 (including the value of staff time) to about \$6.2 million (in FY79 dollars). Of this amount, roughly \$600,000 was spent on contracts with researchers and research institutions in developing countries. i.e. 10%.
- (ii) Research financed from departmental budgets and not subject to central review, amounting in FY78 to about \$4.1 million, also in FY79 dollars.
- (iii) The Bank's contribution to international collaborative research in agriculture (the Consultative Group for International Agricultural Research (CGIAR)) amounting in calendar year 1978 to about \$8.7 million, and the Bank's involvement in the Tropical Diseases Research and Training Program for which it currently acts as co-sponsor and fiscal agent.
- (iv) Studies financed by member countries under loans and credits from the Bank; though accurate data using consistent definitions are not available, the research element in these studies may in recent years have been as much as \$20-\$30 million.
- (v) Loans and credits for building up research capacity in developing countries (perhaps \$120 million in FY78, most of it for agricultural research and extension projects). ?

1.06 Several comments should be made about these categories. The Bank as an operating organization is primarily concerned with applied research, both in its own staff work and by its member countries, and in any such situation the line between research and its application is inevitably uncertain. The preceding paragraph does not take account of some of the work

undertaken in the Bank's regular program of economic and sector analysis, which could as well be called applied research. We are not troubled by this lack of precision in accounting, and have not tried to pursue unduly fine distinctions.

1.07 As is evident from para 1.05, the Bank has in the past funded both technological research and socioeconomic research. This report is limited to the Bank's activities in the area of social science research, particularly research in economics. We nonetheless believe technological research is important, and that technological and socioeconomic research can often reinforce each other in very important ways--as shown, for example, by the international agricultural research centers. We are aware of the Bank's desire to review its position as far as technological research is concerned, and we believe there may be important opportunities for additional Bank financing. Accordingly, we suggest that a further panel (or panels) focusing on technological research might be helpful.

1.08 The deliberations of our panel have been conducted in Washington, where we have had the opportunity to obtain the views and assistance of Bank staff. In addition, individual members of the panel have consulted with the chairmen of the specialized panels.

1.09 The report is organized as follows. Chapter II discusses what kinds of research the Bank should finance and the nature of its relationships with other research institutions. It also discusses the Bank's role and responsibilities in the area of data collection and management. Chapter III examines the organization of research within the Bank. Chapter IV is concerned with the dissemination and absorption of the results of the Bank's research. Chapter V assesses the appropriate scale of the research program, research priorities for the future, and balance between major sectors. An appendix summarizes the recommendations regarding future research priorities presented in the reports of the eight advisory panels.

Chapter II

The Bank's Role in Research

2.01 The Bank plays a variety of roles in development research. Over the last decade it has emerged as a major producer of such research and is now a significant part of the world-wide community of researchers on development issues. The Bank is also a major consumer of research results, whether generated by its own research activity, or by the work of other persons and institutions. To some extent the Bank is a contributor to the development of research capacity in developing countries. The objectives of the Bank's research program, the criteria for choice of topics, and the method of execution should reflect this diversity of interests. In this chapter we articulate some general principles that might assist in defining research strategy for the future, taking due account of research capability elsewhere, and the abilities and needs of the Bank. As noted already (para 1.07) we discuss here only the Bank's role in social science research.

2.02 We begin by discussing the objectives of Bank research and the criteria that should guide the Bank's choice of research areas. We then sketch the appropriate relationship between the Bank and the other major participants in development research: research institutions and scholars in both developing and developed countries, and other international organizations. We conclude with a discussion of the role that the Bank should play in the collection, management and dissemination of data. We have chosen to examine this issue both because data are a prerequisite for research, and because the Bank's responsibilities for primary data collection were discussed in the reports of several of the specialized panels.

Objectives and Criteria


2.03 Since the Bank has become one of the largest sources of research on economic development, its research objectives must be stated in relation to the policy needs of its member countries as well as its own analytical requirements. While focusing on its operational needs, the Bank should not neglect the contribution to the understanding of the development process that its central position makes it particularly qualified to provide. In this context we endorse the four objectives of Bank research stated in paragraph 1.01. In the remainder of this chapter we suggest ways in which the Bank may be able to achieve a better balance among these objectives.

2.04 At the most immediate level the Bank's own use of social science research can be considered under two heads: research whose results are likely to influence the design of projects for which the Bank lends, and research that is of importance for the Bank's more general policy functions. These functions include the Bank's role as an advisor to developing countries and the development of the Bank's own policies.

2.05 These lending and policy activities require the Bank to use the results of a wide range of analytical techniques. The Bank's larger role as a leading development institution requires it to keep abreast of current thinking on development processes, and to use the results of both theoretical and empirical research. The Bank should not be content with the state of the art as it finds it, but has an obligation to advance the debate on the objectives and instruments of development.

2.06 To say that the Bank has these varied research needs is not to say that it should attempt to meet all of its needs through its own staff, nor that it should necessarily finance the entire spectrum of research. Nonetheless we feel that a balanced research program for the Bank must necessarily continue to be a blend of project and sector level research, applied country and international analysis and more fundamental analysis of the structure of developing countries and of the development process. *i.e. everything!*

2.07 There remains a need to define more specifically the kinds of research the Bank should seek to undertake. Here we think the decisions should be guided by the special advantages that the Bank enjoys as a research organization, and by its own requirements. As a general proposition the Bank should not embark upon topics that are already adequately covered by other institutions. It should on the contrary rely on exploiting its comparative advantages which may be defined as follows:

- (i) The Bank should capitalize on the skills and information that it acquires through its activities as a lender and as an adviser. Particular attention should be given to making use of the Bank's project experience and the data generated in Bank projects. However, fruitful analysis of data presupposes an adequate conceptual framework, so we would expect some part of the Bank's research program to be concerned with theory. 
- (ii) The Bank should excel in comparative studies, though its program should not be confined to work of this kind.
- (iii) The Bank is exceptionally well placed to handle larger investigations involving several manyears of research time, and we would expect rather more than half of its research manpower to be engaged on projects of this kind. However, many medium and small projects will also qualify for inclusion in the program, because they exploit the Bank's comparative advantage in data and experience, and because of their relevance to the Bank's immediate needs. However, the Bank should not embark upon an investigation unless it is willing to commit sufficient resources to see it through.

Wiener!

2.08 Despite the advantage that the Bank ought to enjoy in project-related research, it has not made much use of its project experience or project data for research purposes. This side of Bank research needs to be strengthened. In recent years the Bank has begun regular evaluations of completed lending projects and has increasingly built monitoring and evaluation components into the projects it finances. These should provide additional material and ideas for project-oriented research.

pick out more experimentally oriented projects
Endorse the statement
Need weak support

Relations with Other Research Organizations

2.09 As a major actor in the field of development research, the Bank has a responsibility to consider the impact of its activities and decisions on other organizations active in the field. We discuss in subsequent paragraphs the relationships of the Bank's research program to research institutions in developing countries, research institutions in developed countries, and international institutions. Before taking up those relationships, we mention two more general points.

2.10 The first is that the Bank's approach to its research activities has been primarily self-contained. Bank staff have identified research objectives; prepared, executed, and supervised research projects; and interpreted and disseminated the results. Researchers outside the Bank have been involved as consultants employed to assist in Bank-defined work. The principal reason for this tightly controlled research process has been the desire to establish research as a high-quality and useful activity in an organization mainly directed toward operational objectives.

2.11 There have plainly been benefits from this approach to research. It is our impression that research has been accepted and is now solidly established as an appropriate part of the Bank's normal activities. But there have been costs as well. To the outside research community the Bank has appeared somewhat aloof and unresponsive to opportunities for interchange and collaboration. While this impression appears to be exaggerated, we believe there would be much gained by the Bank adopting a more collaborative research stance, and we recommend that the Bank do so. In particular, we suggest that the Bank move toward other methods of research collaboration in addition to hiring outside consultants, and toward greater involvement of outside researchers in the assessment and guidance of Bank research. None of these ideas is new, and in a few instances the Bank has moved in these directions.

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2.12 Second, we believe the Bank ought to play a larger role in promoting stronger and more coherent research efforts by the development research community. Research on development is conducted in many places around the world, by many individuals and groups. There can be great strength in this diversity, and we would not want to see any inhibition on the independence of researchers. But there is clearly need for initiative in arranging for periodic assessments of research progress in different fields; in encouraging the rapid spread and adoption of new research methodologies; in identifying promising new areas for future research; in doing many other things which will contribute to informing researchers and supporting them in doing better research. The Bank is in a

strong position to help with these objectives, as it has shown in some instances already, and we think it should do more along these lines. We are not, we emphasize, recommending that the Bank seek to lead or dominate the development research community - only that it play a part, along with many other organizations, in improving communications, assessments, and supporting arrangements among the world's researchers in the development field. We believe the increased openness by the Bank to external influences on its own research program, which we have earlier recommended, will put the Bank in a much better position to play a more constructive role in the larger research community.

(i) Researchers in Developing Countries

2.13 As was noted in paragraph 1.01, the Bank in 1971 declared one of its research objectives to be "to assist in developing research capacity in member countries." There are many ways in which this might be accomplished: by collaboration on research projects, by grants and loans to institutions, by award of fellowships and so on - and we have reviewed the Bank's activities in this area.

2.14 Thus far, the Bank has related to scholars in developing countries largely through collaboration on joint studies. There have been many such projects under the external research program, and the scope of association has been wide, ranging from assistance in data collection to subcontracting complete studies. The Bank has avoided making block grants to socioeconomic research institutions, or to individual scholars.

2.15 We endorse the general idea of collaborative research as the major instrument of interaction between the Bank's research program and developing country researchers and recommend that the number of such collaborative projects be increased. We feel that research capacity in a growing number of developing countries is now sufficiently sophisticated to make a valuable contribution to the substance of Bank research. Moreover, important institution building objectives can be achieved as a byproduct of research collaboration. (man) ↗

2.16 Certain difficulties however limit the opportunities for such partnership at present. First, the number of LDC research institutions adequately staffed for such research is still limited, and most of these have research priorities of their own which should be respected. The constraints faced by LDC institutions are only partly financial, and insofar as they are financial they can be alleviated by the Bank contributing to both direct and indirect costs in its collaboration agreements. A more fundamental obstacle in some countries is the limited number of trained personnel, and the demands for their services from universities, government departments and the private sector. Elimination of this deficit will take time.

2.17 Another limitation is imposed by lack of data. Countries differ substantially in the quantity and quality of available data; understandably, research has tended to concentrate on those countries where the data are

better. In a number of cases the Bank has sought to overcome this problem by financing the collection of data as a part of the research. This practice should continue in the future as appears appropriate in specific research contexts.

2.18 Collaborative research undoubtedly has certain costs. The structuring of collaborative agreements, the supervision of work plans, the monitoring of output and of quality are time consuming tasks. Collaboration with the weaker institutions may also involve higher risks of failure.

2.19 While we recognize that additional managerial overhead may be required, we regard collaboration as beneficial to both parties. The Bank should be prepared, within reasonable limits, to make the additional investment in time and money needed to foster research collaboration.

2.20 The Bank should, moreover, deepen the involvement of developing country institutions in its research projects and should strengthen the institution building aspects of its collaborative efforts. Collaboration agreements should provide time and budget allocations to cover the costs of bringing overseas researchers to Washington for limited periods. The technical expertise so gained would facilitate the future application of innovative techniques in the country concerned. This would be particularly desirable in comparative projects, where at present the country participants often are not involved in the later stages of the analysis.

2.21 It should be noted that the opportunities for collaborative analytic work with developing country researchers are not restricted to the external research program. There are often sizable research components financed by borrowing countries under project loans and credits. While the disposition of these funds is governed by the loan agreement between the Bank and the borrower, the Bank could play a more active role in providing technical support.

2.22 Similar opportunities are presented by the Bank's country and sector work program, which is several times larger than what is defined as research. A number of studies now carried out in connection with country economic work on income distribution, employment, exports, migration, etc., would constitute suitable topics for collaborative studies with local institutions. There are already examples of such collaboration and its expansion is under active discussion at the Bank.

2.23 We recommend two additional steps which we think will allow the Bank to combine its interest in high-quality research with its interest in strengthening research capacity in developing countries. The first is to join with other funding institutions in channelling research grants through regional research organizations which would assume responsibility for selection of qualified individuals and institutions as recipients of the assistance. Several organizations of this kind have been created in recent years. Such arrangements provide assurance of quality control to the Bank and other funding organizations without necessitating the staffing and

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other costs that would otherwise be necessary to distribute research grants effectively. We would encourage the Bank to move cautiously but positively in the direction of making such research grants, in collaboration with other institutions. Experience suggests that supporting researchers in what they wish to do, in areas that coincide with the general research objectives of a funding organization like the Bank, can be a highly efficient form of research support.

2.24 The second step we recommend is for the Bank to offer a number of postdoctoral fellowships for research to be undertaken at the Bank. Each fellowship would be tenable for a limited period (say, two years at a maximum), and would be restricted to researchers who are firmly associated with institutions in developing countries. The Bank would have to decide the number of such fellowships it could have at any time: up to twelve persons might be feasible. Even a relatively small program could make a significant difference over time in stimulating local research activity in developing countries.

2.25 We further feel that the development of socioeconomic research institutions in developing countries could be a priority field for Bank action. Research in such institutions can be as important to development as a successful agricultural or transportation project. The Bank should therefore consider the feasibility of financing projects for building socioeconomic research institutions in the same way in which it selects projects for financing in other sectors. Institution building requires sustained efforts at creating or strengthening an organization, training staff at the predoctoral and postdoctoral levels, providing library and data management facilities, establishing strong contacts with leading research institutions elsewhere and promoting a generally stimulating environment. These requirements are best fulfilled within the context of self-contained projects covering a period of several years and financed with a proper balance of Bank loans, credits and grants. Temporary secondment of Bank staff may be helpful in some cases. Existing regional research institutions in developing countries merit special consideration, and in some places the Bank may wish to be associated with the establishment of new regional research institutions.

2.26 We feel it important that the Bank take an integrated view of the research work being undertaken in any given country with Bank finance, something which does not adequately happen at present.

2.27 To summarize, our view is that the Bank's main relationship with developing country researchers should be through collaborative research projects. The scale of such collaboration should be expanded, and the involvement of collaborating institutions deepened. In addition, such collaboration should be encouraged in contexts wider than the external research program. The Bank should take steps to strengthen the institution building aspects of such collaboration. Furthermore, we feel that institution building could be undertaken in a project context, and we would encourage the Bank to consider the feasibility of financing projects for the development of socioeconomic research institutions.

(ii) Researchers in Developed Countries

2.28 We turn next to the appropriate relationship between Bank research and research institutions in developed countries. Past contacts between the Bank and such institutions have been characterized by some of the same problems as those encountered with developing country institutions. In certain respects the situation is easier because developed country institutions are better staffed than their developing country counterparts. However, the managerial effort associated with such collaboration is only marginally less than that associated with developing country institutions. The Bank has on the whole avoided entering into formal collaborative arrangements with developed country research institutions, although such arrangements have characterized a few of the larger projects.

2.29 We endorse the general reluctance of the Bank to finance research in institutions in developed countries. We recognize that cases may arise where a special expertise is needed, which is only available from institutions or consultants in developed countries. There will also be cases where tripartite collaboration between the Bank, a developing country institution and a developed country institution is the best procedure.

2.30 The Bank's contribution to research on development undertaken in developed countries is not restricted to its financial contribution however. The Bank can sometimes undertake a coordinating role while only making a minimal financial contribution itself, and should continue to do so.

(iii) Other International Organizations

2.31 The Bank is not of course the only international institution doing research into the socioeconomic aspects of development. The greatest potential overlap is with the work of FAO, ILO and UNIDO; there is a smaller overlap with UNESCO and the UN itself. Collaboration is obviously necessary. In some cases--research on income distribution is probably a good example--there has been good communication and a series of valuable meetings among researchers from ILO, the Bank, and other agencies interested in research in that field. It is the panel's impression that a good deal more can and should be done to ensure effective collaboration on research among the Bank and other international agencies. At the same time, we do not mean to recommend a constraining effort toward uniformity: research flourishes on competition and the challenging of one researcher's results by other researchers. The guiding principle for the Bank to follow, in our judgement, is to be very active in communicating its research plans and inviting comments on them, while continuing of course to make its own decisions on what research to undertake.

Bulletin

Data Collection

2.32 As regards data required for research, the situation is somewhat paradoxical. Although the inadequacy of data is often cited as a major constraint on empirical research, it is also the case that the analytical potential of such data as exist is not usually fully exploited. While there are

several reasons for this state of affairs, an important one is the generally inadequate provision for the documentation and dissemination of research generated data beyond the initial researchers. Our impression is that within the Bank as well the arrangements for the documentation, archiving and subsequent retrieval of research-generated data are ad hoc, and fall upon the analysts rather than on specialized staff.

2.33 Bank-financed project operations also generate a wealth of data for research. These opportunities are only beginning to be exploited. The increasing practice of having monitoring and evaluation arrangements set up as part of the project is a promising development in this regard. We commend recent efforts to strengthen the technical support provided for monitoring and evaluation analysis. We strongly support this line of activity and are convinced of its potentially high value for research purposes.

← ML
E.
(W.C.M.)

2.34 The Bank should recognize that the data generated are an important output of its research and operational efforts. We recommend that the Bank make a systematic effort at documenting and inventorying such data (as has recently been initiated in the Education sector), and that it establish the necessary in-house capability in the specialist functions that statistical expertise and data management involve. Apart from making existing data available for further research such an effort would help to identify particular instances where new statistical investigation would be fruitful.

2.35 The institutionalized generation of time series data raises issues far wider than the research needs for such data. The Bank presently has official responsibility within the U.N. system for data on the debt of developing countries and it has moved to discharge this obligation conscientiously. The maintenance of such capacity is an expensive business; but, as far as we can judge, it is a precondition for providing good information to lenders, and ultimately, therefore, serves to widen access by developing countries to international loans. In considering any extension of such responsibilities to other fields, three questions arise: the Bank's needs for regularly updated data in particular areas; the Bank's comparative advantage in filling these needs by itself; and jurisdictional issues within the U.N. system.

2.36 On the question of Bank needs for data, a distinction should be drawn between the need for country-specific information using country concepts and definitions, and the need for internationally comparable data series. As the Bank itself has come to realize, these are two distinct needs. Country-specific data are useful in the conduct of country policy dialogue. Internationally comparable statistics are essential for both aggregate and cross-sectional analyses. Commentaries on world trends, assessment of development progress and documents such as the World Development Report make use of such cross-country data.

2.37 Despite these different needs, the basic sources for such data remain national statistical offices and country data systems. The Bank should endorse attempts to improve the capabilities of these offices, and to upgrade the quality of these systems. However, direct responsibility for such efforts

has to be assumed primarily by the countries themselves with the help of the U.N. Statistical Office. Expenditures by the Bank should be related mainly to specific data collection needed for its research or lending operations or to specific topics for which it feels a particularly urgent need. Any resources the Bank might allocate for the specific purpose of building household survey capabilities in LDCs should not compete with its research program.

2.38 A major area where there may be a role for the Bank to play was identified by the Research Advisory Panel on Income Distribution and Employment, which recommended that considerably greater initiative and expenditure be devoted by the Bank to assure collection and dissemination of reliable, consistent and continuous data in the areas of income distribution and employment. We have examined this recommendation.

2.39 We are conscious that the panel's concern was not to collect and disseminate data on income per se, which in poor rural communities is difficult even to define, but rather to collect better information on living conditions. Household surveys provide the proper technique for such an investigation. But setting up suitable surveys, analyzing their results and using them for evaluating changes in welfare levels over time is a major operation which still raises problems, even in countries with developed statistical services. The Bank should not expect quick return from efforts in this area; in particular a long period will be required before any conclusive inference can be drawn from survey data as to the aggregate distributional impact of Bank lending.

2.40 A better knowledge of conditions of living within any country is, however, an important element in any assessment of its social and cultural development, and for this reason we feel that the Bank would be justified in promoting such knowledge. We recommend that this matter be studied by specialists in the area who would examine: (i) how a program in this area might be organized from a few pilot surveys to a more systematic effort aimed at producing international comparability, and (ii) in what ways the Bank might contribute to organizing and supporting such an undertaking.

*Put in
Answer
St. Kewant*

2.41 There do not seem to us to be other major areas in which the Bank should assume the responsibility for coordinating routine international data collection. We do not in any case feel that the Bank has any particular comparative advantage in undertaking such work, nor that it should supplant existing arrangements within the U.N. system. Rather, in areas where it feels the current efforts to be deficient it should seek to operate through the responsible U.N. agency to improve matters.

2.42 Apart from its role as a producer of data, the Bank has become a major disseminator of cross-country data via documents such as the World Bank Atlas, the recent Atlas of the Child, or the 'World Development Indicators' appended to the World Development Report. These documents are widely used as standard reference sources by those interested in development. Such a role as propagator imposes responsibilities on the Bank for accuracy, consistency and comparability.

Chapter III

The Organization of Research Within the Bank

3.01 We deal in this chapter with issues internal to the Bank: the structure of its research establishment, the influence of this structure on the research program and the machinery for generating and approving research proposals. Our discussion is restricted to social science research financed either through the external research budget or from departmental budgets.

3.02 We begin with the present structure of the research community within the Bank. The Bank's staff of researchers is currently scattered across a wide variety of organizational units. Only one department, the Development Research Center (DRC) in the Development Policy Staff (DPS), is exclusively concerned with research. This unit of twenty professionals has accounted for roughly a quarter of Bank staff time devoted to research. The bulk of the research undertaken by the DRC is in the form of projects approved by the Research Committee. The major areas of concentration for the DRC have been sector planning models, economy-wide models, income distribution studies and effective protection studies. While the DRC has been a leader in these areas, such work has also been undertaken by other departments.

3.03 In contrast to the DRC, the remaining units engaged in research at the Bank are functionally specialized, and they also have responsibilities other than research. The Development Economics Department (DED) in the DPS and four departments in the Central Projects Staff (CPS) have a significant mandate for research. The Development Economics Department (which is the largest research producing department in the Bank) is divided into five functionally specialized divisions. In addition to research, these divisions have responsibility for policy work and they also support regional economic staff in their country and sector economic work. In the CPS the relevant departments have responsibility for functional review and support of projects, for sector work and for development of sectoral policy papers. What is of interest is not only the diversity of tasks mandated to the unit, but also the tasks assigned to the individuals who constitute the unit. Our impression is that CPS staff concerned with research typically undertake a somewhat wider range of activities than is the case in the DED.

3.04 Apart from these units in the CPS and the DPS, the Research Committee funding mechanism makes it possible for some operational units (such as country program departments) to undertake some research as well, supervised if not always executed by operational staff.

3.05 Expenditure on research as provided for in the administrative budget is of two sorts. First there are the funds allocated by the Research Committee. This is referred to as the "external research budget", and it is used to finance "external" expenditure (on consulting, travel, and data processing) on projects approved by the Research Committee (so-called RPO

projects). The size of the external research budget has remained frozen in real terms since 1973, at a level corresponding to roughly \$2.5 million in 1979 dollars. Research projects come before the Research Committee only if they need "external" finance in excess of \$10,000; if not, the expenditure is carried on departmental budgets, and the work is called departmental research (as distinct from RPO research.) Departmental research projects tend to be smaller projects, but they are numerous: about 60 out of the 140 research projects listed by the Bank in 1978.

3.06 The other budget item is the imputed cost of professional time spent on research. The cost of a professional manyear in research as calculated by the Bank includes an allocation of overhead costs, such as the cost of management and the prorata cost of support departments. About sixty-six professional manyears were devoted to research in FY78; this includes both the time of Bank staff and the time of consultants not financed from the external research budget. Half this total was directly spent on RPO projects, and the remaining half on departmental studies and other research related activities, including research preparation. In FY79 professional time devoted to research is estimated to have declined by fifteen percent as staff were diverted to operational and policy work; the reduction was wholly in non-RPO research and resulted in almost two-thirds of professional time being devoted to projects approved by the Research Committee. As Table 2 indicates, the total cost of research in FY78 was around \$10.3 million in FY79 dollars; the cost in FY79 is estimated to have declined to \$9.2 million. The share of RPO research has ranged from roughly two-thirds to three-quarters of this total.

Table 2: Resources Devoted to Research:
FY77-79
(in millions of FY79 dollars)

	RPO Research			Departmental Studies & Other ^{a/}			Total		
	FY77	FY78	FY79	FY77	FY78	FY79	FY77	FY78	FY79
"External" Expenditure	2.4	2.4	2.5	-	-	-	2.4	2.4	2.5
Manpower Costs	4.3	3.8	4.3	3.9	4.1	2.4	8.2	7.9	6.7
Total	6.7	6.2	6.8	3.9	4.1	2.4	10.6	10.3	9.2

a/ Including research preparation and other miscellaneous research related tasks.

The Research Community

3.07 This fragmented structure of research units, and the variety of other tasks undertaken by staff engaged in research must have some adverse effects on the efficiency with which they can conduct research. We have therefore considered whether it might not be better to concentrate all major research activity in two or three specialized units like the DRC.

idea considered but rejected (?)

3.08 A unified research community would have some advantages. First, its staff would be more highly specialized in research, having no operational responsibilities; its research capability would therefore on average be higher than that of units where operational skills rank equally with or higher than research skills. Second, it would probably make management of the research program easier. Third, concentrating researchers into two or three units would help to generate a stronger research culture with benefits in the form of better morale, mutual aid, cross-fertilization and achievement. } present!

3.09 The disadvantage of consolidating all research into specialized units is that it would remove research still further from operations, ←← reducing interactions between researchers and operational staff. Also, a large research department is likely to develop a life of its own, independent of the central concerns of the institution.

3.10 While it is difficult for us to enter deeply into organizational questions, it seems possible to suggest some criteria for improving the present organization. Among them would be the following: →

- (i) The need for a minimum critical mass, which is now lacking in certain areas. This has been stressed by several of the specialized panels. } which?
E-rd?
Rural Dev?
- (ii) The need to balance the requirement of continuity of research by individuals against operational involvement. The Bank currently seems to have a number of staff who devote too little time to research to be wholly effective as researchers.
- (iii) The need for a balance to be struck between the use of staff and of consultants on individual projects.

3.11 These criteria suggest firstly that, as much as possible, staff engaged in research should be grouped in units of a certain minimum size whose primary focus is research, even if the parent department has other responsibilities. Second, while it is desirable that some staff rotate between operational and research assignments to promote cross-fertilization, care must be taken to ensure that staff, when engaged in research rather than operational support, have adequate blocks of uninterrupted time for effective research. Third, while involvement in research implies corresponding time commitments on research collaboration, application and dissemination, care should be taken to allow time for genuine intellectual involvement by Bank researchers in the substance of the research; otherwise the Bank will be unable to retain its best research staff. Fourth, for the Bank to ensure that the research undertaken is responsive to its needs, as well as for better absorption by the Bank of research techniques and results, it is important that there be an adequate ratio of staff to consultants on individual projects. } time for all

Influence of Operations on Research

3.12 Our next concern is the relationship between research and operations in the formulation of the research program and in its overall management.

3.13 Currently the operational staff complain that the Bank's research program is not sufficiently geared to its operations. While much useful research runs ahead of operations, it is also true that the Bank's operations do reveal problems which could be the basis of relevant and interesting research. The question is to make sure that these problems get on the research agenda. ||| ←←

3.14 The answer is in part that the operational staff must have opportunities to affect the Bank's research program, and in part that they should have the chance to articulate their concerns through the generation of particular research projects.

3.15 As regards the development of research programs, there is need for additional machinery to bring research and operational staff closer together. We suggest that for major areas of research the Bank create 'Steering Groups', SG's. consisting in about equal numbers of suppliers and consumers of research in that area.

3.16 Such a Steering Group was established recently in the industry and trade area, with the participation of DPS, CPS, IFC and the Regional Offices. The Group has produced a draft report that makes proposals on research for the next several years, with additional recommendations on staff levels in research and in research applications. We would recommend the Steering Groups consult outsiders, particularly from developing countries, in the preparation of such programs. | ✓

3.17 The research programs of the Steering Groups, once established, would be reviewed by the Research Committee and the Steering Groups would also advise the committee on projects in their area. It might additionally be possible to grant the Steering Groups authority for approving research proposals that are part of an agreed-upon program and do not exceed pre-determined budgetary limits. The Steering Groups could review the progress of ongoing research within their areas of responsibility and participate in the evaluation of completed activities. This would enable the Research Committee to devote more time and effort to setting priorities among research areas and to consider general issues relating to Bank research, such as research application and dissemination. No!!
|
|

3.18 To ensure coordination we recommend making the Research Advisor an ex-officio member of each of the Steering Groups. He would be responsible for coordinating programs in the various areas. The Research Advisor would also play a promotional role in research application and dissemination efforts, and in relationships with developing country institutions. He would need additional staff to discharge these duties adequately, and his position would need to be upgraded. RA's job!
||| ←←

For Mac: (a) accept SG idea
(b) don't go into detail of structure.

3.19 Whereas the Steering Groups would develop research programs in particular areas and advise the Research Committee on individual proposals, there remains the need for assistance to operational departments in translating their ideas into research projects. We propose below (para 4.06) that the office of the Regional Chief Economist be strengthened to permit better articulation of regional research interests. Assistance to this office (and to other operating units) should be provided by the Bank's research staff, given their familiarity with Bank operations. Assistance may take a variety of forms: development of joint projects, technical advice in the formulation of proposals, and generation of research based on ideas received from operational departments. Whenever appropriate, operating staff may also obtain the assistance of consultants in formulating proposals. OK }

Other Social Scientists

3.20 One final issue relating to the organization of the research community within the Bank is the role of non-economists. As noted earlier, Bank research has been dominated by economics. However, with the Bank's more purposive attempts to encourage and support social change and to comment on such change, the Bank will need social scientists in other fields, particularly sociology and political science.

3.21 The number of such staff will probably grow even faster in the operational departments than in research, as the Bank expands its lending programs in such areas as rural development, population, education, health services or urban development. We doubt that it would be appropriate to create within the Bank a separate division for social scientists other than economists. Presumably they will be integrated into existing units in much the same way as economists and engineers now serve together. Our immediate concern is that the point of view of social scientists other than economists should be given consideration by the proposed Steering Groups.

Chapter IV

Research Applications, Dissemination and Training

Introduction

4.01 Thus far, we have dealt with the Bank's role in development research, and the organization of research within the Bank. In order for research to influence the Bank's larger program of country economic, sector and project analysis, it is important for the Bank to organize an effective application and dissemination effort internally. Since much Bank research is of direct interest to the developing countries, the Bank needs to have an effective dissemination effort externally as well. In turn, the effective absorption of research techniques and ideas carries implications for the Bank's training activities for its own staff and for officials in developing countries. We discuss these issues in this chapter.

Application of Research Within the Bank

4.02 As the research program has come of age, there are increasing demands for research applications from the operational departments. Such applications usually involve the use of innovative or more sophisticated techniques (whether developed in the Bank or elsewhere) to the problems encountered in country economic, sector or project work. ✓

4.03 The external research budget does not presently provide for such research applications, and there are no explicit budgetary and staff allotments for this purpose in DPS and CPS or in the Regional Offices. The problem is therefore, one of promoting the application of new analytical techniques in the Bank. While it is not our purpose to make detailed recommendations on organizational questions, we wish to outline some possibilities. ✓

4.04 In the first place, if researchers in the CPS and the DPS are to spend time on applications and dissemination, more staff must be made available for this purpose. The work involves different degrees of specialization. For example the construction of industrial programming or of agricultural sector models calls for highly specialized skills. It would be worthwhile to establish a special unit for assisting in work of this kind, using the services of say three persons who gave it all their time. ✓

4.05 Apart from such highly specialized modelling, most of the work to be done by way of application and dissemination can be done by CPS and DPS professionals, if enough time is made available. We are told that the current pent-up demand for help with research applications from operational units would support up to six additional man-years, and we recommend that the CPS and DPS staff be increased by some such number for this purpose. We locate this staff in the CPS and DPS rather than in the Regional Offices for two

Programming Models
3 people

6
DPS/CPS
for applic.

reasons. First because we intend that many more than six persons should be involved in applications and dissemination, thus making available a wider range of expertise than would result from giving each region an applications officer of its own. And second because we consider that in general applications should be a part-time function of persons who are also engaged in research, since this will help to maintain the quality and relevance of both research and applications.

4.06 At the same time we sense the need for a closer link between regional staff and research. The Steering Groups that we have recommended in Chapter III would contribute to this, but a focus of administrative responsibility is also needed in the regions. This could be provided by stressing that the Bank looks to the Chief Economist in each region to give leadership in the articulation of regional research needs and in the application of research results in country economic, project and sector work; and by providing him with additional staff for this purpose. For the immediate future we would suggest appointing one senior economist, with wide interests and some research experience, in the office of each Chief Economist, to concern himself primarily with the promotion of research and the application and dissemination of research results. This number could be increased as the work expands.

←
+6
in
Regions

Dissemination and Training in the Bank
RC = Not enough. Must add more CSW people to allow assimilation.

4.07 We have made repeated references to the importance of dissemination. While there are several existing channels for research dissemination, we feel that an increased dissemination effort is required to ensure that country, sector and project work at the Bank takes full account of research results, including important research developments occurring outside the Bank. At the same time, dissemination and training are intimately related since it is through exposure to research results and techniques and their absorption that the intellectual capital of operational staff can be maintained and upgraded.

4.08 One additional channel for the dissemination of research results is the preparation of brief reports on the findings of individual research projects. Such reports should include the results of 'field trials' or other examples of applications which show the relevance of the results for the operational and policy work of the Bank. Their preparation should be an integral part of the research project.

Bulletin.
Best done.

4.09 More generally, state-of-art papers should be prepared to review research areas that are of particular interest to operational staff. The reviews should survey research done both inside and outside the Bank and should focus on establishing generalizations that are relevant for the Bank's work, indicating how the research results and techniques may find operational applications. We understand that such a program of papers is about to commence, and we endorse this development.

⌋

4.10 Research reports and state-of-art papers are likely to remain unread in the absence of face-to-face communication between operational and research staff. Such communication could occur in seminars and workshops, for which research reports and state-of-arts papers become an input. Seminars may be organized on a particular subject on a regional, sectoral or Bank-wide basis, as appropriate.

4.11 Apart from seminars and workshops, there would be need for more informal individual contact between operational and research staff to discuss research-related problems arising from operations. All these avenues would sensitize operational staff to research ideas and results and would make research staff aware of operational issues. A further spur to assimilation of research by operating staff would be provided if researchers participated in reviewing the output of operational economists in their field. We would encourage the use of researchers' time for such review, and feel that in the long run this dialogue would create a more receptive climate for research amongst the operational staff.

involvement in early stages
Not for the Board or the staff

4.12 Dissemination and training objectives would also be served by extending the rotation of Bank staff, expanding the scope of sabbaticals, and instituting advanced training programs. As regards the last, the Bank could develop courses for its own staff of the kind designed by the Economic Development Institute (EDI).

4.13 An increased dissemination and training effort would require modifying existing priorities in the Bank. For operational staff, this would mean setting aside time and resources for such activities on a regular basis. For research staff, participation in dissemination and training efforts, including informal contacts, should be made an integral part of their work program.

Research Application and Dissemination Outside the Bank

4.14 The standard vehicles for the dissemination of research results outside the Bank are the Staff Working Paper Series, Reprint Series, and the Bank's Research Publications. These are sent to a large number of research institutes in the developing countries, but far from all. We suggest extending the distribution of these documents to all research institutions of some standing in the developing countries as well as to institutions working on development problems in the developed countries. A wider distribution of the Bank's Catalog of Publications would further help the results of Bank research reach interested scholars in developing countries.

4.15 It is particularly desirable that research results reach the officials and consultants in LDCs who are designing projects into which the results could be incorporated. More frequent arrangements should be made for authors to visit such countries and hold seminars on their results as has already been done in a few cases. To the extent possible, research results should be introduced into courses at the EDI. The Bank's resident offices should also play a role in ensuring proper linkages with the local research community.

Needs Country-specific cases. e.g. Chile.

EDI

4.16 Finally in some cases where Bank research has produced new techniques that have aroused wide interest (such as programming methods in large scale industry, effective protection analysis, project evaluation techniques, or the use of social accounting matrices) the Bank may be asked by member countries to send staff to train local staff in the new technique. The research budget makes no provision for this; nor do departmental budgets. The particular staff members who have worked on the research project are not likely to be available for much work of this kind. In some cases it might be possible to use consultants conversant with the research in question. For this purpose, the Bank could pay the cost, not out of the research budget but as a part of its general budget.

Chapter V

Size and Priorities

5.01 In this chapter we address the question of how large the Bank's program for social science research should be, and of what areas of social science research should be given priority.

Size

5.02 We begin with the observation that the development process in most of its aspects is still insufficiently understood, and that social science research can help substantially to increase the world's knowledge about obstacles to development and how to overcome them. Considering the urgency of dealing more effectively with the stubborn problems of poverty, hunger, unemployment, and ill-health in the world's developing countries, we consider that more research aimed at these issues as well as at the development process in general is strongly warranted.

5.03 How much should the Bank do? There are other individuals and organizations that are able to contribute to the needed research. But at the same time, the Bank has the ability to select its own research objectives with flexibility, and the Bank is able to mobilize the best resources, wherever they may be found, to conduct the research it undertakes. There is thus a prima facie case for additional Bank-financed social science research on development: the need for such research is urgent and the Bank is well equipped to undertake it. Before reaching a firm conclusion, however, we have asked several further questions.

5.04 First is the test of performance: has the Bank's research been of high quality? This question was addressed by the Specialized Research Advisory Panels, on whose judgement we mainly rely. They were reviewing the results of over one hundred studies, so they found a mixture of good and bad. One can only ask how this mixture compares with results in other research institutions. The answer is that the quality of Bank research ranks as high as that of any other development research institution in the world. In a number of fields the Bank is the leader, and in all its work is highly respected.

5.05 Second is the test of utility: has the Bank's research been useful? In part, the answer is clear. The results of Bank research are plainly contributing to the Bank's analytical work, and that of member countries, in such fields as trade policy and sector analyses. There are also some good examples of the use of research results in project design: the Bank's projects in transportation and in public utilities would not be the same but for the results of Bank research. In some other sectors (education, population, small scale industry) however, research is still in the early stages and its results are only beginning to be seen. It remains true that the Bank's comparative advantage in project-related research has not been fully exploited, but we have proposed measures to remedy this.

from where?
Funding?
External Budget?

5.06 Third is the test of feasibility: can the Bank manage well an increased amount of research? We have expressed some doubts about the current administrative arrangements, which produce too much fragmentation, but in our view these defects are easily remediable. The program is not in sight of becoming too large to manage. On the contrary, in some fields of study the number of Bank staff engaged in research may be below the critical minimum. We have also expressed concern that not enough attention is being given to disseminating research results both within the Bank and in developing countries. We do recommend that high priority be given to the measures for improving research application and dissemination outlined in Chapter IV, but we do not believe that the resources needed for this purpose preclude an increase in research activity.

5.07 In summary, then, we find the Bank's research record to be good in terms of quality and usefulness, and an increase in Bank research seems both desirable and feasible. By how much should Bank research be increased?

5.08 First note that we have already made some recommendations which are intended to be put into effect even if the program stays at its present size, and which have a substantial cost: (a) our recommendations for increased collaboration with LDC research institutions and for other ways of building LDC research capacity might cost \$750,000 a year in the first instance; (b) better management of the Bank's own data and retrieval systems might cost \$150,000; (c) additional staff for dissemination and application of research results within the Bank might come to 15 manyears (9 attached to the research departments, six in the regions) or \$1,800,000; (d) additional staff for dissemination and applications outside the Bank would require say three manyears or \$350,000; (e) travel and other expenses associated with (c) and (d) might add another \$500,000 to the external research budget. These figures add up to \$3,550,000 a year at today's prices. They are intended as orders of magnitude rather than as precise dollar amounts. But this should not obscure the importance we attach to them. In our view the additional functions that they will finance have a higher priority than an increase in the existing research program, since we consider that, having successfully completed a large number of projects, the Bank's next task is to make the arrangements to ensure utilization of results.

||| ←

low!

Key

5.09 Fortunately it is not necessary to choose between spending more on application and dissemination and more on research because the total research budget is in any case such a small proportion of the income of the Bank. This budget has been held constant in real terms for the past six years or so, and should in our view now be expanded, because of the need to fill gaps in our knowledge of the development process, combined with proven capacity. Having in mind the need for orderly progress, we recommend a rate of expansion of up to ten percent a year in real terms, which cumulates to about 60 percent over 5 years. This ten percent applies to research funded through the Research Committee and departmental budgets (items (i) and (ii) in paragraph 1.05) and would therefore be about \$1,030,000 in the first year. Another review like the present one might be commissioned in about five years to make recommendations for the subsequent period.

What?

5.10 Taken together the increases recommended in paras. 5.08 and 5.09 are quite sizable, and apart from their cost to the Bank we have also considered their effect on other development research organizations, which might find it more difficult to recruit professional staff. This should not be much of a problem for institutions in developed countries; as for the developing countries, the program will itself strengthen their research capacity if our recommendations in Chapter II are carried out.

Priorities

5.11 The question of priorities for the selection of research to be financed by the Bank is a difficult one. Precise allocations among types and fields of research, and the choice of particular projects, are matters which the panel considers can only be decided by the Bank, taking into account such factors as the availability of particular skills in the staff and the comparative quality of research proposals. We have three general comments on priorities, however, based on our review.

5.12 First, we have considered how well the Bank's research program accords with our view of the Bank's comparative advantages for conducting research which were outlined in paragraph 2.07. In general, we believe the research projects that have been selected for Bank support stand up well by these standards: they have made good use of the Bank's comparative advantages of scale, international scope, and ability to mobilize high quality talent. We have noted three qualifications which suggest directions for possible improvement:

- (i) The Bank's research has not drawn upon the Bank's own extensive experience with development projects as much as it might have.
- (ii) There are clearly areas of the Bank's interest--education is an example--in which a somewhat larger and more coherent research effort is needed to achieve a minimum critical size. ←
- (iii) While we endorse the importance of small projects and individual research in appropriate cases (the initial exploration of new areas, for example), we think some Bank research projects have not had sufficient scale and continuity to yield the results that were hoped for.

5.13 Second, we have looked at the fields of research chosen by the Bank and the relative emphasis given them. A convenient although imperfect indication of relative allocations is given in Table 3, which shows both the intended allocations among fields of research for the four years FY75 through FY78 and the actual allocations as they worked out over that period. These allocations are noteworthy for the substantial weight given to such newer fields of Bank emphasis as agriculture and rural development, urbanization, and income distribution, in comparison to such older fields as transportation, public utilities, and growth/comparative economic analysis. The panel considers these allocations desirable, and suggests that over the coming period still further shifts in emphasis may be warranted. (endorse to Mac/Bal)

Table 3: External Expenditure FY75 to FY78, Compared to Guidelines
(Percentage of external expenditure, in constant dollars)

<u>Category</u>	<u>Guidelines 1/</u>	<u>Actual</u>
IA. Growth/Comparative Economic Analysis	11.0	13.4
IB. Income Distribution	14.0	11.4
II. International Finance and Trade	4.0	6.4
III. Agriculture and Rural Development	20.0	17.9
IV. Industry	10.0	6.5
V. Transportation	10.0	11.0
VI. Energy, Water and Telecommunications	5.0	8.1
VII. Urbanization	10.0	7.8
VIIIA. Education	5.0	4.6
VIIIB. Labor and Employment	5.0	7.5
VIIIC. Population, Nutrition, and Health	5.0	4.7
Other	<u>1.0</u>	<u>0.7</u>
	100.0	100.0

1/ Guidelines established by the Research Committee in 1975.

5.14 Third, we have reviewed the reports of the specialized panels, whose views of past research and of research priorities in their respective fields are summarized in the Appendix. These reports vary widely in the degree to which they make specific recommendations concerning research objectives and priorities within the fields they studied. They are all, in our view, conscientious and valuable reviews, and several of them make specific suggestions for reallocations of research resources which we commend for careful attention by the Bank. We note, however, that the priorities listed by these panels add up to a much larger program than the resources likely to be available, and we have been asked by the Bank to indicate our own preferences among these topics, as well as topics which have not been reviewed by specialized panels.

5.15 This we do with great reluctance. None of us is familiar with the state of ~~research in the whole of this area~~. Moreover the choice of a topic depends to some extent on the persons who happen to be available, the data opportunities that may open up, and the changing urgency of issues. The making of a program is essentially a management task, and we would not wish any list of ours to inhibit this function, whether by pushing topics of which the Bank is doubtful or by excluding topics which it might otherwise favor. We have however been urged by the Bank to indicate our preferences, and this we now do.

5.16 Our list does not include topics where the current level of Bank research is adequate; it covers only topics where the research effort should be increased. It also excludes monetary and fiscal policy, which are studied by the Research department of the I.M.F.

1. Rural institutions. Relations between techniques and institutions; land tenure, marketing, credit, the labor market, the division of labor within the family.
2. Incentives in agriculture. Pricing policies, rural taxation, the flow of resources between town and country, the terms of trade between industry and agriculture.
3. Women in economic development. The changing economic roles of women. Absorption of women into the labor force.
4. Comparative costs in production of some major agricultural commodities and minerals. Differences in factor productivity and in the elasticity of supply.
5. Location of plants for processing primary products, as between developed and developing countries.
6. Technical education and the demand for labor. The match between demand and supply in the market for skills.
7. Energy policy in developing countries, with special reference to non-fossil sources of energy.

← Yusuf

← Sant Anna

← ✓

← ✓

8. Water use and management; reduction of waste in both urban and rural uses. ← ? ✓
9. Development policies and income distribution; changes in the relative positions of different socioeconomic groups; study of the consequences of different policy interventions pursued by countries to alleviate poverty or improve the distribution of income. | ← Perennial!
10. Labor markets, urban and rural migration. The structure of wages. Unemployment. Why?
11. Low cost delivery systems for education, health and other public services. ← ← ✓
12. Small scale industry, urban and rural. Evaluation of policies pursued in these areas since 1950. Ugh!
13. Appropriate technology. The process of innovation and adaptation in developing countries; incentives for choosing appropriate technology. ← ?
14. The policies of public enterprises. Price policy; externalities; profits; labor policy; relationship to wider socioeconomic objectives. ←
15. Industrial entrepreneurship. Sources of indigenous entrepreneurship; policies designed to promote such enterprise. ← ?
16. Changing structure of world trade. Policy implications; inter-LDC trade; access to MDC markets. ← ← ← ✓
17. Development and human fertility. Operational and evaluational study of family planning and related projects.
18. Development policies and nutrition; effects of different policy combinations on nutrition levels.
19. Coordination of various modes of transportation; cost comparisons, price policies; coordination of routes.
20. Geographical polarization of development; measures to spread development more widely and prevent excessive concentration in a few large cities. ← Renewal?

5.17 Integration of these or other topics into the Bank's research programme would take some time, as existing research projects are completed, and as additional funds become available over the next five years. Over this period the Steering Committees whose creation we have recommended in Chapter III should be reviewing their fields from time to time and making judgments more closely linked to the immediate needs and opportunities of the Bank.

Appendix

Bank Research: Evaluation and Future Priorities

1. This appendix is based on the findings of the various panels (listed in para 1.02) which have reviewed Bank research in the following areas: Agriculture and Rural Development; Commodities; Education; Energy, Water, and Telecommunications; Income Distribution and Employment; Industrial Development and Trade; Population; and Transportation. Each panel has provided an evaluation of past research and has made recommendations on future research directions. Several of the panels have also indicated the implications of the recommendations for the size of the research program.

2. The Research Advisory Panel on Agriculture and Rural Development (RAPARD) concluded: "The overall impression which emerges from a review of research in the field of ARD [Agriculture and Rural Development] in the Bank is that of a large output of high quality" (p. 5) and that it "has quite likely contributed to the shift in lending policy toward the small farmer and the rural poor" (p. 6). At the same time, RAPARD criticized the lack of a "comprehensive research program" (ibid.) and noted that "the direct impact of ARD research on agricultural lending has been marginal" (p. 21). } ←

3. RAPARD recommended that "the Bank's research support for ARD studies should be expanded considerably—roughly in proportion to the increase in Bank lending for the ARD sector" (p. 21). It further listed a number of new and expanded areas of research, classified under five major headings (pp. 23-24):

- (i) Nature and magnitude of emerging tasks: links between demography and ARD; water and energy balance; new production techniques.
- (ii) Options in key areas: relationships between techniques and institutions; risk, uncertainty, and finance; food and nutrition; factor shares.
- (iii) Making the lending program more effective: taxes, subsidies, and other incentives; rural infrastructure; 'software' aspects of projects; learning from prior lending projects; strategies for reaching the rural poor.
- (iv) Methodology for projects.
- (v) The process of change: intersectoral models; rural industries, insertion of traditional farmers in the market economy; public utilities.

4. The Advisory Panel on Commodities reviewed Bank operational work on commodities, including commodity forecasts, commodity studies, and papers on lending policy, as well as the few research projects the Bank has financed in the commodities area. The Panel concluded that "the forecasting methods used compare favorably with those in use for comparable purposes in other organizations" (p. 2) adding that "continuous improvement of the commodity forecasting should be based more on acquiring a deeper understanding of markets and their functioning than on further sophistication and formal modelling" (ibid.).

5. In turn, "the commodity research conducted under Research Committee auspices, though highly professional and sophisticated, has not yet made any significant contribution to the operational and the policy roles of the Bank, and the direction of the work still underway is hardly more promising in this respect" (p. 3). The Panel recommended undertaking four research projects:

- (i) The linking of cyclical and trend elements in forecasting the behavior of commodity markets.
- (ii) The treatment of inflation in price forecasting.
- (iii) The study of comparative costs and productivity in production of selected agricultural and mineral commodities, starting from available Bank information and research projects, with a view to feeding into Bank commodity policy and international commodity policy.
- (iv) The study of factors affecting the location of processing of selected agricultural and mineral commodities, with view to orienting Bank and international development policies.

"It is estimated that the above research projects, which should be monitored by the proposed Bank commodity steering group, would require one additional staff research coordinator in the Commodities Division, plus some \$70,000 of external funds per year for five years" (p. 5).

6. The External Advisory Panel on Education noted that "much of the research done is of high quality and quite useful, but for an organization committing several hundred million dollars a year to the expansion and improvement of education and training, the scale is clearly inadequate" (p. 28). The Panel proposed "a steady increase over several years in the scale of Bank-supported research on education and training, and the development of a stronger research strategy" (p. 29). The Panel suggested that research "should be aimed directly at important issues faced by the Bank and borrowers in pursuing major educational and training objectives, and it should reflect the comparative advantage of the Bank in doing research: for example, cases in which the Bank can conduct comparative study of activities in several countries, or cases in which the Bank has access to data not generally available" (p. 29).

7. The Research Review Panel on Energy, Water and Telecommunications (EWT) stated that its "overall view about EWT research is a favorable one" (p. 6); it commended the researchers for their "ability to focus on the aspects most relevant for Bank purposes" (ibid.); and it further noted that "a number of examples testify to the infiltration of economic analysis into Bank lending to public utility organizations" (ibid.). The EWT panel proposed a wide-ranging program, including the following subjects, some of which involve practical applications (pp. 9-10):

- (i) Energy--general: LDC energy outlook, energy and development; energy demand management and conservation; non-conventional energy.
- (ii) Energy--oil and gas: natural gas issues; inter-fuel substitution.
- (iii) Energy--electric power: standards of rural electrification; power pricing seminars; power energy pricing; autogeneration, cogeneration, technology monitoring, methods of power supply to remote areas; energy transmission costs.
- (iv) Water supply and sewerage: technology dissemination; follow-up research on technology; resource recovery; multi-city and multi-purpose projects.
- (v) Telecommunications: nature and characteristics of telephone usage; pricing policy.
- (vi) Multisector studies: alternative financing of infrastructure; asset revaluation; appropriate institutions for decentralized services.

8. For purposes of carrying out the research program, the panel suggested an immediate increase in staff from 2.5 manyears to 6.5 manyears and of consultants from 6.5 to 9.5 manyears. This increase is supported by the statement, "we feel that the research activities of the department have been understaffed in the past, its previous record shows that it is very capable of turning out very worthwhile research, and that there is a whole string of important projects awaiting investigation in the near future" (p. 16). The recommendations also aim at increasing the staff-consultant ratio in EWT research (p. 15).

9. The Research Advisory Panel on Income Distribution and Employment (RAPIDE) noted that the "Bank program of research upon income distribution emerged in a self-conscious, planned fashion and the Bank has been prominent in stimulating and pursuing research on income distribution." (Appendix B, p. 1). It further concluded: "this review makes apparent both the high quality and varied character of Bank income distribution research. It has been technically proficient and directed to a wide range of problems..."

The productivity of Bank staff compared with academic environments in which research is a large and regular component of responsibility is quite high [and] the deficiencies of the research have related less to its execution than to the erosion of policy orientation and focus as it has been conducted" (Appendix B, p. 8). Finally, "the initial Bellagio conference and subsequent publication of Redistribution with Growth has meant a leadership role that has not been characteristic of all fields of Bank research" (Appendix B, p. 1). RAPIDE identified "four priorities for future income distribution research. These include research upon the characteristics of socio-economic groups; study of the consequences of different policy interventions pursued by countries to alleviate poverty or improve the distribution of income; specific analysis of the effectiveness and implications of a basic needs approach to the problem of inequality; and comparative case studies of the relationship between national strategies of development and evolution of the distribution of income" (Main Report, p. 12).

10. In regard to research on employment, RAPIDE noted that "an evident feature is the generally high quality of the output ... and many of the authors have been acknowledged as experts in the field ... On the other hand, the relationship between the subject matter of research and the operational needs of the Bank has not always been evident" (Appendix C, p. 1).

11. The panel's priorities for research on employment are stated as being closely related to its priorities for income distribution research. "They may be grouped under three categories: careful study of developing country labor markets; analysis of the characteristics of the unemployed; and research on direct and indirect employment creation resulting from different kinds of projects. These generally conform to the emphasis of the Employment and Rural Development Division" (Main Report, pp. 14-15).

12. RAPIDE did not explicitly deal with the question of the size of the research program in income distribution and employment. As regards research on employment, it suggested the need "better to concentrate the efforts of the small number of staff in the [Employment and Rural Development] Division, and better to coordinate the research underway in other divisions" (p. 17). However, its recommendations on research in income distribution may be assumed to imply an increase in staff. Finally, RAPIDE proposed undertaking a large-scale data collection effort in income distribution and employment that cannot but be rather costly.

13. The report of the Research Advisory Panel on Industrial Development and Trade stated: "by and large, we are impressed by the overall high quality of Bank research on industry and trade in economic development" (p. 24), adding that "it is our impression that a number of different strands of Bank research have influenced, directly and indirectly, Bank operations" (p. 26). The panel further noted "that there are certain lines of research at the Bank which in the past have been forceful and productive, but which now are running into diminishing returns" (p. 29) and suggested that, in most of them, an application and dissemination phase should follow. It further proposed new lines of inquiry, together with the extension of some recent

work. The Panel's recommendations concern topics related to the trade area, to internal policies and institutions, and to innovation, entrepreneurship, and technological change (pp. 22-26).

14. In the trade area, the Panel recommended the expansion of Bank research on export promotion policies and market access and on changing international trade patterns, with special focus on inter-LDC trade. It also recommended undertaking research on "industrial growth paths, trade patterns, and policies to support them for countries that are rich in natural resources, those which are just beginning their industrialization, and those which are extremely poor and have not yet started in developing manufacturing activities" (p. 32).

15. Furthermore, it was suggested that the Bank "shift the focus from the economic effects of tariff policies to more general consideration of how policies and institutions influence resource allocation and efficiency within a country" (p. 32), with particular attention given to the effects of government policies on labor and capital markets as well as to the effects of price controls and other interventions. In addition, the Panel proposed expanding research on small scale industry and public enterprises.

16. It is further stated in the report: "We recommend that the Bank explicitly and consciously do research on mechanisms of technological transfer, adaptation of technology to better fit local economic conditions, innovation in industry in less developed countries, and the policies and institutions that support and stimulate technological progressivity" (p. 33). Having listed a number of related topics, it is added that an "examination of a set of issues relating to entrepreneurship strikes the Panel as particularly important" (p. 34).] *technol.*

17. As regards the size of the research program, the report concluded: "even though we have suggested that some research areas now are mature for application, that others should perhaps be phased out ... and finally that other types of research should not be 'moved into' it is obvious that our suggestions would require a somewhat larger research budget in the field of industry and trade..... Against this background, it is not unreasonable to increase the number of scholars at the Bank in this field with at least a handful (approximately five), highly competent persons" (p. 35). This number presumably does not include the staff needed for research applications in the industry and trade area.

18. According to the External Advisory Panel on Population, "the Bank's research work has been good as far as it goes but it has not gone far enough. On the whole, it is solid work, but it has been small and fragmented. The Bank's research effort needs to be changed in both magnitude and context: more substantial and more focused" (p. 30). And, again, "the research support for population is disproportionately low--especially in comparison with the Bank's disbursements to the Consultative Group for International Agricultural Research averaging \$2.8 million annually [sic] in the past four years. If that sort of funding can be made available for that important

field, the Panel considers that the Bank should be able to do better by this important field" (ibid.). The Panel further recommended that "the Bank's research program should deal primarily with (i) population growth and socio-economic development; (ii) operational and evaluational study of family planning and related projects; (iii) policy possibilities beyond family planning; and (iv) demographic data systems in fertility trends and behavior, in collaboration with other agencies" (p. 31).

19. While noting that "the transport research program under review has few signs of actually being a 'program'" (p. 6), the Transport Research Review Panel concluded that "the hallmark of this research has been the bridging of the gap between theoretical models and what reality can supply in the form of empirically established relationships" (pp. 6-9). Furthermore, "the overall accomplishment has indeed been impressive, clearly placing the Bank and its collaborators in a preeminent position among the world's leading research centers on problems of transportation in developing countries" (p. 7).

20. As to the future, the Panel suggested that, in the case of research projects undertaken so far, the "emphasis should clearly shift from the research activity proper to wider application and dissemination of results" (p. 7). As regards new directions, the Panel suggested the following areas of research and research applications (p. 30):

- (i) Highways: highway safety problems; road user charges; bus/trucking regulation/organization; miscellaneous technical guidelines.
- (ii) Construction industry: study selected countries; review paper: construction and industrial development.
- (iii) Ports and shipping: ocean shipping potential; port management problems; ports and regional development; coastal shipping potential.
- (iv) Railways: comparative costs of rail/other modes; practice in service reductions/closures; electrification vs. dieselization; equipment maintenance/utilization; railway information systems; miscellaneous technical topics.
- (v) Roads: Yemen Arab Republic feeder roads: Phase II; Ethiopia feeder roads: Phase II; rural transport needs; domestic regional aviation.
- (vi) Multi-modal and other: process of deregulation; spatial implications of transport projects; social transfers by transport pricing; freight transport chain; risk analysis updating.
- (vii) Contribution to rural infrastructure research program.

21. The Panel added that, "the recommended program of transport research implies an increase over three years of three Bank staff (from the current approximate seven man-years per year) plus one or two additional transport staff in support of the proposed broader study on socio-economic impact of rural development projects" (p. 32). This increase in staff time, and the proposed increase of consultant time by one-half (p. 30), includes work on research applications as well.

Annex I: Membership of Specialized Advisory Panels
and List of Panel Reports

(a) Panel Members 1/

1. Research Advisory Panel on Agriculture and Rural Development:

Vijay Shankar Vyas, Chairman	Director Indian Institute of Management Vastrapur, Ahmedabad, India
James Boles	University of California Berkeley, California, U.S.A.
Jean Marc Boussard	Chargé de Recherches Institut National de la Recherche Agronomique Paris, France
Gelia T. Castillo	Professor of Rural Sociology University of Philippines Los Baños, Philippines
Lucio G. Reca	Buenos Aires, Argentina

2. Advisory Panel on Commodities:

Ali Ahmad Attiga	Secretary General Organization of Arab Petroleum Exporting Countries Kuwait
Alan Brown	University of Oxford England
Eric M. Ojala	Senior Research Fellow Massey University Palmerston North New Zealand
Affonso Celso Pastore	Minister of Finance State of São Paulo, Brazil

1/ Affiliation at time of panel membership.

3. Advisory Panel on Education:

David E. Bell, Chairman	Executive Vice President The Ford Foundation New York, N.Y., U.S.A.
Mary Jean Bowman	Professor Emeritus University of Chicago Chicago, Illinois, U.S.A.
Paulo José Dutra de Castro	General Director of Industrial Relations Volkswagen do Brazil
Louis Emmerij	Rector Institute of Social Studies The Hague, Netherlands
Lameck K.H. Goma	Minister of Education Republic of Zambia
Sippanondha Ketudat	Secretary General National Education Commission Thailand
G. L. Monekosso	Director University Center for Health Sciences University of Yaoundé Cameroon
D. P. Singh	Vice-Chancellor Rajendra Agricultural University Bihar, India

4. Research Review Panel on Energy, Water and Telecommunications:

M. Boiteux, Chairman	President Electricité de France
Rómulo Furtado	Secretary General Ministry of Communications Brazil
Lambert Konan	Director General Energia Electrique de la Côte d'Ivoire, Ivory Coast
A. R. Prest	Professor of Economics London School of Economics England
A. K. Roy	Sanitary Engineer World Health Organization New Delhi, India

5. Research Advisory Panel on Income Distribution and Employment:

Albert Fishlow, Chairman	Professor of Economics and Director of the Concilium on International and Area Studies Yale University New Haven, Connecticut, U.S.A.
Simon Kuznets	Professor Emeritus of Economics Harvard University Cambridge, Massachusetts, U.S.A.
W. Arthur Lewis	Professor of Political Economy Princeton University Princeton, New Jersey, U.S.A.
Justinian Rweyemamu	Personal Economic Advisor to President Nyerere, Tanzania (on leave to the Independent Commission on International Development)
Gerardo Sicat	Director-General of the National Economic Development Authority Philippines
Leopoldo Solís	Sub-Director General Bank of Mexico

6. Research Advisory Panel on Industrial Development and Trade:

Assar Lindbeck, Chairman	Professor of International Economics University of Stockholm, Sweden
Edmar L. Bacha	Professor of Economics Pontificia Universidade Católica Rio de Janeiro, Brazil
Gerardo M. Bueno	Mexican Ambassador to the EEC Brussels, Belgium
Juergen B. Donges	Professor of Economics The Kiel Institute of World Economics, Kiel, Federal Republic of Germany
Jae-Ik Kim	Director-General Bureau of Economic Planning Seoul, Republic of Korea

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- | | |
|--|---|
| Richard B. Nelson | Professor of Economics
Yale University
New Haven, Connecticut, U.S.A. |
| Kirit Parikh | Professor of Economics
Indian Statistical Institute
New Delhi, India |
| 7. <u>Advisory Panel on Population:</u> | |
| Bernard Berelson, Chairman | President Emeritus and
Senior Fellow
The Population Council
New York, New York, U.S.A. |
| Ronald Freeman | Professor of Sociology
Population Studies Center
University of Michigan
Ann Arbor, Michigan, U.S.A. |
| Goran Ohlin | Professor of Economics
University of Uppsala, Sweden |
| Frederick T. Sai | Assistant Secretary-General
International Planned
Parenthood Federation
London, England |
| Chandra Sekhar | Secretary
Ministry of Health and
Family Planning
Government of India |
| 8. <u>Transport Research Review Panel:</u> | |
| Jorge Cauas, Chairman | Former Chilean Ambassador to
the United States; also former
Minister of Finance and
Governor of the Central Bank.
Previously Director of the
Economic Institute at the
Catholic University of Chile |
| Dag Björnland | Director of the Institute of
Transport Economics, Oslo, Norway |
| Rodolfo Félix-Valdez | Sub-Secretary of the
Ministry of Human Settlements
and Public Works, Mexico |

(Continued)

Goon Kok Loon

Secretary of Administration of
the Port of Singapore Authority

S. Jagannathan

Former Financial Commissioner
of the Indian Railways; also
former Secretary, Ministry of
Finance (Department of Economic
Affairs); former Executive
Director of the World Bank and
Governor of the Reserve Bank of
India

Daniel L'Huillier

Professor of Economics and
Director of the Center for
Transport Economics Research at
the University of Aix-en-Provence

(Continued)

(b) List of Panel Reports

1. Report of the Research Advisory Panel on Agriculture and Rural Development, May 1979
2. Report of the Advisory Panel on Education, October 31, 1978
3. Report of the Advisory Panel on Commodities, May 1979
4. Report of the Research Review Panel on Energy, Water and Telecommunications, May 10, 1979
5. Report of the Research Advisory Panel on Income Distribution and Employment, May 1978
6. Report of the Research Advisory Panel on Industrial Development and Trade, May 1, 1979
7. Report of the Advisory Panel on Population, August 1976
8. Report of the Transport Research Review Panel, April 1979

G.W.
S.A.

Mr. K. Georg Gabriel, PAB

January 28, 1980

Hollis B. Chenery, VPD

Attached Memorandum on Research Guidelines

Since Mr. McNamara did not have time to consider this memorandum before he left, he suggested that it be submitted on his return. Pending consideration of its budgetary implications, he authorized use of the guidelines in paragraph 17 in preparing the CPS and DPS budget submission to PAB.

cc - Messrs. Stern
Qureshi
Baum
Waide

HBC:jm

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President

DATE: January 25, 1980

FROM: Hollis B. Chenery, VPD *HC*SUBJECT: Guidelines for the Bank Research Program and FY81 Budget

1. As requested, this memorandum outlines a management response to the recommendations of the Research Advisory Panel (GRAP) and the Board discussion of them. It is designed to provide a basis for preparing a five-year research program as well as guidelines for the FY81 research budget. The program will be formulated by the Research Committee, with inputs from the Steering Groups that are being set up in major fields of research. The 1981 budget should be consistent with the objectives that the Bank wishes to accomplish in the field of economic and social research in the 1980s.

I. RESPONSE TO THE RESEARCH PANEL'S PROPOSALS

2. The main thrust of the Panel's recommendations is to increase and broaden the Bank's role in research to include wider dissemination and application of research findings, strengthening of the data base in selected fields, and support for research groups in developing countries. As to research topics, both the general and specialized panels suggest some redirection but no drastic changes among fields. They recommend making research more operational and place greater emphasis on trial applications. If put on a five-year basis (see Annex I), the GRAP recommendations would imply nearly doubling the research budget in real terms by 1985, with the increase of \$10 million over 1980 distributed as follows:

(1)	Research (10% annual increase)	68%
(2)	Dissemination and application	22% (plus additional regional staff)
(3)	LDC research capacity	8%
(4)	Data improvement	
	-- internal	2%
	-- external	(no estimate)

3. Your November memorandum to the Executive Directors endorsed some expansion in each of these areas, leaving formulation of specific proposals and amounts to future Budget submissions. Steps already taken include setting up Steering

Groups in major areas, organizing workshops for regional economists, starting a news bulletin for Bank research, and initiating a study of ways of supporting LDC research institutions. The Bank's proposed response has been discussed with the Research Committee and the research producing departments. The major issues are discussed below.

II. BALANCE AMONG RESEARCH, APPLICATION AND DISSEMINATION

4. The GRAP report is critical of the lag in application and dissemination in relation to ongoing research in some fields. In part this phenomenon is inherent in the R & D cycle. Since it takes 3-4 years to complete a significant piece of research and write up the results, it is only the products of projects started between 1972 and 1976 that are now available for application. Of these perhaps a quarter involve techniques that require trial applications to additional countries before they can be generally applied in operational work. Other results may need to be presented in the form of manuals or other less technical publications. Annex II indicates that out of 185 projects started under the central research program since 1972, 82 have been completed. Some 40% of these have produced results that need to be tried out in pilot applications or require additional dissemination and support activities.

5. Trial applications. Pilot applications are required to test out new techniques in the policy context of developing countries and to modify them for general use. In the past this has been done in fields such as project evaluation, public utility pricing, highway design, planning industrial investment, and trade policy. In recent years, however, limitations on research staff and budget have restricted the possibilities for such pilot applications even though there is considerable demand both inside and outside the Bank in a growing number of fields.

6. Since trial applications produce results of benefit to the country analyst as well as the researcher, it is not necessary to fund such work entirely from the research budget. The principal obstacle at present is the shortage of research staff, who would have to be diverted from new research for this purpose. An arrangement in which the consumer (regional department or LDC institution) and research producer share the cost would make such applications more feasible. Preliminary discussions suggest that perhaps half of any additional resources allocated for research staff would be used for this purpose although the proportions vary greatly by division and department. Beyond trial applications, users of proven techniques may also need support from the researchers who developed them. This support is likely to form an important element of CPS/DPS input into the Regions' economic and sector work.

7. Dissemination. Until recently efforts to disseminate and apply the findings of Bank research beyond the stage of initial technical publication have been limited. This lag appears to be more serious in the DPS than in the CPS, which has more direct ties to the project and sector work of the Bank. In the past year or so there has been a marked increase in internal dissemination through seminars and workshops in fields such as income distribution, population, social accounting methods, shadow pricing, employment, agriculture and industrial planning.

8. The problems of external dissemination are more difficult because in many cases they require development of less technical forms of publication and establishment of closer ties with research and policy institutions in developing countries. A major bottleneck at the moment lies in the limited resources of the Bank publication program, on which you will receive a separate memorandum.

9. Balance. There is general support in the Research Committee and the research units of the Bank for greater allocation of resources to trial applications and dissemination. Initiatives for such applications may come from either the regions or the research departments and should be worked out jointly. I suggest that an initial fund for trial applications of \$100,000 should be established under the control of the Research Committee so that such allocations can be weighed against new research proposals.

III. SUPPORT FOR LDC RESEARCH INSTITUTIONS

10. Your memorandum to the Board gave strong support to this objective and suggested a variety of ways of pursuing it. Under the budgetary guidelines of the past five years, we have tended to regard this as a secondary objective to be pursued as a by-product of collaborative research. It will require some consultation with LDC institutions and internal discussion before we can make comprehensive proposals in this field.

11. Several preparatory steps should be taken over the next year so that we will be in a position to consider concrete proposals a year hence.

-- Identification of representative research institutions in several regions and discussions with them as to possible forms of collaboration. An allocation should be made to the central research budget to cover the extra costs of such efforts.

-- A working group will be asked to prepare proposals to be considered by the Research Committee and subsequently by the President's Council. As part of this study it should be possible to explore the advantages and disadvantages of ultimately setting up a research subsidiary for this and other purposes.

Public

SA for action

-- Opportunities to support research institutions in the context of education loans should be examined. ||

IV. DATA

12. The initiative we have already taken to support work in the field of living standards measurement and income distribution is proceeding on schedule. I do not recommend any further initiatives on external data until the results of this project become available. However, there will be a minimum increase in funding already approved for this project of about \$400,000 in FY81.

13. The maintenance and dissemination of data collected as a basis for our research and as a result of project monitoring is a rapidly increasing problem. I suggest that PAB or OPD assess the nature of the problem and the need for budgetary provisions. The question is closely related to developments in data processing and retrieval, and it is not clear that this function should be the responsibility of the research staff. However, I fully support the conclusion of the GRAP report (p. 12) that this should become an important function for the Bank in the future as its results accumulate. It would also be a logical function for a research subsidiary if one were created.

V. RESEARCH PRIORITIES

14. Apart from the question of balance between new and ongoing research, trial applications and dissemination, the GRAP report (and the Board discussion) suggested the need for a careful examination of the content of research so that we may be assured that its relevance to the various categories of users is as great as possible. This is a job which I expect to be initiated by the steering groups, who will help to develop research programs and priorities in each field.

VI. BUDGETARY GUIDELINES

15. It is important to develop a five-year program to guide the reorientation and staffing of the Bank's research activities. I think that the recommendations of the Review Panel provide reasonable objectives for such a program, which should be refined over the next year by the Research Committee on the basis of the studies of the steering groups in each field.

16. Given the Bank's general budget limitations, the broadening of research activities should take place in several stages. First priority should be given to securing a balance among research, pilot applications, and dissemination in each field. This would accelerate the application of our operational findings and help to meet the main criticism of the program. Support for LDC institutions would be built up more gradually on the basis of experience with various forms of collaboration or other means of support.

17. The PAB guideline of an additional \$1.0 million for research in FY81 over FY80 does not take account of priority needs for application and dissemination.* If the priorities of the research departments are followed, less than half of this amount would be allocated to new research, and we would make little progress toward achieving a minimum critical effort in priority fields. I therefore suggest that you authorize a guideline of an increase of up to \$1.5 million for preparing Departmental budgets, which is the minimum consistent with the five-year objectives shown in Annex I. After consulting with Mr. Baum and the Research Committee, I suggest that \$600,000 be allocated to the central research budget, \$600,000 to the DPS, and \$300,000 to the CPS. Detailed justification will be included by Mr. Baum and myself in our budget submissions, and a final decision can be made in the normal budget review.

- * It also ignores the fact that expenditures for the Living Standards Study are scheduled to increase in FY81. Since this is a three-year study that will peak in 1982 and finish in 1983, it should not be treated on a par with the build up of the Bank's research program.

cc - Messrs. Stern
Qureshi
Gabriel
Baum

HBC:tsa:jm

ANNEX I

Implications of GRAP Recommendations for Increases in
Research Budget (Phased over 5 years)*

(1980 '000 dollars)

	<u>FY81(\$)</u>	<u>FY82(\$)</u>	<u>FY83(\$)</u>	<u>FY84(\$)</u>	<u>FY85(\$)</u>	<u>FY85</u>
(1) Research	1123.4	2359.1	3718.3	5213.5	6858.2	68.4
(2) Application and Dissemination	259.3	440.8	749.4	1273.9	2161.6	21.5
(3) Collaboration and Support of LDC Research Institutions	100.8	171.4	291.3	495.2	840.0	8.4
(4) Improved Data Retrieval and Management	20.2	34.3	58.4	99.2	168.0	1.7
TOTAL	<u>1503.7</u>	<u>3005.3</u>	<u>4817.4</u>	<u>7081.8</u>	<u>10027.8</u>	<u>100.0</u>

* GRAP figures from paras 5.08 and 5.09, converted to 1980 dollars. Items 2-4 increase at a rate of 70% instead of the immediate increase recommended by GRAP. Figures omit increases in regional staff, and funds for the Living Standards Study.

ANNEX II

External Research Projects: Application
and Dissemination Requirements

	<u>DPS</u>	<u>CPS</u>	<u>TOTAL</u>
1. No. of Starts (FY72-FY80)	127	58	185
2. No. of Ongoing Research Projects	63	40	103
3. No. of Completed Research Projects	64	18	82
4. No. of Research Projects Requiring Dissemination and/or Application	20-27	8-12	28-39

ANNEX III

MAJOR RESEARCH PROJECTS REQUIRING APPLICATION AND/OR
DISSEMINATION

<u>RPO No.</u>	<u>RPO Title</u>	<u>Application Instrument</u>	<u>Dissemination Instrument</u>
	<u>DED</u>		
670-70	Urban Public Finance)		Conference
671-18	Financing Urban Services)	Application to Countries (Project and Sector work)	Conference
671-47	City Study)		Mini Models, Manuals
670-25) 670-95)	Industrial Capacity Utilization)		-
671-05	Patterns of Industrial Development	-	Edited Papers
671-51	Appropriate Industrial Technology	To industries other than textiles	Seminars, Policy Papers
671-84	Wage & Employment Trends		Training Workshops, Functional Reviews
671-48	Urban Labor Markets in Latin America		Seminars
671-63	Migration in Middle East		Participation - Conferences
671-49) 671-78)	Education and Rural Development		Seminars
671-25	Commercial Bank Behavior		Seminars
671-70	Fertility Decline in Sri Lanka and South India		Seminars
	<u>DRC</u>		
671-27	Social Accounting Models	Application to Countries (Planning Ministries)	Joint Studies & Advisory Services
Group of RPOs	Income Distribution Surveys	Application to Countries (Statistical Offices)	Joint Studies & Advisory Services

<u>RPO No.</u>	<u>RPO Title</u>	<u>Application Instrument</u>	<u>Dissemination Instrument</u>
670-87) 670-01)	Domestic Resource Costs and Effective Protection	Application to Countries (Economic and Sector Work)	Joint Studies and Advisory Services
670-24	Industrial Sector Models	Application to Countries (Project and Sector Work)	Joint Studies and Advisory Services
670-73	Agriculture Sector Models	Application to Countries (Project, Sector and Economic Work)	Joint Studies and Advisory Services
671-29	(Small Policy Models)	Application to Countries (Economic Work)	Joint Studies and Advisory Services
<u>EPD</u>			
3 RPOs	Commodity Models	Application to Countries (Economic and Sector Work)	Conferences, Seminars
670-68	ICP Studies	-	Conferences, Workshops
671-91	Industrial Statistics	Application to Countries and International Institutions	Manuals/Papers
<u>CPS</u>			
(Group of 5 RPOs)	Transportation	Application to Countries (Project and Sector Work)	Workshops, Seminars, Manuals
2 RPOs	Industrial Projects	Application to Countries (Project and Sector Work)	Seminars, Policy Papers
670-39	Electricity Pricing	Application to Countries (Project and Sector Work)	Seminars, Public Utility Notes
670-38	Rural Electrification Issues	Application to Countries (Project and Sector Work)	Seminars, Public Utility Notes
671-29) 671-80)	Agricultural Pricing and Subsidies	Application to Countries (Project and Sector Work)	Workshops, Seminars

1-1

OFFICE MEMORANDUM

TO: Research Committee Members

DATE: December 12, 1979

FROM: Gobind Nankani, VPD

SUBJECT: Items for December 17 Meeting

Re ERB.
 (i) DRC items
 (ii) Regionally-sponsored research programs
 (iii) Collaborative costs
 (iv) Trial applications

CPS-DPS-ERB

Attached are:

Holly, S:

(a) ...
 (b) ...
 (c) Board discussion feedback.

- (i) A matrix, based on the transcript of the discussion, summarizing Board reactions on GRAP and research in general;
- (ii) An issues note to assist discussion of steps to be taken in the light of the Board discussion; and
- (iii) A note (and a proposal) on "small supplementaries" to be considered under "Other Business".

Distribution:

- Messrs. H. Chenery
 S. Acharya
 B. Balassa
 J. Baneth
 L. de Azcarate
 R. Gulhati
 J. Holsen
 B. Kavalsky
 D. Knox
 R. Picciotto
 M. Selowsky
 D. Turnham
 H. van der Tak
 B. Waide
 A. Walters

Board Discussion:

- Wide range of reactions to Board discussion including some who feel it was v. negative on research.
- Own views not quite so bleak because Board affirmed key themes of GRAP recommendations:
 - (a) More applications / dissemination
 - (b) Closer links between research & operations
 - (c) More effort at institution-building in LDCs.
- Conspicuous disappointment was the disappointment was the mixed signal with respect to the growth recommended growth in the underlying research program
- But even here the disappointment needs to be tempered; no E.D. suggested a reduction in research (I gather that has happened in the past); so research seems to be an accepted part of Bank tenets.

Intro on Issues Note

- Focus on issues; scenarios at the back are not very illuminating (in any case they have been overtaken by recently issued preliminary Budget guidelines).
- Amongst issues; key ones are:
 - (a) Whatever the increase in research what proportion should be funded and how much should accrue to the ext. vs budget.
 - (b) What concrete steps can be taken to strengthen research capacity in LDCs?

ANALYSIS OF GRAP BOARD DISCUSSION
(Number of EDs who spoke = 19)

<u>Issues</u>	<u>Favoured</u>	<u>Opposed</u>	<u>Ambiguous</u>	<u>TOTAL</u>
I. <u>Research Dissemination/Application/Assimilation (DAA)</u>				
	10	-	-	10
A. Better DAA	4	-	-	4
B. Improved external distribution of Research Output	3	-	-	3
C. Quarterly News Bulletin on Research	5	-	-	5
D. Stronger EDI role (workshops/seminars)	3	-	-	3
E. House Research Journal				
II. <u>Operations and Research</u>				
	6	-	-	6
A. Need for closer links ("cross fertilization")	14	-	-	14
B. Establishment of Research Steering Groups				
C. More operationally relevant (including project-related) research	10	-	-	10
D. Transfer Bank Research to a Subsidiary	4	8	2	14
E. 3-6 month in-house 'sabbaticals' across operations and research	3	-	-	3
F. More time and incentive to operational staff to use research	2	-	1	3
G. Greater control over research not presently subject to centralized review	3	-	-	3
III. <u>Strengthening Research Capacity in Developing Countries</u>				
	14	-	-	14
A. Stronger Bank initiatives	9	-	-	9
B. Increase in number of Collaborative Research Projects				
C. Loans and Credits to finance/expand LDC Research Institutions	7	1	1	9
D. More use of LDC Researchers in CSW and Project Work	3	-	-	3
E. Inventory of Research Capacity in LDCs	2	-	-	2
F. Avoidance of greater centralization of research resources in Washington	2	-	-	2
G. Post doctoral Fellowships	3	-	-	3
H. More LDC research managers in Bank	2	-	-	2
IV. <u>Size and Priorities</u>				
	10	-	1	11
A. Increase for more DAA and Collaborative Research	4	3	5	12
B. Increase in underlying Research Program	6	-	-	6
C. Research based on priorities of LDCs	5	-	-	5
D. Systematic data collection effort	4	-	-	4
E. Need for minimum critical mass in research areas	3	-	-	3
F. Need for some non-operational (directly) research	2	-	-	2
G. Large share of comparative studies in Bank research	2	-	-	2
H. More research on international issues	5	-	-	5
I. More research on natural resources and related development issues	3	-	-	3
J. Not leave research on financial/fiscal development to IMF	2	-	-	2
K. Regular External Review Panels	3	-	-	3

ISSUES ARISING FROM BOARD DISCUSSION
OF THE GRAP REPORT

1. As the preceding matrix analysis of the Board discussion indicates, the following "messages" came across loud and clear:

- (1) Greater efforts at research dissemination and application in and outside the Bank;
- (2) Stronger two-way links between operations and research (including overwhelming support for the Steering Groups initiative);
- (3) Greater efforts aimed at building research capacity in LDCs (this includes, but goes beyond, the advocacy for more collaborative projects);
- (4) Some increase in resources (at least for research dissemination and application; a very mixed signal for the underlying research program).

2. What should be the next steps in implementing some of these "messages"? Before sketching some issues for discussion below, I would like to make one general comment: while the forthcoming FY81 budget offers a vehicle for discussing the size of research resources in the Bank, it is ill-suited to considering measures aimed at improving the content (more operational relevance, etc.) of the research program. This may not be a trivial generality. For instance, does the key to

better/faster dissemination and application (D&A) of research lie with promoting "more operationally relevant" research (an issue of research planning and design) or with increased resources for D&A (a budget issue)?

3. Following are some issues for discussion (along with tentative personal recommendations) - others will, no doubt, wish to add to them (both issues and recommendations!):

(a) Issue: What should be the role of the Research Committee in formulating/reviewing FY81 budget proposals and other measures aimed at implementing the Board's and Management's "messages"? Should the Committee act as a decision body or a sounding board or both (or neither)? For instance, to the extent staff increases for D&A (and additional research?) are contemplated, should these be sought independently by the concerned Vice-Presidential groupings or should the Research Committee coordinate a joint approach?

Recommendation: The Committee should act as a clearing house and advisory body (i.e. receive, add up individual proposals and offer advice on relative priorities).

(b) Issue: To the extent there is an increase in funds (as distinct from staff) for D&A, should these accrue to the External Research Budget

or to individual departments all over the Bank or to both? If both, in what sort of shares?

Recommendation: I itemize four possibilities in order of preference:

- (1) Allocation through the Research Committee. This has all the desirable features - Bank-wide review/decision, etc. - which pertain to the Committee's role in allocating funds for research projects. It is also the form suggested in the GRAP Report (para. 5.08).
- (2) Allocation by a Sub-Committee of the Research Committee, with members from CPS, DPS and the Regions. Basically, this is a version of (1), which economizes on the time spent by the Committee as a whole.
- (3) Allocation by the Research Adviser (though this proposal was mooted in the draft McNamara memo on GRAP discussed at the President's Council, I find it, on reflection, distinctly inferior to (1) and (2), basically because I don't believe any one person should be asked to bear the onus of all the decisions).

(4) No centralized fund at all, but rather a dispersal of such finance to research (and operational?) departments. This seems to be the worst alternative since it:

- i) invites budgetary competition among Departments within DPS and CPS and between the two central staffs;
- ii) undermines the possibility for centralized review and priority-setting permitted by the other alternatives; and
- iii) risks the "losing" of such financial authorizations in general departmental discretionary resources.

(c) Issue: What concrete steps can be envisaged to strengthen research capacity in developing Countries?

Recommendation:

- In the short-run the stress should be on more collaborative projects^{1/} and greater use of local researchers in ESW;

^{1/} Regarding collaborative projects with LDCs a note on the past record, by Mr. Nankani, is appended.

- In the medium-term the Board and Management indicated receptivity to (i) operational lending initiatives supporting LDC research institutions and (ii) to the development of detailed proposals (e.g. regarding a research foundation, EDI workshops, post-doctoral fellowships, etc.) for further Bank initiatives in this area.

(d) Issue: What are the major steps that can be taken to enhance feedback (influence) from operational needs to research design?

Recommendation:

- The Steering Groups can play a key role in the next few months. Do their terms of reference need strengthening? Should more (than the present 4) be established now?
- In addition it may be worthwhile to:
 - a) experiment in two or three Regions with the GRAP proposal of strengthening the Chief Economist's office with one senior economist; and
 - b) experiment with short (3-6 month) in-house sabbaticals for operational staff to be held in CPS and DPS.

(e) Issue: What steps need to be taken with respect to improved publication and distribution of the Bank's research output? Should a new house research journal be considered (over and above the modest quarterly news bulletin on research indicated in Mr. McNamara's memo to the Board)?

Recommendation:

- There is a clear need (and steps are in hand) to (a) rationalize mailing lists for Bank research publications and (b) reduce the current log-jam with respect to books/monographs resulting from the Bank's research.
- In view of other publication priorities, this is probably the wrong time to launch a full-fledged, new house research journal.

Some Scenarios

4. As background to the discussion of the issues raised above I sketch some possible "scenarios" regarding additional resources provided through the FY81 budget:

Scenario A ("worst case")

This might include:

- no real increase in the external research budget
- no increase in staff for research.

To implement the "messages" in such a case would entail the unpalatable consequence of reducing (in real terms)

the present allocation of staff and money to the underlying research program in order to accommodate more resources for application, dissemination and (possibly) the higher cost of more collaborative projects.

Scenario B ("modest case")

This might include:

- 4 manyears (2 each?) of additional research-related DPS and CPS^{1/}
- 3 manyears for Chief Economist's office (experimental)
- a 25 percent increase (real) in the External Research Budget (approximately \$750,000 in FY80 prices).

This should allow implementation of more research dissemination/application/collaboration without a cutback in the real level of the underlying research program. Notionally, one could think of the \$750,000 external research budget increase as split \$350,000 for increased costs of more research collaboration and \$400,000 for applications and dissemination. The latter portion could be earmarked for the intended purposes.

1/ Approaches to the use of additional staff could vary. Some may prefer appointing a specialized "dissemination advisor"; others may see the increase as a way of freeing time of a larger number of researchers for dissemination and application.

Scenario C (the "GRAP Case")^{1/}

This might include:

- 6-8 manyears (3-4 each?) of additional research-related staff for CPS and DPS,
- 6 manyears (one each) for the Chief Economists' Offices,
- a 40% increase in the External Research Budget (approximately \$1,200,000).

This should accommodate both a strong effort on research dissemination/application/collaboration and assimilation, and some expansion of the underlying research program. In this context the \$1,200,000 could be notionally split three ways:

\$400,000 for extra costs of collaborative research;

\$300,000 (i.e. a 10% increase) for additional research; and

\$500,000 to support applications and dissemination.

The last item might once again be earmarked.

^{1/} This is really an "approximate GRAP case". Actually, it is not fully clear what the exact GRAP case for FY81 might be, since the GRAP budgetary recommendations (summarized on p.24 - attached) do not readily yield precise guidance for FY81 -- at least paragraph 5.08 seems to have a future steady state in mind.

OFFICE MEMORANDUM

TO: Mr. Shankar Acharya

DATE: December 3, 1979

FROM: Gobind Nankani

SUBJECT: Extent Quality and Trend of Research
Collaboration with LDCs, FY74-79

1. This memorandum replaces an earlier one on the same subject, but for the period FY77-79, dated October 4, 1979.

2. Research collaboration with LDCs is of three kinds:

- (a) with Research Institutes
- (b) with Ministerial Organs
- (c) with individual researchers in LDCs.

Between FY74 and FY79 the total number of initiated research projects that involved some form of research collaboration with LDCs was 49 out of a grand total of 115, i.e. 44 percent.

Of these 49 projects, 25 involved LDC research institutes, 16 involved ministerial organs, and 8 involved individual researchers in LDCs (see Annex).

The percentage shares of these research projects in the total number and value of research projects initiated over the FY74 to FY79 period is as follows:

	<u>No.</u>	<u>%</u>	<u>\$000 Value</u>	<u>%</u>
<u>All Research Projects</u>	115	100	6541.0	100
<u>Research Collaboration with LDCs</u>	49	44	3597.8	55
of which with:				
(a) Research Institutes	25	22	1874.4	29
(b) Ministerial Organs	16	15	1350.4	20
(c) Individuals	8	7	373.0	6

3. Another index of research collaboration is given by the proportion of ongoing research projects (using a number base) that have consultants from the LDCs. This latter percentage is 48 percent. However, in addition, 22 percent of all ongoing research projects have 'mixed' consultants, i.e. from LDCs as well as from the DCs. Thus, the proportion of research projects that have no LDC consultants (or have only DC consultants) is 30 percent.

4. Some judgements regarding the "quality" of collaboration may be gleaned from the description of research projects. Of the 49 projects that have some research association with the LDCs, 26 would seem to involve collaboration of a significant sort, i.e. not restricted to data collection and compilation. These 26 projects account for 80 percent of the total value of authorizations for the 49 LDC-related research projects or 44 percent of the same figure for all research projects initiated over the FY74-79 period.

5. An examination of the time-series data (FY74-79 Authorizations) on research collaboration with LDCs shows no clear trend: in particular although the proportion of RPO authorizations involving some collaboration with LDCs fluctuated significantly between FY74 and FY79, its value was approximately the same (60-65 percent) in the end-years (FY74 and FY79). (See attached Table).

cc: Messrs. H. Chenery
B. Waide

GN:lt

FY74 through 79 - RPO Authorizations

Authorization of 115 projects (74-79) = 6,541.0) 55%
 Authorization of 49 projects (74-79) = 3,597.8)

with LDC collaboration

FY74-79 Authorizations

	<u>Total # of projects initiated</u>	<u>Value \$</u>	<u>Total # of projects with LDC Collaboration</u>	<u>Value \$</u>	<u>% (4) ÷ (2)</u>
	(1)	(2)	(3)	(4)	(5)
74	22	637.5	12	400.2	63
75	24	829.9	6	270.5	33
76	17	604.6	8	314.8	52
77	11	686.6	5	174.6	25
78	22	1355.1	13	984.7	73
79	19	2427.3	5	1453.0	60
	<u>115</u>	<u>6541.0</u>	<u>49</u>	<u>3597.8</u>	<u>55</u>

List of Research Projects Involving LDC Collaboration(A) LDC Research Institute Involvement

<u>RPO No.</u>	
670-76	Pricing and Investment in Telecommunications
-80	Land Reform in Latin America
-89	Development Strategies for Smallholder Agriculture in Yugoslavia
-91	Benefits of Schooling for Workers
-98	Urban Land Use Policies: Taxation and Control
-99	Economic Aspects of Household Fertility Behavior and Labor Supply in Northeast Brazil
671-04	Rural Saving and Investment
-07	CAMS
-20	Urban Traffic Restraint
-25	Commercial Bank Behavior
-30	Structure of Rural Employment Income and Labour Markets
-32	A Comparative Study of the Sources of Industrial Growth and Structural Change
-35	Export Incentives in Developing Countries
-49	Education and Rural Development in Nepal
-55	Retention of Literacy/Numeracy Skills Among School Leavers
-56	Marketing Manufactured Exports
-57	Distribution of Income through the Extended Family System
-59	Small-Scale Enterprise Development
-60	Textbook Availability and Educational Quality
-62	India - Impact of Agricultural Development on Employment and Poverty: Phase I

<u>RPO No.</u>	<u>Title</u>
671-65	Small Enterprise Financing: Role of Informal Credit Market
-71	Public Manufacturing Enterprises
-72	Growth, Poverty and Basic Needs
-80	Evaluation of Food Distribution Schemes
-83	Export of Manpower from Pakistan and Bangladesh to the Middle East
<hr/> 25	Sub-total

(B) Ministerial Organs Involvement

670-83	Income Distribution (ECLA)
-90	Urban Labor Market
-96	Distributive Impact of Public Expenditures
671-08	Evaluation of Asian Data On Income Distribution
-10	Promotion of Non-Traditional Exports
-27	Social Accounts and Development Models
-33	Ability Characteristics as Factors of Production
-40	Population Review Group
-45	Programming and Designing Investment
-47	Strategic Planning to Accommodate Rapid Growth in LDC
-53	El Salvador Health Study
-61	Socio-Economic Aspects of Fertility Behavior in Rural Botswana
-73	Kenya - Health, Nutrition and Worker Productivity Studies
-76	Household Incomes and Expenditures in Mexico
-81	Determinants of Fertility in Egypt
-85	The Industrial Incentive System in Morocco
<hr/> 16	Sub-total

(C) Individual LDC Researchers Involvement

<u>RPO No.</u>	<u>Title</u>
670-84	Income Distribution (Ranis)
-85	Urban Income Distribution (ECIEL)
-87	West Africa Integration
671-06	Employment Models and Projections
-26	Migration Patterns in West Africa
-48	Urban Markets in Latin America
-69	Capital Market Imperfections and Economic Development
-84	Wage and Employment Trends and Structures
<hr/> 8	Sub-total
<hr/> 49	<u>Total</u>

OFFICE MEMORANDUM

TO: Research Committee Members

DATE: December 12, 1979

FROM: Shankar Acharya, Research Adviser, VPD

SUBJECT: Discretionary authorization of requests
for small (under \$10,000) supplementaries -
A Proposal

1. There have been a significant number of such requests. The following have been authorized since January of this year:

<u>Date</u> <u>Authorized</u>	<u>Brief Title</u>	<u>RPO</u> <u>Number</u>	<u>Sponsoring</u> <u>Department</u>	<u>Amount</u> <u>(\$)</u>
March 28	Risks/Agricultural Policy	671-43	AGR	2,500
March 29	West Africa Migration	671-26	DED	10,000
June 4	Sources of Industrial Growth I	671-32	DED	5,000
July 18	Programming Model/ Manufacturing	670-24	DED	8,500
Oct. 12	Botswana Fertility Study	671-61	DED/E.Africa	8,000
Oct. 12	Educational Radio	671-54	DED/EDC	3,000
Nov. 6	Narangwal Population Study II	672-03	DED	4,000
Nov. 12	Market Penetration	671-67	EPD	4,000
Nov. 13	Market Penetration	671-82	EPD	2,000
	<u>TOTAL</u>			<u>47,000</u>

2. In the last 3 cases, owing to the tight external research budget situation, I have negotiated cost-sharing arrangements with the sponsoring departments. In the process I have come to increasingly recognize the merits of such cost-sharing. Aside from easing the pressure on the external research budget, cost-sharing requirements create incentives for research sponsoring departments to exert greater discipline over expenses incurred in their RPOs.

3. Hence, I propose, for your consideration, the following guiding principle for such small supplementaries: whenever the request is deemed legitimate, the sponsoring department should normally be expected to bear a portion (a half? a third?) of the cost.

Distribution: Messrs. H. Chenery, B. Balassa, J. Baneth, L. de Azcarate,
R. Gulhati, J. Holsen, B. Kavalsky, D. Knox,
R. Picciotto, M. Selowsky, D. Turnham, H. van der Tak,
B. Waide, A. Walters

SAcharya:lt

ROUTING SLIP		DATE:
		2/27/80
NAME		ROOM NO.
DPS Directors		
Mr. Nankant		SA (gr)
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
<p>Attached is what I hope will be the final draft of the DPS budget submission. I do not want drafting suggestions, but would welcome substantive comments (by telephone) on the presentation -- by midday Friday, February 29, at the test, please.</p>		
FROM:	ROOM NO.:	EXTENSION:
<i>mw</i> E. Peter Wright	I-8-174	69008

OFFICE MEMORANDUM

TO: Mr. K. Georg Gabriel, PAB

FROM: E. Peter Wright, VPD

SUBJECT: DPS Work Program and Budget for FY81

DATE: February 27, 1980

1. DPS is requesting the following additional resources for FY81, and the attached work program has been prepared on this basis:

Research	\$430,000	-	\$600,000
Living Standards Measurement Study (LSMS)			360,000
Data Maintenance			246,000
Country Economic and Sector Work			65,000
Program Lending			<u>153,000</u>
Total DPS	<u>\$1,254,000</u>	-	<u>\$1,424,000</u>

2. The funds requested for research and the LSMS are consistent with the proposals submitted by Mr. Chenery to Mr. McNamara in his memorandum of January 25 and considered by the Finance Committee on February 12. However, the request does not cover the budget for "External Research" which is managed by the Research Committee, nor, of course, does it include provision for research managed by CPS. If Mr. Chenery's proposals for additional Bankwide research expenditures of \$1,500,000 are approved in full, the allocation for external research would be increased by \$600,000 and the allocation for CPS research by \$300,000. On the other hand, if only the lower figure of \$1,060,000 were to be accepted, the additional allocation for external research would be \$430,000 and for CPS research \$200,000. The two alternative research budgets are as follows:

<u>Additional Resources for Research</u>	<u>Upper</u>	<u>Lower</u>
CPS	\$300,000	\$200,000
DPS	600,000	430,000
External Research	<u>600,000</u>	<u>430,000</u>
Total	<u>\$1,500,000</u>	<u>\$1,060,000</u>

DPS Research

3. We are requesting three new professional positions and three more F/I positions for research (two of each in DED, one of each in EPD). There would be two additional secretaries to match. One of the higher level positions in DED would be designed to support new research initiatives which have a bearing on important issues, but do not fit into the ongoing divisional work programs. The other would be for an economic journalist who would give his full attention to the dissemination of research results through various media, including workshops for country economists, staff working papers and other written material. Among other things this would free resources in VPD for the production of the regular news bulletin on Bank research referred to in the President's Memorandum on the GRAP Report. One of the research assistants in DED would be for demographic work and the other would be in the Front Office.

4. In EPD, research is mainly concentrated in the areas of international trade and capital flows. The EPDIT Division in particular needs to be strengthened so that it can extend and deepen its analysis of the direction and structure of trade and of the prospects for LDC exports of manufactures, and the additional professional position is required for this purpose. The research assistant would assist in the dissemination of data on income distribution.

5. Of the additional \$430,000-\$600,000 requested for DPS research, roughly \$330,000 would be accounted for by new positions and \$100,000 - \$270,000 would be for additional consultants to support the work of the three research-producing departments. These consultants would assist in developing new research proposals, particularly for projects of the smaller quick-maturing kind, and they would also contribute to research application and dissemination, including preparation of state-of-the-art papers, organization of workshops and seminars, dissemination of the global model and selected country models, application to countries of social accounting models and application to industries of work on investment planning and appropriate technology.

Living Standards Measurement Study

6. When a new budgetary account was authorized for this study in July 1979, it was envisaged that \$235,000 would be spent on it in FY80, \$850,000 in FY81 and \$415,000 in FY82 (all at FY80 prices). The study has now been rephased, and expenditure in FY81 should be limited to \$590,000, as indicated in the attachment to Mr. Chenery's memorandum of January 25.

External Research Funds

7. It is proposed to establish an initial fund of \$100,000 for trial applications under the control of the Research Committee. External research funds will also be used to develop a program for the support of LDC research institutions, for which FY81 requirements are estimated at \$100,000. The rest of the additional funds to be allocated to the external research budget will be used for new research, with priority being given to developing a better understanding of international economic issues.

Data Maintenance and Systems Support

8. For the reasons explained in Mrs. Hughes' memorandum, EPD is requesting an additional professional position, together with another F/I slot, for the new Systems Division. A research assistant is urgently needed for energy work. The EPD request also includes an additional 2 1/2 years of consulting services to establish a primary commodity data system (1 year), an energy data system (1/2 year) and arrangements for tape debt reporting (1 year). These will all be one-shot operations, and maintenance and further development will be absorbed by the Department.

9. You are aware of the large amount of overtime worked in EPD, much of it related to the World Development Report, and it has been agreed in principle that both additional staff and additional computing resources are needed to enable it to cope with continuously expanding demands for the collection, storage and retrieval of data emanating from the Bank's global and country analysis and from the research program. In putting forward the requests for additional staff we assume that separate arrangements will be made to provide the Department with improved computing facilities. Further, as pointed out in Mrs. Hughes' memorandum, the Department has an unusually low ratio of secretaries to staff, and we are therefore requesting two additional secretaries, one of whom has been attributed to research and the other to data maintenance.

Country Economic and Sector Work

10. The Regions' requests for DPS support for regionally-managed economic and sector work in FY81 exceeded DPS capacity to assist by more than the usual margin. PAB, in reviewing the Regions' indicative plans for such work, has accepted that Bank-wide regionally-managed CESW should rise in real terms by 5 per cent in FY81 over FY80 budget, and that the DPS share of this work should at least be maintained at the level of previous years when it accounted for 6.9 per cent of the total. This will not be possible unless DED is given more resources for operational support, and we are accordingly requesting an additional position for an economist in the DED Front Office.

Program Lending

11. DPS is being called upon to provide support to the Regions in developing the new type of program lending for "structural adjustment". Mr. Haq, in his memorandum to Mr. Chenery of January 31, documents a case for four additional professional positions and one man-year of consulting services to enable PPR to provide this support. Given the uncertainty about the demand for this type of lending and the overall budget constraints, we are asking for only two new positions. We have also dropped the request for consulting services on the understanding that consultants for structural adjustment lending will be financed from a special fund to be maintained by the OVP for this purpose. Part of the DPS support will no doubt take the form of increased participation in loan preparation and appraisal by the staff of other DPS Departments, but it is difficult to distinguish this in advance from DPS participation in country economic and sector work, and we have made no separate provision for it. However, as noted above, DED will need to be given additional resources if it is to be in a position to respond to regional requests for specialist assistance in such areas as industrial and fiscal analysis and demographic work.

DPS Work Program

12. The new positions requested (7 professionals, 5 research assistants, 4 secretaries) are brought together in the attached table. Overall, the DPS work program envisages a 10 per cent increase in professional staff time devoted to research and a somewhat smaller increase in work on data collection and maintenance. The projected increase of three man-years in direct manpower provided by DPS to the Regions comes mainly from DED and PPR and reflects the additional contributions proposed to country work and program lending. The World Development Report will also continue to make heavy demands on DPS resources -- a total of almost 16 man-years of professional staff and 12 man-years of F/I staff, or approximately 15 per cent of all DPS manpower.

13. We have found it unrealistic within the guidelines laid down by PAB, to include in the DPS budget and work program the provision that would have to be made for publication of the proposed Quarterly World Economic and Social Indicators, which would require a quantum jump in the quality of the work done and impose additional demands on the already stretched resources of EPD at a time when the Divisions concerned with international trade and capital flows and global modelling will be particularly heavily involved in the preparation of WDR IV. The cost of producing and distributing the Quarterly has been estimated at around \$380,000 p.a., divided more or less equally between DPS and IPA and including a slot for a full-time professional who would have to be hired specially for the job (Mrs. Hughes' memorandum to you of December 26, 1979). We hope therefore that this publication can be deferred for the time being and perhaps reconsidered when WDR IV is out of the way.

October 23, 1979

Mr. Acharya:

I have only two comments on the draft memorandum on Management's response to the GRAP Report circulated with your memorandum of October 19. They are:

- 1) While I recognize that your draft skillfully refrains from endorsing the GRAP proposal for post doctoral fellowships for research to be undertaken in the Bank, I still wonder whether we should not be firmer and reject this proposal. I say that not because I do not recognize the need for or importance of such fellowships but because I have serious doubts as to whether the Bank is really properly equipped to provide the kind of training that would be necessary if these fellowships are to be truly successful.
- 2) My only other comment is on the full paragraph on page 6. In the penultimate sentence you refer to the pressure on existing staff for country sector and project work. In the final sentence, however, you leave out "project". To avoid a lengthy repetition, why not simply refer in the last sentence to "additional staff for economic work".

I have no comments on the terms of reference for Steering Groups.



A. David Knox

International Bank for Reconstruction and Development

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FOR
EXECUTIVE
DIRECTORS'
MEETING

Table: Hollis / Baker / Ady.

For consideration on
November 27, 1979

R79-271

FROM: Vice President and Secretary

November 6, 1979

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NOV 29 2018

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REPORT OF GENERAL RESEARCH ADVISORY PANEL - PRESIDENT'S MEMORANDUM

Attached hereto is a memorandum from the President entitled "The Report of the General Research Advisory Panel" dated November 6, 1979.

Further to the notice (SecM79-759/1) issued on October 24, 1979, the Report of General Research Advisory Panel (R79-221) will also be considered on November 27, 1979.

Gabriel
- data on M+E research input examples

- ① Hollis - When RC and objectives were set up in 1971, was this a management or a Board decision? (Secy's rept. - Choi)
- If management decision, when was Board informed?

- Nov '73 Annual Report
② Who should sit around (at Table)?

Distribution:

Executive Directors and Alternates
President
Senior Vice President
President's Council
Vice Presidents, IFC
Directors and Department Heads, Bank and IFC

↓
'72 was the forerun of Abstracts.
'73 was first report.
(check budget docs)

→ Hollis proposed. Mac approved.

line item from F-72

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JUN 12 2023

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FOR OFFICIAL USE ONLY

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

Office of the President

November 6, 1979

MEMORANDUM TO THE EXECUTIVE DIRECTORS

The Report of the General Research
Advisory Panel

1. The Report of the General Research Advisory Panel (the GRAP Report), together with the reports of the six specialized research advisory panels, constitutes a comprehensive and thoughtful assessment of the Bank's research program. While gratified by the Panel's favorable overall judgment on the Bank's research record, we agree with the conclusion that there is considerable scope for expanding our efforts and for improving objectives, quality and direction. We welcome the GRAP Report's many valuable suggestions for strengthening the Bank's research effort and enhancing the gains to be reaped from it. In particular, we support the following major conclusions:

- the need for greater efforts to build research capacity in developing countries;
- the need for stronger links between the Bank's operational activities and its research program;
- the need to expand the Bank's research effort, especially with respect to research applications and dissemination.

Some of the principal recommendations are selected for comment in this memorandum, which follows the structure of the Report.

Research Objectives and Criteria

2. Having endorsed the four objectives of Bank research formulated in 1971, the GRAP Report goes on to outline some of the elements of the Bank's comparative advantage in research including project-related analysis, comparative studies and large-scale investigations involving several man-years of research. We accept the Panel's recommendation calling for more research based on project experience and project data. We plan to move in this direction through a variety of means, including the review of information and ideas generated by project performance audit reports and by the monitoring and evaluation studies conducted in the course of project execution. In this context, we note the Panel's support for recent efforts to strengthen the technical bases of monitoring and evaluation exercises.

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JUN 12 2023

- 2 -

WBG ARCHIVES

Building Research Capacity in Developing Countries

3. We welcome the Panel's stress on the need to strengthen research capacity in developing countries as well as the suggestions it offers to meet this need.
4. We note the Panel's endorsement of the general idea of collaborative research as a major instrument of interaction between the Bank's research program and developing country researchers. The Report recommends that the number of such collaborative projects be increased, even though this may involve higher costs and greater risks of failure. We agree that if the Bank is to be successful in this endeavor, it must be prepared to accept the added costs involved, which past experience suggests may be substantial. Greater efforts will also be needed to improve the quality of collaboration and to ensure that developing country researchers are not used simply as compilers of data for analysis elsewhere. We also agree with the Panel that the Bank's lending operations and country and sector economic work programs offer valuable opportunities for expanding collaboration with developing country researchers.
5. However, if the basic goal is to build and strengthen research capacity in developing nations, then increased collaborative research can make a contribution but it will not be sufficient to achieve this objective. The Panel's suggestion that the Bank provide loans and credits for building or expanding socio-economic research institutions in developing countries is aimed more directly at the fundamental problem of limited research capacity in developing nations. We intend to explore such possibilities actively and to include such components in projects for Board consideration whenever suitable.

Data Collection

6. We find the Panel's recommendations in this area to be very much in line with our current thinking. Regarding the Report's recommendation that the Bank undertake a strong initiative with respect to the systematic collection of data on income distribution, living conditions and poverty, we can report substantial progress. The Bank is financing a major study designed to generate authoritative guidelines to national statistical authorities for the collection of data on living standards, poverty, income distribution and basic needs. The study, which is expected to take about 3 years and to cost about \$1.5 million, will be conducted in association with the United Nations Statistical Office and other expert bodies and individuals. In addition, while the above study is being conducted, the Bank will collaborate with the ILO in a two-year study of existing survey data, designed to make the best use of presently available material.

Organization of Research Within the Bank

7. The Report stresses the importance of improving the interaction between researchers and operational staff and of allowing the latter better

JUN 12 2023

- 3 -

WBG ARCHIVES

opportunities to influence the Bank's research program. We agree with this diagnosis and accept the suggestion to form Steering Groups for major areas of Bank research. In the last two months we have initiated Steering Groups for research on (a) the International Economy, (b) Industry, (c) Agriculture and Rural Development, and (d) Urban and Regional Economics. If these Groups prove to be productive over the next year, we would propose to extend the system to other areas of Bank research, such as Population and Human Resources, Employment and Income Distribution, and Energy. Following the GRAP Report's recommendations, we will also take steps to ensure that the views of social scientists, other than economists, are reflected in the deliberations of the Steering Groups.

Research Application and Dissemination

8. We agree with the Panel's strong emphasis on the need for expanded efforts at research application and dissemination. To facilitate broader and deeper application of research results, the Report advocates (a) an expansion of the Development Policy and Central Project Staffs, and (b) a strengthening of the Regional economic staff to facilitate better articulation of research needs stemming from operational activity and faster dissemination of new research results and methods. We will consider these proposals in formulating our work programs and budgets for FY81.

9. Several of the other measures recommended by the Panel for improving research dissemination within and outside the Bank have already been initiated during the last few months. Over twenty state-of-the-art review papers, done as background studies for the World Development Report, have been published through the Bank's Staff Working Paper series. The Development Policy Staff has launched a series of workshops and seminars for operational staff on such topical subjects as income distribution and the performance of public enterprises. Finally, to the extent that the new Steering Groups are successful in imparting greater focus and operational relevance to the Bank's research program, this should facilitate the processes of research application and dissemination.

10. Dissemination outside the Bank can be assisted through a variety of means, including seminars on results of individual research projects or on broad functional topics. We foresee a major role for the EDI in this context. We are also considering the initiation of a brief quarterly news bulletin on Bank research to better inform people in and outside the Bank about the Bank's research program and its results.

11. But the applications of research results should not be limited to Bank staff. The major benefit of new results and techniques emanating from the Bank's research program is achieved from applications in developing countries. There may also be a case for a specific budgetary allocation to support trial applications of newly created research techniques in these countries.

JUN 12 2023

WBG ARCHIVES

- 4 -

Size and Priorities

12. The Bank's research program, defined to include the research funds allocated through the Research Committee as well as research financed from departmental budgets, has remained approximately constant in real terms since FY73. It has declined from 5 percent of the Bank's total administrative expenses in FY73 to 3 percent in FY80.

13. If an institution with the mandate of the Bank is to continue to be effective, it seems essential that it keep the development process and its association with that process continuously under review. This requires research. While it is difficult to predict the areas in which research is going to pay off, we need to keep abreast of changing needs in developing countries for financial support and technical advice, to assess the effectiveness of our operations, and to improve the way people think about development. Over the past decade we have relied heavily upon the Bank's research in considering changes in the role and operations of the Bank. We are running a risk if we allow the relative size of the research program to continue to diminish.

14. We consider that the time has come to reverse this trend and to allow a significant increase in real expenditure on research. We also agree with the Report that to the extent choices need to be made, the various additional functions regarding research collaboration, application and dissemination advocated in the Report should receive higher priority than increases in the size of the existing research program. It is conceivable however that the expansion of the program should be so great -- perhaps through the organization of a research subsidiary to be financed out of IBRD profits -- as to allow for both an increase in the scope of the program and in the application and dissemination of its results. Specific proposals for expansion of research expenditures on both counts will be made in the course of the next year.

15. With regard to new research to be financed by the Bank, the Panel expressed great reluctance in drawing up a program of research priorities. The list of topics they suggest is useful. Beyond that, it is our intention that the new mechanism of the Steering Groups will be used to assist the Research Committee in giving greater focus and direction to the Bank's research program.



Oct 16/17 earlier
draft.

Mr. Robert S. McNamara, President

October 26, 1979

Hollis B. Chenery, VPD

Research Report

Attached is a redraft of your memorandum to the Board that incorporates decisions at the President's Council and subsequent comments received from Messrs. Stern and van der Tak.

Attachment

cc - Messrs. Stern, VPO
van der Tak, PAS

HBC:jm

The Board of Executive Directors
and their Alternates

The President

The Report of the General Research
Advisory Panel

1. The Report of the General Research Advisory Panel (the GRAP Report), together with the reports of the six specialized research advisory panels, constitutes a comprehensive and thoughtful assessment of the Bank's research program. While gratified by the Panel's favorable overall judgment on the Bank's research record, we accept the conclusion that there is considerable scope for expanding our efforts and for improving objectives, quality and direction. We welcome the GRAP Report's many valuable suggestions for strengthening the Bank's research effort and enhancing the gains to be reaped from it. In particular, we agree with the following major conclusions:

- the need for greater efforts to build research capacity in developing countries;
- the need for stronger links between the Bank's operational activities and its research program;
- the need to expand the Bank's research effort, especially with respect to research applications and dissemination.

Some of the principal recommendations are selected for comment in this memorandum, which follows the structure of the Report.

Research Objectives and Criteria

2. Having endorsed the four objectives of Bank research formulated in 1971, the GRAP Report goes on to outline some of the elements of the Bank's comparative advantage in research including project-related analysis, comparative studies and large-scale investigations involving several man-years of research. We accept the Panel's recommendation calling for more research based on project experience and project data. We plan to move in this direction through a variety of means, including the review of information and ideas generated by project performance audit reports and by the monitoring and evaluation studies conducted in the course of project execution. In this context, we note the Panel's support for recent efforts to strengthen the technical bases of monitoring and evaluation exercises.

Building Research Capacity in Developing Countries

3. We welcome the Panel's stress on the need to strengthen research capacity in developing countries as well as the suggestions it offers to meet this need.

4. We note the Panel's endorsement of the general idea of collaborative research as a major instrument of interaction between the Bank's research program and developing country researchers. The Report recommends that the number of such collaborative projects be increased, even though this may involve higher costs and greater risks of failure. We agree that if the Bank is to be successful in this endeavor, it must be prepared to accept the added costs involved, which past

experience suggests may be substantial. Greater efforts will also be needed to improve the quality of collaboration and to ensure that developing country researchers are not used simply as compilers of data for analysis elsewhere. We also agree with the Panel that the Bank's lending operations and country and sector economic work programs offer valuable opportunities for expanding collaboration with developing country researchers.

5. However, if the basic goal is to build and strengthen research capacity in developing nations, then increased collaborative research can make a contribution but it will not be sufficient to achieve this objective. The Panel's suggestion that the Bank provide loans and credits for building or expanding socio-economic research institutions in developing countries is aimed more directly at the fundamental problem of limited research capacity in developing nations. We intend to explore such possibilities actively and to include such components in projects for Board consideration whenever suitable.

Data Collection

6. We find the Panel's recommendations in this area to be very much in line with our current thinking. Regarding the Report's recommendation that the Bank undertake a strong initiative with respect to the systematic collection of data on income distribution, living conditions and poverty, we can report substantial progress. The Bank is financing a major study designed to generate authoritative guidelines to national statistical authorities for the collection of data on living

standards, poverty, income distribution and basic needs. The study, which is expected to take about 3 years and to cost about \$1.5 million, will be conducted in association with the United Nations Statistical Office and other expert bodies and individuals. In addition, while the above study is being conducted, the Bank will collaborate with the ILO in a two-year study of existing survey data, designed to make the best use of presently available material.

Organization of Research Within the Bank

7. The Report stresses the importance of improving the interaction between researchers and operational staff and of allowing the latter better opportunities to influence the Bank's research program. We agree with this diagnosis and accept the suggestion to form Steering Groups for major areas of Bank research. In the last two months we have initiated Steering Groups for research on (a) the International Economy, (b) Industry, (c) Agriculture and Rural Development, and (d) Urban and Regional Economics. If these Groups prove to be productive over the next year, we would propose to extend the system to other areas of Bank research, such as Population and Human Resources, Employment and Income Distribution, and Energy. Following the GRAP Report's recommendations, we will also take steps to ensure that the views of social scientists, other than economists, are reflected in the deliberations of the Steering Groups.

Research Application and Dissemination

8. We agree with the Panel's strong emphasis on the need

for expanded efforts at research application and dissemination. To facilitate broader and deeper application of research results, the Report advocates (a) a significant expansion in the Development Policy and Central Project Staffs, and (b) a strengthening of the Regional economic staff to facilitate better articulation of research needs stemming from operational activity and faster dissemination of new research results and methods. We agree with the basic judgment on the need for greater staff effort on research applications and we propose to consider this in formulating our work programs for FY81.

9. Several of the other measures recommended by the Panel for improving research dissemination within and outside the Bank have already been initiated during the last few months. Over twenty state-of-the-art review papers, done as background studies for the World Development Report, have been published through the Bank's Staff Working Paper series. The Development Policy Staff has launched a series of workshops and seminars for operational staff on such topical subjects as income distribution and the performance of public enterprises. Finally, to the extent that the new Steering Groups are successful in imparting greater focus and operational relevance to the Bank's research program, this should facilitate the processes of research application and dissemination.

10. Dissemination outside the Bank can be assisted through a variety of means, including seminars on results of individual research projects or on broad functional topics. We foresee a

major role for the EDI in this context. We are also considering the initiation of a brief quarterly news bulletin on Bank research to better inform people in and outside the Bank about the Bank's research program and its results.

11. But the applications of research results should not be limited to Bank staff. The major benefit of new results and techniques emanating from the Bank's research program is achieved from applications in developing countries. There may also be a case for a specific budgetary allocation to support trial applications of newly created research techniques in these countries.

Size and Priorities

12. The Bank's research program, defined to include the research funds allocated through the Research Committee as well as research financed from departmental budgets, has remained approximately constant in real terms since FY73. It has declined from 5 percent of the Bank's total administrative expenses in FY73 to 3 percent in FY80.

13. If an institution with the mandate of the Bank is to continue to be effective, it seems essential that it keep its role continuously under review. This requires research. While it is difficult to predict the areas in which research is going to pay off, we need to keep abreast of changing needs in developing countries for financial support and technical advice from the Bank, to assess the effectiveness of our operations, and to improve the way people think about the development

process. Over the past decade I have relied heavily upon the Bank's research in considering changes in the role and operations of the Bank. We are running a risk if we allow the relative role of research to continue to diminish.

14. I consider that the time has come to reverse this trend and to allow a significant increase in real expenditure on research. We also agree with the Report that to the extent choices need to be made, the various additional functions regarding research collaboration, application and dissemination advocated in the Report should receive higher priority than increases in the size of the existing research program. Specific proposals for expansion of research expenditures on both counts will be made in the next Administrative Budget.

15. With regard to new research to be financed by the Bank, the Panel expressed great reluctance in drawing up a program of research priorities. The list of topics they suggest is useful. Beyond that, it is our intention that the new mechanism of the Steering Groups will be used to assist the Research Committee in giving greater focus and direction to the Bank's research program.

OFFICE MEMORANDUM

TO: Research Committee Members

FROM: Shankar Acharya, VPD

SUBJECT: The Report of the General Advisory Panel on Research

DATE: October 9, 1979

Attached is a draft of the memorandum from Mr. McNamara to the Board of Directors regarding GRAP which we can discuss at tomorrow's Research Committee meeting.

Attachment

Distribution: Messrs. H. Chenery
B. Balassa
J. Baneth
L. de Azcarate
R. Gulhati
J. Holsen
B. Kavalsky
D. Knox
R. Picciotto
M. Selowsky
D. Turnham
H. van der Tak
B. Waide
A. Walters

cc: Mr. G. Nankani

DRAFT
Sacharya:lt

October 9, 1979

The Board of Executive Directors
and their Alternates

The President

The Report of the General Advisory Panel
on Research

The purpose of this memorandum is to indicate management's general reactions to the Report of the General Research Advisory Panel (henceforth the GRAP Report) and to outline the steps we propose to take in response to the analysis and recommendations contained in the Report.

Overall, we find that the GRAP Report, together with the Reports of the various specialized research advisory panels, constitutes a comprehensive and thoughtful assessment of the Bank's research program and provides a large number of valuable suggestions for improving the quality of the Bank's research effort and enhancing the gains to be reaped from it. Some of the principal recommendations are selected for comment in this memorandum.

Research Relating to Lending Operations

Having endorsed the four objectives of Bank research formulated in 1971, the GRAP Report goes on to call for more Bank research which is pertinent to, and based on, the Bank's project experience.

To implement this recommendation, we propose to explore two avenues: a systematic screening, in selected areas, of the project performance audit reports done by the Operations Evaluation Department and, second, greater research use of data sets generated by the growing number of monitoring and evaluation components of Bank projects.

Building Research Capacity in Developing Countries

The GRAP Report endorses the general idea of collaborative research as the major instrument of interaction between the Bank's research program and developing country researchers. It recommends that the number of such collaborative projects be increased, even though this may involve higher costs and greater risks of failure. We agree strongly with this recommendation. If the Bank is to be successful in discharging a pioneering role in this area, it must be prepared to accept the potential risks involved. To this end the Bank's research managers are being asked to make every effort to increase the number of research projects which involve substantive collaboration with researchers and institutions in developing countries. The Research Adviser will be expected to play a major catalytic role in this field. Quantity is not the only dimension. Greater efforts will need to be made to improve the quality of collaboration and to ensure that developing country researchers are not used simply as compilers of data for analysis at headquarters. We also agree with the Report that the Bank's lending operations and country and sector economic work programs offer valuable opportunities for expanding collaboration with developing country researchers.

The GRAP Report also recommends the channeling of research grants to regional research organizations in developing countries and the founding of a small program of post-doctoral fellowships to be held at the Bank by researchers from developing countries. Our reaction to these proposals is more circumspect. We do not believe that the Bank, at present, has any comparative advantage in pursuing these two forms of support for developing country researchers. * The proposed post-doctoral fellowship program could entail heavy administrative costs and encourage brain drain. However, in the general context of reviewing the Bank's role in the 1980s, we shall conduct a careful assessment of the potential benefits and costs of these proposals.

The GRAP Report goes on to recommend that the Bank consider financing projects for building socio-economic research institutions in developing countries. While this sort of lending operation could be accommodated within the Bank's present mandate to support development through projects in education and training, we would anticipate that operations of this nature would build up very gradually, given the constraints on the side of both demand and supply. *A subseq. up of need an institution* Initially, such operations may be conceived as components in broader projects in the education sector, or, as graduation to a form of program financing to a research institution after establishing its capability through a series of collaborations on individual research projects. }

In sum, while we strongly agree with the GRAP Report's recommendation for greater Bank support for developing country

research capability, we propose to tailor particular initiatives to the specific circumstances prevailing in a country -- a package which is suitable for a semi-industrialized Latin American country may be inappropriate for a low income sub-Saharan African nation.

Relations with Other International Organizations and Researchers in Developed Countries

We accept the GRAP Report's recommendations that the Bank, in general, adopt a less "self-contained" approach to its research activities and be more communicative regarding its research program and plans with respect to other international institutions and research agencies. To this end we ^{will consider} propose to initiate a brief quarterly bulletin on Bank research, which will contain digests of results of past research and summaries of fresh research endeavours.

Data Collection

We find the GRAP Report's recommendations in this area to be very much in line with our own current thinking. Regarding the Report's recommendation that the Bank undertake a strong initiative with respect to the systematic collection of data on income distribution, living conditions and poverty, we are happy to report that

[appropriate wording for Mr. McNamara's recent decisions in this area].

Organization of Research Within the Bank

The central finding of the GRAP Report on issues of

World Bank

organization is the need for additional machinery to bring researchers and operational staff closer together and to allow the latter better opportunities to influence the Bank's research program. We agree with both this diagnosis and the prescription to form Steering Groups for major areas of Bank research. In the last two months steps have been taken to initiate Steering Groups for research on the International Economy, Industry, Agriculture and Rural Development, and Urban and Regional Economies. If these Groups prove to be productive over the next year, we would propose to extend the system to other areas of Bank research, such as Population and Human Resources, Employment and Income Distribution, and Energy.

In addition to these initiatives we will keep under review issues regarding the appropriate organization and role of research within the Bank.

Research Application and Dissemination

We agree with the GRAP Report's strong emphasis on the need for expanded efforts at research application and dissemination. To facilitate broader and deeper application of research results, the Report advocates a significant expansion in the Development Policy and Central Project Staffs. We agree with the basic judgement on the need for greater staff effort on research applications. Before making specific recommendations in the FY81 Administrative Budget, we shall attempt to define the needs more sharply, perhaps with the assistance of the existing mechanisms for programming country and sector economic work.

The GRAP Report also calls for the addition of a senior economist in each Regional Chief Economist's Office, with primary responsibility for articulating research needs and issues of his Region and for assisting in the process of research dissemination. While such a step is likely to improve the definition and application of research in the Regional Offices, we would go beyond the GRAP Report to emphasize the pervasive weakness in research assimilation, arising from the fact that the existing staff for country and sector work are too hard pressed to have time to assimilate and apply research results. Wide ranging improvements in research application may require additional staff for country and sector economic work, so that each staff member gains more time away from routine duties.

^{Some} Most of the other steps recommended by the GRAP Report for improving research dissemination within and outside the Bank have already been launched during the last few months. Over twenty state-of-the-art review papers, done as background studies for the World Development Report, have been published through the Bank's Staff Working Paper series. The Development Policy Staff have launched a series of workshops and seminars for operational staff on important and topical subjects. The quarterly research bulletin, referred to earlier, should also enhance the process of research dissemination. Finally, to the extent the new Steering Groups are successful in importing greater focus and operational relevance to the Bank's research

rotating
 sub-kind
 training?

program, this should facilitate the processes of research application and dissemination.

Size and Priorities

The Bank's research program, defined to include the research funds and staff time allocated through the Research Committee as well as research financed from departmental budgets, has remained approximately constant in real terms since FY72. It has declined, as a proportion of the Bank's administrative budget expenditures from percent in FY72 to percent in FY79. We agree with the GRAP Report's recommendations that the time has come to reverse these tendencies and allow a significant increase in real expenditure on research. We also agree with the Report that to the extent choices need to be made, the various additional functions regarding research collaboration, application and dissemination advocated in the Report should receive higher priority than increases in the existing research program. Specific proposals for expansion of research expenditures on both counts will be made in the next Administrative Budget.

With regard to new research to be financed by the Bank, the GRAP Report explicitly expresses great reluctance in drawing up a program of research priorities. The list of topics they suggest is useful. Beyond that, it is our hope that the new mechanism of the Steering Groups will be able to assist the Research Committee in giving greater focus and direction to the Bank's research program.