

Umbrella 2.0 Program Concept Note

Knowledge for Change Program (KCP)

Development Economics Vice Presidency (DEC)

The World Bank

Final Version, November 2020

Basic Information

Umbrella 2.0 name	Knowledge for Change Program (KCP)
Umbrella 2.0 managing business units and collaborating business units	Managing unit: DECKS Implementing unit: All units under DEC Collaborating units: All units in Regions and Global Practices are eligible to collaborate with DEC
Umbrella program manager name and title	Kerina Wang, Senior Program Officer, DECKS
Strategic funding priority areas addressed	KCP contributes to all three priority areas of DEC's Strategic Fundraising Plan: (i) address knowledge gaps, (ii) data for policy action, and (iii) capacity building and knowledge sharing for client countries.
Fundraising Initiative Note number	Fundraising Initiative Note 337
Sector/theme and geographic scope	Thematic focus: IDA19 special themes, including (i) jobs and economic transformation; (ii) fragility, conflict, and violence; (iii) climate change; (iv) gender and development; (v) governance and institutions; as well as cross-cutting issues on (vi) debt and financial fragility, (vii) human capital, and (viii) technology Geographic scope: Global
Target Umbrella size	US\$47 million
Target anchor MDTF size	US\$30 million
Target Umbrella donors	Existing KCP III donors (Canada, Estonia, Finland, France, Norway, Sweden, and the United Kingdom) and potential new donors (Germany, Italy, Japan, China, private foundations, and others)
Target anchor MDTF donors	Same as target Umbrella donors
Target establishment fiscal year and quarter	FY2021 Q2
Planned end disbursement date of the anchor MDTF	October 31, 2028

Note: DEC = Development Economics Vice Presidency; DECKS = Development Economics Knowledge and Strategy; IDA = International Development Association; KCP = Knowledge for Change Program; MDTF = Multi-Donor Trust Fund.

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Introduction

The Knowledge for Change Program (KCP) provides crucial support for the World Bank’s mission to produce rigorous research addressing urgent knowledge gaps in developing countries, helps catalyze evidence-based policy changes in support of inclusive growth and poverty reduction, and facilitates global knowledge exchange, partnerships, and capacity building in research and data activities.

Housed in the Development Economics Vice Presidency (DEC), KCP is a major multi-donor trust fund with a successful track record in delivering high-impact, policy-relevant research and knowledge products. Since the establishment of the trust fund in 2002, the first three phases of KCP have supported more than 370 research and data projects, with total funding of more than US\$70 million. The program has produced a large body of knowledge in support of enhanced policy making in developing countries. Many KCP-supported projects also have had direct and indirect impacts on the World Bank Group’s operations and provided the analytical foundation for lending programs and advisory services. Research findings have been actively shared with the wider development community through publications, workshops, and policy conferences, as well as direct collaborations and capacity-building activities with developing country policy makers and researchers.

As part of the World Bank Group-wide trust fund reform process, KCP’s new phase (Phase IV) will be established as an Umbrella 2.0 trust fund. Although the main purpose and objectives of KCP will remain unchanged in its new phase, being organized as an Umbrella trust fund will allow KCP to pool resources more effectively and generate greater impact in a more coordinated manner. Following the same overarching aim since its inception in 2002, KCP IV will continue to help fill research and data gaps in developing countries, which have often been neglected by academia. For example, over the 20 years from 1985 to 2004, only four papers were published in the top 202 economics journals on Burundi, nine on Cambodia, and 27 on Mali. In the same timeframe, more than 36,000 papers were published on the United States.¹ New analysis spanning 2005 to 2017 shows that this lack of focus on developing countries has not changed much over the past decade.

KCP supports the generation and dissemination of knowledge in three main ways. First, it generates high-quality, cutting-edge, policy-relevant research and data to build the evidence base for better policy making and operational practice. This includes original research as well as innovative methodological research related to the production, utilization, and dissemination of development data. Projects may develop or test advanced methods for analyzing economic development issues, such as pairing randomized controlled trials with structural models, and development of tools and guidelines for making these methods more accessible to counterparts in client countries. KCP also supports cross-country benchmarking exercises designed to identify successful policies and their effects on targeted populations. Second, KCP catalyzes knowledge transformation by working closely with other parts of the World Bank Group, conducting cross-cutting projects that bridge sectors, and supplying key measures, indicators, evaluation, and analysis for policy design and implementation. KCP’s research and data efforts address applied and policy-oriented questions, providing accessible knowledge and guidance for government officials and enhancing understanding of development issues. Third, KCP disseminates, shares, and democratizes development knowledge and learning through partnerships and capacity building. The program also encourages World Bank teams to work with researchers, statisticians, and

¹ J. Das, Q-T. Do, K. Shaines, and S. Srikant, "[U.S. and Them: The Geography of Academic Research](#)," *Journal of Development Economics* 105: 112–30, 2013.

data scientists from developing countries to improve human and institutional capacity in research and data.

For the new phase of KCP (Phase IV), the priority areas will focus on the World Bank’s IDA19 special themes and topics, namely, jobs and economic transformation; fragility, conflict, and violence (FCV); climate change; gender and development; governance and institutions; as well as cross-cutting issues in debt and financial fragility, human capital, and technology. Such a thematic alignment with IDA19 will enable us to provide research and analytical inputs to the World Bank’s core lending operations and policy advice. As needed, new themes and priority areas may be identified and added. In addition, **KCP Phase IV will continue to rely on KCP’s competitive process for funding allocation. This signature design feature ensures that its resources are directed toward the most innovative and high-return research and data activities.**

This Concept Note presents the main objectives of KCP Phase IV, which consist of thematic priorities; governance arrangements, including the roles and responsibilities of governance bodies; allocation methodology; reporting and evaluation practices; as well as the communications and visibility plan, results framework, risk assessment, and indicative budget.

Strategic Context and Rationale

The World Bank is well positioned to manage and expand the KCP Umbrella program. The World Bank has consistently been a top ranked institution in the field of development economics. A variety of metrics point to the influence of World Bank research outputs in academia, within World Bank operations, and on policy makers. Data from two of the most widely accessed online repositories of working papers—RePEC² and SSRN³—demonstrate that the World Bank’s Policy Research Working Papers ([PRWP](#)) are among the most downloaded. An internal analysis of citations of research published between 1995 and 2014 shows that the research group in DEC was more frequently cited than researchers from the Massachusetts Institute of Technology, Princeton University, New York University, Brown University, Yale University, the International Monetary Fund, and many others (second only to Harvard University).

The World Bank’s’ knowledge and analytics products have significant impact on policy decisions in client countries. The World Bank’s coverage and depth of its country operations make it a first point of call for policy advice for many developing countries and, in particular, low-income countries. Its operational relevance makes the World Bank well placed to respond to urgent demands and feed research into policy discussions. Due to the proximity of its researchers to development practice and policy making, the World Bank’s research focuses on applied and policy-oriented questions. As a result, World Bank research is well-regarded for its practical policy relevance. In addition, the World Bank has access to a wide range of country data and information and is engaged in large-scale data collection activities, complemented by in-depth research on methods of improved data collection and analysis.

A recent empirical [study](#) sheds light on the importance of the World Bank’s analytical work more broadly for policy reforms at the country level. It highlights that relative to the effects of its lending products, the World Bank has achieved substantially greater influence over the direction, design, and

² Research Papers in Economics ([RePEc](#)): A central index of economics research, including working papers and articles.

³ Social Science Research Network ([SSRN](#)): A repository of research papers devoted to the rapid dissemination of scholarly research in more than 50 disciplines.

implementation of government policies in low- and middle-income countries than most of its bilateral and multilateral peers through non-lending services, namely analytical and advisory products.

DEC is the premier research and data arm of the World Bank. Under the leadership of the World Bank Group Chief Economist, DEC shapes the knowledge agenda and enhances understanding of development policies and programs by providing intellectual leadership and analytical services to the World Bank’s core operations, policy makers, and the broader development community.

DEC’s research direction is aligned with the World Bank’s twin goals of ending extreme poverty and promoting shared prosperity in a sustainable way. With support from development partners, DEC has been able to invest in the production of global public goods in research and data, build the evidence base for long-term and systematic design of development financing and policy instruments, and empower governments, businesses, and citizens by building capacity and sharing best practices.

DEC will leverage donor financing to establish KCP IV in support of programs that are catalytic, cross-cutting, and scalable in nature. Most of DEC’s outputs constitute public goods, often with strong economies of scale. There is an inherent risk of insufficient investments in producing them by any single institution or agency, and a lack of recognition of the corresponding benefits of gathering efforts under a single umbrella with funding from multiple agencies. Dedicated resources provided by development partners are of critical importance to fill this financing gap.

COVID-19 Pandemic and the Role of Research

Since the start of the COVID-19 pandemic, the World Bank has been providing support to countries at an unprecedented speed and scale. The World Bank Group will deploy as much as US\$160 billion in financing tailored to the health, economic, and social shocks countries are facing over a 15-month period between April 2020 and June 2121. As of June 1, 2020, the World Bank had already approved US\$5.9 billion for emergency health support to 104 countries—home to more than 70 percent of the world’s population—and the International Finance Corporation had committed US\$2.6 billion to be deployed in more than 35 countries.⁴

However, the road to recovery will be long, difficult, and filled with uncertainties. The pandemic has triggered the deepest global recession since World War II.⁵ Many countries are likely to experience or may already be suffering from debt servicing challenges, and many more may need further debt relief, debt restructuring, and advice on debt sustainability. The pandemic and its economic impact may trigger a new global wave of lengthy and disorderly sovereign defaults, which would be extremely costly and may wipe out a decade of development achievements in the worst-case scenario, with long delays in debt resolution.⁶ Examinations of the past major default episodes in the 1930s and 1980s⁷ tell us that getting debt restructuring right takes time, as the terms of initial restructuring efforts are often too

⁴ “Saving Lives, Scaling-up Impact and Getting Back on Track,” COVID-19 Crisis Response Approach Paper, World Bank Group, Washington, DC, June 2020.

⁵ C. Reinhart and V. Reinhart, “The Pandemic Depression: The Global Economy Will Never Be the Same,” *Foreign Affairs*, September/October 2020, <https://www.foreignaffairs.com/articles/united-states/2020-08-06/coronavirus-depression-global-economy>.

⁶ J. Bulow, C. Reinhart, K. Rogoff, and C. Trebesch, “The Debt Pandemic,” *Finance and Development*, fall 2020, <https://www.imf.org/external/pubs/ft/fandd/2020/09/debt-pandemic-reinhart-rogoff-bulow-trebesch.htm>.

⁷ C. Reinhart, Default Duration and Delays in Sovereign Debt Restructuring. Unpublished; C. Reinhart and C. Trebesch, “Sovereign Debt Relief and Its Aftermath,” *Journal of the European Economic Association* 14 (1): 215–51, 2016.

timid and fail to restore debt sustainability, and subsequent multiple restructurings can lead to substantial delay in the restructuring process and prolong default spells. As debt restructuring negotiations carry on, countries also face long periods of reduced economic growth and investment. More research is needed on past debt crises and their resolutions, to better understand, anticipate, and deal with what might be in store for the world in the wake of the pandemic.

Furthermore, although the pandemic started as a health crisis, not a financial one, it might end up morphing into a financial crisis of systemic severity.⁸ Behind the global headlines of infection rates, vaccines, and protective equipment, a quieter but highly alarming crisis is brewing and gaining increasing momentum—the possible credit crunch and financial crisis. In addition, the pandemic hit the world when the economic fundamentals in many countries were already worsening.⁹ Corporations in the world’s largest economies, the United States and China, are highly indebted and skewed toward high-risk borrowers. More government borrowers have been downgraded by rating agencies, and corporate downgrades follow a similar trajectory.

The pandemic has also exacerbated inequality and disproportionately impacted the poor and vulnerable, and it threatens to aggravate instability in FCV settings. The pandemic dealt a massive blow to countries that are commodity exporters or dependent on trade and/or tourism, or those whose existing capacities in health care and pandemic preparedness are inadequate. And for emerging and developing countries with large financing needs, including those with fiscal deficits or large public and private debt burdens, their financial vulnerabilities would be further exacerbated. Within-country inequality has also widened, as the lockdowns and business shut-downs have had heavier effects on low-income households and small businesses. Some furloughed or temporarily laid-off workers may never rejoin the work force, and small enterprises may be the most vulnerable to bankruptcy. What is worse, the pandemic is deepening existing sources of fragility and intensifying risks for women, with drastic increases in domestic and gender-based violence.

The objectives of the World Bank Group’s response to the COVID-19 pandemic are twofold,¹⁰ and DEC has a unique advantage in supporting them: (i) focus on alleviating the crisis, better understanding and addressing the associated economic and social impacts, and helping countries move toward a sustainable, inclusive, and resilient recovery, and (ii) help countries maintain a line of sight to their long-term development vision. The research, data, analyses, and policy solutions developed by DEC teams under KCP can help advance both objectives.

Knowledge Shapes Policy Responses

Knowledge, innovation, and learning shape the World Bank Group’s response and are central to scaling up impact. Since the start of the COVID-19 outbreak, DEC’s researchers have mobilized to study the impacts and implications of the public health crisis and supply useful frameworks, models, and data to inform the policy debate, particularly around the trade-off between policy choices in the economic and social domains. The research activities have been approached from various dimensions, highlighting [the importance of governance and institutions](#), [evaluating the social value of health insurance](#), conducting rapid response phone surveys to understand how students and families are adapting to

⁸ C. Reinhart, “This Time Truly Is Different,” Project Syndicate, March 2020.

⁹ C. Reinhart and V. Reinhart, “The Pandemic Depression: The Global Economy Will Never Be the Same,” *Foreign Affairs*, September/October 2020, <https://www.foreignaffairs.com/articles/united-states/2020-08-06/coronavirus-depression-global-economy>.

¹⁰ “Saving Lives, Scaling-up Impact and Getting Back on Track,” COVID-19 Crisis Response Approach Paper, World Bank Group, Washington, DC, June 2020.

[distance learning in Ecuador](#), [exploring ways to finance firms during a downturn](#), and [examining the distributional impacts of the pandemic](#) on different income groups. In addition, DEC teams quickly adapted their regular data collection efforts to include an assessment of measures taken by governments to address the challenges faced by [firms](#) and [women](#), as employees and entrepreneurs, during the pandemic. The Enterprise Survey team managed to put into place quick assessments of the impact of the virus on the private sector in 40 countries in the span of two months. In this context, more evidence-based policies and practices and innovative data collection and analysis methods are urgently needed, to help ensure that reforms are bolstered with strong scientific evidence.

In addition, many of DEC’s research, data, and analytical activities are embedded in or directly support World Bank Group operations or are jointly produced with colleagues across the World Bank. For example, with full integration into World Bank Group projects in more than 20 countries, the team conducted [an extensive set of field experiments and impact evaluations](#) to understand the effects of investments in large-scale transportation infrastructure projects. Similarly, KCP supported a research project on [human resources management in customs administration in Madagascar](#). This research activity was a collaborative effort between the Development Research Group, the Governance Global Practice, and the Madagascar Country Office. It provided the analytical backbone to an International Development Association (IDA)–supported lending operation on Public Sector Performance in Madagascar to enhance customs performance and service delivery.

Learning from Past Crises

Crisis responses from the World Bank Group and countries draw on lessons from analyses of previous crises, on which much more research is needed, especially to help countries navigate the ensuing “debt pandemic” and possible financial fallout. For example, the role of official lending during a global crisis cannot be underestimated. By constructing and examining an encompassing new data set across 200 years (1790–2015), covering 134 creditor countries and 50 international and regional financial organizations, [a new study](#) shows that official sovereign-to-sovereign lending reached record highs during some macroeconomic disasters and all global wars, with potential consequences on outputs, trade, and asset markets. This analysis highlights bilateral trade and bilateral bank exposure as key predictors of official lending flows in crisis times. It also stresses the importance of further examination of the roles of new creditor powers like China, the Russian Federation, India, Brazil, and the Arab oil states; the effects of “South-South” official lending; official financing instruments via central banks; and the determinants of financial cooperation via official lending. Many more studies on the role of official lenders in international capital flows are desired to surface insights on the roles of governments and multilateral institutions in addressing economic crises.

Maintaining a Long-Term Vision toward Development

In a time of crisis, it is imperative that countries do not lose sight of their long-term development objectives. DEC provides research and data to expand the evidence base and generate momentum for financial packages and policy directions that have a long-term, holistic perspective. DEC research and data have brought fresh ideas and systematic thinking to a wide range of topics, on economic growth, education, public sector reform, digitalization, gender equality, and fragility. An original piece of research takes time to design and implement, but its framework, data, and insights can have long-lasting effects and be repurposed for new ideas, particularly in emergency situations like natural disasters or health crises. For example, when policy makers state that travel and mobility can have harmful effects during a pandemic without much scientific evidence, it might not carry enough weight to change behaviors. Recognizing this dilemma, [DEC researchers](#) recently quantified the negative externality of population movement on disease incidence of malaria in Senegal, using new big data collected by telecommunications companies, and proposed cost-effective targeting strategies to reduce transmission

generated by population movement. Although the paper focuses on malaria, the analytical model can be logically replicated for other infectious diseases such as Ebola, Zika, or coronavirus in the future.

Development Objective and Main Goals

The development objective of the program is to promote evidence-based policy development in support of poverty reduction and shared prosperity in developing countries.

To achieve the development objective, KCP provides crucial support for the World Bank's mission to produce rigorous research addressing urgent knowledge gaps in developing countries, helps catalyze evidence-based policy changes in support of inclusive growth and poverty reduction, and facilitates global knowledge exchange, partnerships, and capacity building in research and data activities. The following are the main goals of the program:

1. Produce rigorous and relevant fundamental research in support of evidence-based policy making in international development, anticipating future needs and knowledge gaps as well as responding to current policy challenges.
2. Support World Bank Group country operations in the design, implementation, evaluation, and modification of development interventions in an effective and efficient manner.
3. Open access to knowledge through sharing, partnerships, and capacity building.

Goal 1: Original Research

Goal 1. Produce rigorous and relevant fundamental research in support of evidence-based policy making in international development, anticipating future needs and knowledge gaps as well as responding to current policy challenges.

Goal 1 is "original," emphasizing the innovation-oriented and forward-looking perspective of KCP and its focus on creating new and relevant knowledge for development. KCP is housed in the Development Economics Vice Presidency of the World Bank, led by the World Bank Group Chief Economist, who provides intellectual leadership and shapes the research and knowledge agenda of the World Bank Group. With high-quality research, data, and analytics, KCP-supported activities will continue to inject fresh thinking, challenge conventional wisdoms, and chart new courses in the policy and practice of international development. In the previous phases of KCP, thought leadership was exemplified by a focus on systemic challenges and complex situations. Some research pieces that KCP supported may not have been directly tied to specific World Bank Group operations at the time, but they addressed systemic development challenges in a holistic manner and shed light on new areas of focus for operations later. For example, KCP has supported research that constructed indicators to [measure and assess student learning and teacher quality](#) in Sub-Saharan Africa.

As countries contemplate ways to deal with the repercussions of the pandemic-induced global recession, original research and data will become even more valuable to support evidence-based policy and practice. When policy options appear limited, there can be a strong tendency to move ahead with expedient measures that deal mainly with short-term vulnerabilities and challenges. A balanced approach is needed to deal with near-term crises such as the COVID-19 pandemic while also strengthening the fundamental drivers of inclusive economic growth, poverty reduction, and sustainable development over the longer term. KCP support will enable research and data to expand the evidence base and increase momentum for investment plans and policy designs that embody a longer-term perspective.

Goal 2: Operational Relevance

Goal 2. Support World Bank Group country operations in the design, implementation, evaluation, and modification of development interventions in an effective and efficient manner.

Goal 2 is “operational,” speaking to the link between KCP-financed activities and the World Bank Group’s operations. KCP will also finance knowledge-generating activities that directly or indirectly support World Bank Group operations, be they financing packages, technical assistance, or analytical services. DEC’s researchers, statisticians, and data scientists use rigorous analytical approaches to generate robust evidence, with the goal to establish a connection between the program outputs and policy making. Such a policy-oriented approach indicates the resolve to leverage limited donor resources for high-impact projects. For example, in collaboration with three World Bank Group policy lending operations and in support of the International Monetary Fund’s program, [research projects in Ukraine](#) helped calculate the potential efficiency and equity gains from establishing a land market, which contributed to the de-politicization of the issue and prompted legislative forms.

Moreover, the analytical results produced by KCP projects are often used by operational colleagues as inputs or entry points for their engagements with World Bank Group client countries. For example, colleagues in the Regions and Global Practices reported using the cross-country firm data set built from administrative tax return data and the imputation-based estimates for welfare outcomes with household surveys. Furthermore, research results from KCP projects have been found critical to serve as the basis for requests from country governments for lending or technical assistance. In Punjab, India, for instance, the government requested to use the new classroom observation tool developed as part of a KCP-financed project to enhance supervision; the Bank of Malaysia sent a request to the World Bank for technical assistance on establishing criteria and methods for regulations on state-owned banks; and in Kenya, donors invested part of a US\$100 million project to scale up a program on inspections of health facilities.

In addition, more and more KCP projects are jointly conceived and implemented between DEC and the rest of the World Bank. For example, the project team on migration and the law collaborated closely with staff from the Global Knowledge Partnership on Migration and Development unit in the Jobs Group, benefitting from their rich experience in the field. The research team also worked closely with colleagues from other units of the World Bank Group, including the Global Entrepreneurship Monitor team, to discuss the migration component of their data and ways to integrate the Global Entrepreneurship Monitor’s data and research into the report, as well as the Social Protection Global Practice to solicit their involvement in the development of the benchmarking methodology. Working side by side with colleagues in the East Asia and Pacific Region, the project team on automation, trade, and labor markets specifically tailored simulations of the likely impact of automation on countries in the East Asia and Pacific region. The analysis also served as an input to the East Asia and Pacific Region’s biannual economic update. For analysis on the dynamics of electricity demand in Vietnam, the project has been implemented in close consultation with the Energy Global Practice for Vietnam; and the output of the research, especially the estimates of the price elasticity of household demand for electricity and how it varies by income group, will feed directly into the country team’s demand forecasting activities.

There are many more examples of the operational linkages and collaboration that KCP promotes. Projects like these help demonstrate the integration between DEC’s research activities and the World Bank’s core operations. In Phase IV, collaboration between DEC and colleagues in the Global Practices and Regions will continue to be strongly encouraged, to reinforce the link between DEC’s analytical outputs and the World Bank Group’s services in client countries, and to capture the knowledge demand

and research gaps that surface from operational activities, while preserving space for original research on development issues.

Goal 3: Open Knowledge

Goal 3. Open access to knowledge through sharing, partnerships, and capacity building.

The third goal is “open,” which expresses the intent to multiply the impact of research and data generated from KCP by making knowledge accessible and actionable, particularly through partnerships and capacity-building activities. It is foreseen that demand for capacity-building and knowledge-sharing activities in a variety of domains will increase significantly, especially for those that use innovative knowledge-sharing and learning techniques that lower the barrier for knowledge access in diverse formats. With KCP Phase IV, the teams will seek innovative ways to “reach the last mile” in getting the evidence to a variety of actors in developing countries involved in development policy and practice. KCP’s unique position within the World Bank Group—being housed in the Office of the Chief Economist—will also be leveraged to help forge stronger partnerships for research and knowledge with other multilateral institutions, bilateral agencies, think tanks, universities, and civil society.

Program Structure and Main Activities

This section presents a proposal on KCP Phase IV’s target activities and outputs. The proposed approach is consistent with the goals of the program for relevant, rigorous, and high-profile research and data activities that serve the development community.

Pillar I: Research and Data Activities

Pillar I will carry out activities related to research, data collection, and analysis on specific themes, which may include, but are not limited to, the following:

- Jobs and Economic Transformation
- Fragility, Conflict, and Violence
- Climate Change
- Gender and Development
- Governance and Institutions
- Cross-Cutting Issues: Debt and Financial Fragility, Human Capital, and Technology.

Pillar I consists of the main activities of KCP, which are centered around IDA19’s special themes and several cross-cutting issues. The thematic topics discussed below are indicative, and this Concept Note aims to describe the broad scope of KCP’s coverage by highlighting selected research ideas as illustrative examples. Since Pillar I follows a competition-based funding allocation strategy, specific and detailed research questions will be articulated in the actual proposals that will be submitted and judged on their relevance and rigor. During the course of KCP IV’s implementation, the Internal Management Committee (IMC), chaired by the Chief Economist of the World Bank Group, may periodically review the relevance of these topics and adjust or propose new ones, in consultation with the Partnership Council. Particularly in 2023, when IDA19 comes to an end, KCP may organize a more extensive discussion on the thematic priorities going forward.

Jobs and Economic Transformation

The need for more and better jobs remains a top development priority—as a source of income, a means of raising productivity, and for meeting the aspirations of hundreds of millions of people. Economic transformation and inclusive, sustainable growth, achieved through deeper structural changes and market integration as well as effective measures to correct market failures, hold the key to delivering higher-earning jobs in developing countries. In the post-pandemic world, getting people back to their

jobs or finding new jobs will be a crucial task for many governments. How to achieve economic transformation that balances competing economic, health, environmental, and social demands will be a critical policy choice for governments around the world.

Research and data collection and analysis under this theme would focus on understanding the dynamics of economic growth and job creation, through various interrelated approaches: (i) diagnosis and analysis devoted to better understanding and measuring the determinants of productivity and employment dynamics, their correlations with different internal and external factors within and across countries, and potential areas where policy efforts could be used; (ii) enabling conditions such as the regulatory environment and infrastructure conditions; (iii) urbanization, regional growth, and connectivity in the economy as key economywide growth drivers; (iv) catalytic research examining avenues through which government policy actions (for instance, in the area of business regulation) influence private sector development and the productivity and growth prospects of a country; and (v) investigation into the political economy of productivity policy, seeking to understand the conditions under which successful reform policies are undertaken.

The World Bank is one of the world's leading sources of research and evidence on global poverty and the extent to which societies share in aggregate economic growth. This is to a large extent due to its hard-earned reputation for producing authoritative analysis of household survey data on well-being, at the country and global levels. In this context, it is important to recognize that data availability, analytical tools, and the very conception of poverty and prosperity have seen significant evolution in recent decades. Recent work on the [measurement of multidimensional poverty](#), or on the [combination of absolute and relative approaches to identifying the poor](#), suggests additional ways in which poverty can be measured and its evolution over time monitored. Some of the key new research questions in this area might include (i) How do differences in the cost of living within countries affect the estimates of global poverty and inequality? (ii) What are the drivers of upward socioeconomic mobility in poor countries? (iii) How do inequalities in income and opportunity vary across countries? (iv) How does informality play a role in poverty, and what are the policy options for effectively managing the informal economic sector?

Fragility, Conflict, and Violence

Poverty and fragility are increasingly interlinked: by 2030, more than half of the world's extreme poor will live in countries characterized by FCV. The global fragility landscape has worsened significantly in recent years, impacting low- and middle-income countries.

Research, data collection, and analysis under this theme will study the particular challenges of fragile and conflict-affected situations, which are home to a large share of the world's extremely poor people and remain a special concern to the World Bank Group. This area includes, for example, issues such as factors contributing to conflict and violence, the cost of conflict in terms of growth and development outcomes, international policy and support to help break the cycle of conflict, challenges and transition issues of post-conflict economies, and, more broadly, the factors, policies, and institutions that contribute to enhancing competitiveness and sustainable progress in fragile states.

In light of challenges imposed by the COVID-19 pandemic, more innovative tools and analyses are demanded to estimate program impacts on poverty outcomes quicker and more cost-effectively, particularly in low-capacity FCV settings, and further examine the social and psychological effects of conflicts and forced displacement. For example, DEC teams are currently testing the feasibility and accuracy of using call detail records to estimate changes in poverty in Afghanistan, where high-quality household data are limited, expensive, and difficult to generate. In addition, the teams are looking into

effective strategies for social and economic integration of refugees in host communities in Jordan, using a randomized controlled trial, and in Bangladesh, estimating the psychological costs of the loss of home among adolescent refugees and the benefits of creating a “home” relative to the benefits of pure economic interventions.

In the FCV context, the topic of migration is of great importance. Many empirical studies have found that increased labor mobility leads to large gains for the immigrants and positive overall gains for the destination countries. The compelling economic evidence on the economic gains and social benefits of migration sits awkwardly with stark political opposition to immigration, particularly for immigrants who come from FCV countries. Although research has begun to explore the economic and political sources of this tension, large knowledge gaps persist. (i) Data: the World Bank’s leadership in this area was initiated by KCP funding more than a decade ago. Yet, data constraints, especially in lower income countries, are severe. (ii) Impact: analysis of the impact of migration in origin and destination countries requires innovative approaches. This is especially the case for exploring the relationship between migration and climate change, gender discrimination, demographic change, and civil conflict. (iii) Policy: the existing evidence on many policies indicates that they cannot be evaluated with the current data or are simply ineffective. Innovative policy tools need to be designed and evaluated, using proper administrative data.

Climate Change

Climate change is a fundamental threat to sustainable economic development and the fight against poverty. Without rapid progress in strengthening the resilience of developing countries to the adverse impacts of climate change, as well as reducing global emissions of greenhouse gases, decades of development may be imperiled, and prosperity may be out of reach for millions of people. Accordingly, research and data work at the World Bank Group need to pay much greater attention to economywide adaptation to climate change; improved disaster risk management, including risk reduction as well as recovery efforts; and identification of the potential benefits of “lower-carbon” development measures.

KCP-supported projects will examine innovative ways to strengthen climate change adaptation and disaster risk management in developing countries, scaling up these efforts to be more cross sectoral and better linked with development measures. KCP-supported projects will also focus on economically sound approaches to greenhouse gas mitigation, such as carbon pricing, reducing barriers to increased investment in renewable energy, and forest protection. Examples of the many priorities for research and data efforts to strengthen resilience to climate change and natural disasters include (i) a more holistic approach to assessing long-lived macro-scale effects of climate change across the economy and options to improve resilience, (ii) feedback effects of climate change on human capital, (iii) barriers to financing long-lived beneficial investments (especially infrastructure) to reduce vulnerability, and (iv) political economy barriers to many seemingly win-win measures that would provide immediate development benefits and improved resilience.

KCP-supported projects on climate change have addressed and will continue to address many other themes: the impacts of climate change shocks and greenhouse gas emissions policies on economic transformation; the potential for climate change shocks to amplify FCV challenges, and vice versa; the disproportionate impacts of climate change risks on women; and the need to improve governance at all levels to meet climate change challenges more effectively. In addition, climate change challenges are interwoven with other key environmental issues, including the devastating health impacts of air pollution, the negative development impacts of land and forest degradation, and growing water scarcity.

Activities that estimate and test program impacts of climate change–related interventions could also be supported. For example, DEC teams have investigated the impact of an intervention that provides nonmonetary incentives to local community-based organizations to improve urban drainage in Senegal.

And in Mozambique, the team is using high-frequency, crowd-sourced irrigation water use data in combination with quarterly agricultural production surveys to develop personalized feedback on water usage, timing of planting, and coordination within schemes to increase water efficiency. More programs like these will surface insightful findings on the relationship between climate change–related interventions and other environmental and social outcomes.

Gender and Development

Gender equality is central to the World Bank Group’s goals of ending extreme poverty and boosting shared prosperity in a sustainable manner. No society can develop sustainably without transforming the distribution of opportunities, resources, and choices for men and women so that they have equal power to shape their own lives and contribute to their families, communities, and countries. The development community has accelerated progress in addressing gaps between males and females in its operational and analytic work, yet women lag men in most measures of economic opportunity. By prioritizing research and data efforts in gender-related issues, KCP will help the development community build a better understanding of what works for gender equality and significantly enrich and expand the evidence base.

For example, recent research and data endeavors are focused on innovations to promote productivity and entrepreneurship among women and remove barriers to women’s empowerment in business activities. One study involved offering a group of (randomly selected) female tea pluckers in Sri Lanka detailed information about their pay, deductions, and overtime performance, along with summary statistics comparing these figures to the estate average or a benchmarking group of comparable workers. The research then tracks the impact of this information on work attendance, financial decision making, productivity, and work satisfaction. [Another line of research](#) in this area uses multi-country analysis to study the role of foreign direct investment in breaking down barriers for female leadership in businesses and promoting other forms of female empowerment within firms.

In addition, the importance of financial capabilities for promoting deeper financial inclusion of women cannot be underestimated. Taking advantage of rich data sets from the [Global Findex database](#) that DEC curates, which measures how people save, borrow, make payments, and manage risks, researchers have begun to gain a better understanding of women’s financial participation. There exist large gender gaps in access to and use of financial services around the world. While much of the research in this area has focused on how best to teach financial capabilities, more research is needed to examine how using digital financial technologies can foster financial capabilities. [One recent study](#) introduced payroll accounts in a population of previously unbanked factory workers in Bangladesh. In the experiment, workers in a treatment group received their monthly wages in a bank or mobile account, while a control group continued to receive wages in cash. A key finding was that digital wage payments increased savings and the ability to cope with unanticipated economic shocks, especially among those with low initial financial capabilities (many of whom were women). Moreover, questions on how to remove barriers to women’s ownership and control of assets remain an underexplored area. The researchers have started looking into the use of financial services among women and the effects of those services (particularly credit) on women and their families, and continued support in this area is desired.

More examination into how to overcome the legal and regulatory barriers to women’s economic participation is needed. DEC has developed a comprehensive data set of [Women, Business and the Law](#), and the recent addition of 50 years of data for 190 countries across 35 legal areas further boosted the coverage and depth of the data set. More and more researchers are taking advantage of the rich data to generate evidence-based research to show the impact of gender equality laws on women’s empowerment and other development outcomes. In addition, the Women, Business and the Law data

set is being used to track the progress that IDA-eligible countries are making on certain development indicators, including those that are related to legal changes that support gender equality. More resources are desired to develop the data set further and support original research endeavors utilizing these measures.

Governance and Institutions

The World Bank's support for building open, effective, and accountable institutions for inclusive development is critical, especially when countries are fighting economic recessions. This involves a focus on: (i) strengthening core government functions in developing countries, and (ii) developing a public sector grounded in transparency, which combines fiscal transparency, technological innovation, social accountability, anti-corruption efforts, and citizen participation to strengthen the social contract between governments and citizens. Evidence and research are much needed on how to bolster fiscal risk assessments and how to achieve enhanced infrastructure governance, strengthen human capital financing, adopt universally accessible GovTech solutions, and strengthen implementation of pandemic preparedness plans.

An ongoing impact evaluation project on a participatory development program to foster women's participation in Pakistan serves as a good example for the type of research and data project that KCP can support in the new phase. The project sheds light on how participatory programs can increase the ability of citizens/communities to monitor and hold local governments accountable for the provision of public goods and services. It assessed two potential mechanisms for inclusive development: (i) quotas for participation among women and the poor in local decision making, and (ii) communitywide referenda to decide resource allocation. The idea is to test which mechanism better promotes community capacity to undertake self-initiated development activities, including long-term maintenance of local infrastructure, and identify impacts on broader forms of women's empowerment, such as women's mobility, labor force participation, political participation, household bargaining power, and aspirations for their children.

Cross-Cutting Issues: Debt and Financial Fragility, Human Capital, and Technology

Three cross-cutting issues identified in the context of IDA19—debt and financial fragility, human capital, and technology—warrant dedicated attention.

Debt and Financial Fragility

Debt issues are much more pronounced during the COVID-19 pandemic and the subsequent economic downturn, but it remains an understudied area. While debt financing is an essential tool for development, rising debt levels and increased debt service in many IDA countries could impact priority social spending and/or public investments that promote growth. The pandemic and the near-global lockdowns that came with it have created the most precarious environment for emerging economies since the 1980s. Once again, general debt management, debt transparency, sovereign defaults, debt restructuring, and debt relief have resurfaced as a major policy focus and demand more research and data efforts. In this context, the research topics KCP would support include but are not limited to: the role of official creditors throughout history, analyses of international capital flows, debt crises and their resolution, legal and regulatory aspects of sovereign debt restructuring, debt transparency, financial sector distress, crises and credit crunches, as well as the social and economic effects of the Great Lockdown during the COVID-19 pandemic.

For example, contrary to the vast amount of literature on private cross-border capital flows, the field of official (bilateral and multilateral) lending remains largely underexplored. Most existing studies zero in on a single institution, and existing data sets are often narrowly focused or span a short time horizon. How can the World Bank and other official multilateral and bilateral lenders better provide debt relief?

How can the private sector be catalyzed to join in debt relief efforts? KCP would support more studies on how official lending is shaping the dynamics of international capital flows, and help surface new knowledge related to the features, determinants, and consequences of official lending around the world and the implications of the future of the international financial architecture. In addition, [analyses](#) have shown that lengthy and messy debt defaults have historically ended with great losses to creditors. More research is needed to develop an analytical framework and supporting data to assess the current landscape of debt crises and their resolutions, better understand the determinants and consequences of past and current debt crises, and further discover patterns of debt restructuring.

Emerging and developing economies are facing increasing financial fragility in the context of the pandemic. Scholars and policy makers are calling for more analyses of international capital flow partners and more realistic growth forecast to detect if the liquidity challenges may turn into insolvency problems.¹¹ [In-depth analyses of a global capital flow database spanning more than 200 years \(1815–2018\)](#) have revealed several important features of international capital flows. For instance, there is a global cycle in capital flows, with co-movements across countries, but there are important differences between the cycles of advanced economies and those of emerging economies; the global cycle in real commodity prices also influences capital flows, but commodity cycles are more frequent, although major cycles are rarer; and the influence of global financial factors is significant, but the relationships are time-varying. When the initial shock of the COVID-19 pandemic hit in March – April 2020, capital flows from emerging and developing economies far outpaced the worst days of the global financial crisis in 2008.¹² Such drastic flight to safety led to a sharp tightening of the financing conditions of these countries and widened the spreads on higher-risk debt. Conditions may be worse for countries that had limited fiscal buffers, rising debt levels, and financial vulnerabilities prior to the start of the crisis. There are stark differences and disturbing similarities between the COVID-19 pandemic and past episodes of global crises. More research in this area, as well as examinations into the relationships between COVID-19, crises, and capital flows in historical perspective, would be beneficial for evidence-based policy making as countries ponder ways to work toward a more resilient recovery.

Considering the novelty of the global economy’s current situation, there is also a need to revisit and expand our understanding of the issues presented in these situations—in particular, what are the channels currently generating financial distress and potential channels for contagion? A large literature has explored the causes, dynamics, and mechanisms of financial and currency crises. Contingent liabilities in the form of corporate, banking, and household debt are potentially a significant threat to recovery from the major dislocations associated with the pandemic in many countries with elevated private debt levels. More studies are needed to expand the current understanding of these phenomena and propose how best to support policies aimed at mitigating their usually severe and adverse effects.

More research on the legal and regulatory instruments that support orderly sovereign debt restructuring is also desired. At the international level, for example, legal steps that govern international bonds could promote a level playing field between sovereign debtors and creditors. New research would spell out the implications for the future of the international financial architecture and the design of debt contracts and surface more insights on the roles of the Paris Club, other sovereign bilateral creditors, and multilateral institutions.

¹¹ J. Bulow, C. Reinhart, K. Rogoff, and C. Trebesch, “The Debt Pandemic,” *Finance and Development*, fall 2020, <https://www.imf.org/external/pubs/ft/fandd/2020/09/debt-pandemic-reinhart-rogoff-bulow-trebesch.htm>.

¹² “Saving Lives, Scaling-up Impact and Getting Back on Track,” COVID-19 Crisis Response Approach Paper, World Bank Group, Washington, DC, June 2020.

In addition, the effectiveness of debt transparency may be an area to be further explored. A new line of research initiated by DEC's research group examines the effects of recently adopted laws in Mexico that regulate and make transparent the public debt acquired by states and municipalities. Using high-quality, loan-level data from administrative sources, a key early finding is that bank lending to states that were highly indebted declined substantially after borrowing limits were imposed on them. The decline was driven largely by a reduction in investment loans to state governments. Consistent with the existence of crowding-out, banks reallocated their lending from local governments to local firms in the private sector, with positive effects on state economic activity.

Lastly, the Great Lockdown during the pandemic has affected the global economy in transformational ways that are not yet understood. The dynamics and structures that sustain global value chains, dense cities, and modern economies in general may change in the years to come. Some of those changes may well influence existing development strategies. KCP will support research that studies the effects of this systemic shock on economies at different levels of development and their policy implications.

Human Capital

There remains a research gap in how best to enhance human capital and the capacity of workers to obtain better employment outcomes, grow firms, and contribute to economic development. This includes work on how to ensure that high-quality health and education services are accessible by all—regardless of background—and how these combined with government and family investments contribute to better health status and learning outcomes. Moreover, it includes research on how different types of training, and modalities for delivering that training, prepare workers for jobs or can help small-scale entrepreneurs to grow their businesses. The teams have conducted research to evaluate a youth employment training program in the Dominican Republic, which combines technical and socioemotional training with an internship in a local firm. The study included a "job search skills" module to help students find employment after the program ends and an "enhanced CV," adding an assessment of their socioemotional skills and a letter of recommendation from the firm where they did the internship. In Togo, the team worked with operational colleagues and psychologists to develop personal initiative training, which focuses on developing a psychology-based entrepreneurial mindset. [The randomized controlled trial](#) showed that entrepreneurs who took the personal initiative training saw their profits rise by an average of 30 percent relative to the control group, and the training had even greater impact for female entrepreneurs. The encouraging results from trainings in Togo inspired considerable demand for scale-up of similar endeavors in other countries.

Technology

Technological innovations and digital tools are important levers for economic transformation. For example, a research project with DEC's impact evaluation group tests whether a consulting program with limited personal interaction and follow-up contact via WhatsApp can improve business practices and performance among micro, small, and medium-size enterprises in Brazil. This digital solution would be more easily scalable than in-person consulting programs, which have been shown to improve firm performance and employment growth. Other promising projects in this area include using social media to help women-owned small businesses reach new markets in the Arab Republic of Egypt, [using business service marketplaces to help firms hire the talent](#) they need to expand into different cities in Nigeria, and [a six-country program in the Western Balkans](#) that uses online and in-person capacity building to help firms expand to European markets. KCP support would be crucial to support more innovative research and data activities in this area.

Many of the activities to be supported by KCP may cut across multiple thematic areas. For example, a research project on the impact and effectiveness of citizen participation efforts in increasing

government's fiscal transparency would address the thematic goal on jobs and economic transformation (with the economic efficiency gains derived from enhanced transparency), as well as the goal on better governance and institutions (with its citizen-centric design and focus on public sector governance).

Emphasis on Knowledge Dissemination and Capacity Building

KCP IV will continue to emphasize the importance of knowledge sharing, dissemination, and capacity building in research and data activities. A central theme of the knowledge work is that the research and data activities can inform policy makers and practitioners on the costs, benefits, timing, and sequencing of reforms. When policy makers themselves are resistant to reform—due to political considerations—then knowledge can empower the public, voters, and policy entrepreneurs to demand reforms. At the same time, the role of leveraging knowledge to overcome political constraints to reforms must be carefully applied. As an external agent with a nonpartisan mandate and extensive technical capacity, the World Bank has a comparative advantage in exercising such care.

To enhance the impact of the work, intentional efforts will be made to encourage internal and external knowledge dissemination efforts. KCP would support activities in knowledge dissemination, exchange, and sharing that are part of a research or data project under Pillar I, as well as stand-alone partnership events or conferences (under Pillar III in the next section), to spread knowledge outputs and directly engage peers and colleagues in governments, academia, businesses, think tanks, or civil society organizations.

In addition, capacity building will continue to be an important element in KCP IV. In KCP III, the program dedicated up to 15 percent of every Call for Proposals to projects that demonstrate strong capacity-building potential. Past experience has shown that the most effective and durable capacity building in research is done through embedding close collaboration with local researchers and institutions in the research project. Following the tradition of the last phase, KCP IV will continue supporting capacity-building efforts to improve human and institutional capacity in primary and secondary research, data collection and analysis methods, and analytical work in client countries. KCP will allow budget lines dedicated explicitly to capacity building and local partnerships as part of the overall research endeavor, including those that support the time of researchers, data scientists, and others from developing countries.

Pillar II: Flagship Reports, Synthesis Reports, and Other Knowledge Products

A limited percentage of the annual budget would support the preparation, production, and dissemination of flagship reports and other synthetic knowledge products under Pillar II. This typically would not exceed 20 percent of the total available funds each year. In keeping with KCP's emphasis on generating original, policy-relevant research, activities will emphasize the preparation of background research and data sets. They will also support the dissemination of research results and knowledge in an accessible way to reach other researchers, policy makers, and the broader development community.

Among DEC's signature flagship reports, the World Development Report, published annually since 1978, is a highly regarded knowledge product and has had profound impact in enhancing the understanding of development policy and practice. Each year, the report focuses its analysis and policy recommendations on a specific aspect of development, be it the role of the state, transition economies, labor, infrastructure, health, environment, or poverty. World Development Report analyses and recommendations have shaped development policy and operations across many stakeholder groups around the world.

For example, [WDR2014 on Managing Risk for Development](#) has strongly influenced how the World Bank and the larger development community view risk. The report demonstrates that well-managed risk

and crisis could create new opportunities, especially for vulnerable populations, and stresses the importance of removing social constraints. [WDR2015 on the Mind, Society and Behavior](#) reveals how a more comprehensive perspective of human behavior can help achieve development goals in many areas, including early childhood development, household finance, productivity, health, and climate change. [WDR2016 on Digital Dividends](#) provides evidence that while in many instances digital technologies have boosted growth, expanded opportunities, and improved service delivery, their aggregate impact has fallen short and is unevenly distributed. [WDR 2017 focuses on Governance and the Law](#) and highlights that good governance can mitigate, even overcome, power asymmetries to bring about more effective policy interventions that achieve sustainable improvements in security, growth, and equity. [WDR2018 on Learning to Realize Education's Promise](#) was the first World Development Report to focus exclusively on education, navigating the learning crisis and offering policy options that align actors, assess learning, and provide actionable evidence to make schools work for learners. [WDR2019 on the Changing Nature of Work](#) studies how the nature of work is changing as a result of advances in technology and spells out how to ensure that technology brings opportunity, paves the way to creating new jobs, increases productivity, and delivers effective public services. The most recently published [WDR2020 on Global Value Chains](#) puts forward a novel conceptual framework on global value chains and breaks down disciplinary silos by integrating insights from multiple social sciences. Continuing supporting such high-impact products will be an important element of the new phase of KCP. Lastly, the upcoming [WDR2021 on Data for Better Lives](#) will examine the tremendous potential of the changing data landscape to improve the lives of poor people and, at the same time, identify the significant risks that should be managed to avoid negative development impacts.

In addition, there is increasing attention on the possibility of developing guidance materials related to research or data collection activities that involve human subjects. This is similar to the institutional review boards (IRBs) that many academic institutions have established, which have mandates, clear guidelines, review and guidance processes, and sanctions for their staff conducting research in their home country or elsewhere. Despite that many of its projects deal with *vulnerable populations* by definition, the World Bank does not have an IRB or a requirement that its staff obtain ethical approvals for certain types of activities from outside IRBs. Such a situation is less than ideal: the World Bank's researchers in particular and its staff more generally could benefit from guidance from an IRB or an IRB-like structure (such as an independent ethical advisory board).

The World Bank has considered these issues in the past. Most recently, in 2013, a workshop was convened that included researchers from the Development Research Group, Regions, and Human Development Network, who were joined by experts from outside organizations that have IRBs. The participants concluded that this was an ambitious agenda (because ethical issues abound in the World Bank's everyday work), but that these questions should be further explored by taking small, manageable steps.

The leadership in DEC now sees it as necessary that the issue be revisited and at least a set of basic resources should be made available to researchers and staff, and guidelines be put in place for the protection of human subjects and to ensure adherence to ethical principles that benefit from disciplinary expertise, local knowledge, and community input. Such an effort has a tremendous upside for World Bank research projects, the populations they deal with, and as a global public good. However, it was also recognized that such an ambitious agenda would not produce results without investing resources, especially if the working group recommends the formation of an IRB or an independent advisory group with considerable expertise in social science research, ethics/philosophy, biomedical research, statistics, and economics. Therefore, KCP will support background research, consultations, and

feasibility studies that will inform eventual decisions about the establishment of an IRB that would be subject to a separate decision-making process by the World Bank.

Governance

KCP IV will be established as a World Bank-executed Umbrella trust fund with associated trust funds. The first trust fund to be associated with the KCP Umbrella will be KCP III, which is currently scheduled to close by October 2021 and will run in parallel with KCP IV until the activities are completed.¹³ In the future, other DEC trust funds that cover a similar scope of activities may also be associated with the KCP Umbrella.

KCP's main governance body is the Partnership Council. The Partnership Council will be chaired by the World Bank Group Chief Economist (or designee). The Partnership Council consists of representatives of the official donors and the World Bank Group. Other interested parties, decided by the chair, may join the meetings as observers. It is envisaged that the Partnership Council will meet annually, virtually or physically, possibly in conjunction with a research conference organized by KCP and dedicated to specific themes.

The Partnership Council will (i) provide oversight and strategic guidance and direction on the implementation of the activities financed by the Trust Fund Program, (ii) serve as advocates of KCP-supported research products in their respective organizations, (iii) review and discuss the progress in the implementation of such activities, and (iv) discuss KCP's long-term strategy.

Internal Management and Implementation Arrangements

Three sets of stakeholders constitute the management and implementation teams of the program: (i) the IMC, which is the decision-making body that governs the overall implementation of the program, including funding allocations; (ii) the Program Management Unit, which carries out day-to-day operational and administration functions; and (iii) the research teams, which receive grants from the program and implement research and data activities. Their specific roles and responsibilities are described in the following paragraphs.

Internal Management Committee. The IMC will be chaired by the World Bank Group Chief Economist. It will consist of three sets of stakeholders: (i) World Bank Group Chief Economist/DEC Vice President and World Bank Group Deputy Chief Economist; (ii) DEC department heads; and (iii) at the invitation of the World Bank Group Chief Economist, selected Chief Economists from the Global Practices or Regions, based on relevance and expertise. The IMC will provide subject matter expertise to evaluate and select proposals for KCP financing based on clear criteria and priorities. It may also propose ideas for new priorities and themes. In addition, to ensure meaningful coordination and collaboration across the World Bank on research, KCP will periodically provide information on KCP's upcoming Call for Proposal cycles and selection results to the World Bank's Chief Economist's Council. Since KCP's activities constitute a small fraction of DEC's total outputs, coordinating at the Chief Economist level would also ensure that World Bank Management has a more holistic view of the overall research directions.

Program Management Unit (PMU). The PMU will be housed in DEC, serving as the primary interface and coordination body among key stakeholders. The PMU assumes the day-to-day program monitoring and quality assurance function, coordinates stakeholder relations, and leads the production of annual reports. It would also track the performance and quality of the portfolio; coordinate and deliver annual reports on Umbrella progress and results; organize Umbrella Partnership Council meetings and related

¹³ Due to implementation delays caused by the COVID-19 pandemic, KCP Phase III may be extended by another year. Discussions with donors are ongoing.

development partner/stakeholder meetings; under IMC guidance, undertake Umbrella-level resource planning and budgeting; develop, update, and implement the communication and visibility plan; and take the lead on external and internal communications, including outreach, supporting the delivery of Umbrella evaluations.

Research teams. The research teams will require at least one DEC staff member as task team leader and may consist of World Bank Group staff as well as non–World Bank Group researchers.

Funding Allocation Methodology

The program will be a World Bank–executed, multi-donor trust fund. Pillar I, which accounts for the majority of financing, will follow a competition-based allocation process. Such a competitive process has been a signature design of KCP and a unique strength in ensuring high-quality products. Activities under Pillar II may be determined by the IMC based on the strategic priorities of KCP and specific donor preferences using direct allocations. Funding for activities under Program Management and Administration (PMA) will be directly allocated for trust fund management and administration. KCP will try to align its funding allocation process with the World Bank’s internal Work Program Agreement cycle, depending on the availability of funds.

Pillar I: Research and Data Activities

General Process

The PMU, acting on behalf of the IMC, will arrange the Call for Proposals process on an annual basis, based on available funding. The Call for Proposals will invite proposals from DEC or DEC in conjunction with other parts of the World Bank Group. Proposals will first be reviewed and cleared by DEC task team leader line managers and directors, and then be peer reviewed by internal or external experts who have substantial expertise and experience in the specific topic area. The reviewers will rate the proposals on each of the selection criteria, as outlined in the next subsection, and provide comments, with emphasis on research quality and potential policy impact. The ratings, comments, and recommendations from the external reviewers will be shared with the IMC for consideration. Based on the external reviews, the research’s operational relevance, and World Bank and DEC strategic priorities, the IMC will discuss and make funding decisions. The following is the step-by-step guide on the Call for Proposals process:

1. **Solicitation of proposals.** The PMU initiates the Call for Proposals process by posting a kiosk announcement on the World Bank’s intranet, together with an email to all staff in DEC, soliciting proposal submissions to the PMU. The PMU then consolidates and aggregates the submissions into categories corresponding to DEC’s departmental functions and shares the respective submissions with DEC directors. DEC’s cross-cutting mandate means that KCP would support work on areas that may also be covered by colleagues in the Global Practices and Regions. To strengthen coordination, collaborations across the World Bank on joint proposal submissions are strongly encouraged.
2. **First round of internal review.** The proposals are reviewed and cleared by DEC directors. A review meeting among the directors will take place.
3. **External review.** The approved proposals are then sent to subject experts for review.
4. **IMC decision.** The final full package, including the proposals and external reviews, will be sent to the IMC. An IMC meeting takes place for final selection, chaired by the World Bank Group Chief Economist. The Chief Economist may invite relevant Chief Economists from Global Practices or Regions to join the meeting.

Selection Criteria

The selection criteria for funding allocation will emphasize research and analytical rigor (the “Knowledge” part of KCP) as well as policy impact inside the World Bank and beyond (the “Change” part of KCP).

- a. **Quality.** Successful research proposals need to be assessed as being of high quality, meaning that the proposed activity will use a rigorous analytical approach to yield valid results and reliable evidence that represent the creation of new knowledge for development.
- b. **Relevance and policy impact.** Successful proposals need to demonstrate policy relevance and value added, relative to academic literature as well as other work being done in the World Bank, and alignment with KCP themes. This includes research on current policy priorities as well as forward-looking research on emerging policy issues that arise in a rapidly changing economic environment.
- c. **Management and communication.** To ensure the success of the research project, the proposal should provide a project management plan and configuration of the roles and responsibilities of each member of the team. In addition, proposals should include plans for communication and internal and external knowledge dissemination activities.
- d. **Country participation.** Where relevant, proposals should document plans for country participation, involvement of local researchers or institutions from developing countries, and steps to ensure that the program strengthens local capacity.

Pillar II: Flagship Reports, Synthesis Reports, and Other Knowledge Products

Pillar II will support activities on flagship reports, synthesis reports, and other knowledge products, such as technical notes and policy syntheses that are aimed at making research and data more accessible and actionable by policy makers in developing countries. Generally, the funding for Pillar II (not including donor preferred funding) would not exceed 20 percent of the total available funding each year. If the proposed funding envelope is not fully used, it can be carried over to the next year or be added to the funding pool for Pillar I to respond to urgent needs during that year. To facilitate the integration of trust fund resources into the World Bank’s budget planning processes and ensure alignment with global and country priorities, a combination of block grants and direct allocations (primarily to accommodate donor preferences) will be used as the predominant allocation methodology for this pillar.

Program Management and Administration

Activities related to PMA will be supported by direct allocations, which generally constitute 10 percent or less of the total available budget each year. Activities under PMA will include but are not limited to portfolio monitoring and quality assurance; progress reporting; undertaking Umbrella-level resource planning and budgeting under IMC guidance; developing, updating, and implementing the Communications and Visibility Plan; leading on external and internal communications, including outreach; and supporting delivery of Umbrella evaluations.

Reporting and Evaluation

A progress report at the Umbrella program level will be prepared annually. The annual aggregate-level progress and financial reports will be shared with donors in preparation for discussion at the Partnership Council Annual Meeting.

Official financial reporting will be provided at the trustee level for each trust fund under the Umbrella program. Current financial information and monthly unaudited financial statements to its development partners for all trustee accounts are available through the World Bank’s [Development Partner Center](#). A Completion Report will be prepared upon closure of the Umbrella.

An external evaluation will be commissioned in the middle of Phase IV (toward the end of 2024), which would include an assessment of the overall Umbrella program covering all trust funds, including the anchor and all associated trust funds. KCP has been commissioning external evaluations on the value and effectiveness of the program roughly every five years. So far, three evaluations have taken place, in 2007, 2012, and 2019/2020 (to be completed).

Communications and Visibility

The communication objective of KCP is to keep development partners informed about the program's progress; raise the awareness of the stakeholders and general public about the program's activities, results, outcomes, and impact; and reinforce the essence of the collaborative endeavor between the World Bank and development partners.

Main Communication Activities

KCP communications will be designed for its specific target audiences. Various communication tools and channels will be utilized, as illustrated in the communication matrix (table 1). The program's communication and visibility activities will utilize the following main tools:

At the program level:

- a) *Partnership Council annual meeting*. Each year a Partnership Council meeting with the participation of all contributing development partners will be organized, virtually or physically. The World Bank will report to the development partners on the program's progress, financial status, as well as outcomes and impact in the previous year; seek strategic guidance; and discuss the direction of the program as well as the long-term strategy.
- b) *Annual Report*. An Annual Report of the program will be produced to report the program's progress, financial status, as well as highlights from KCP projects in the previous year. The Annual Report will be presented to all development partners and be made available on the KCP website for the general public.
- c) *E-newsletter*. The e-newsletter provides periodic updates on the program throughout the year on KCP-related news, for example, the Call for Proposals process, new KCP projects, recent KCP publications, and so forth. The e-newsletter will be distributed to development partners and other interested parties in and outside the World Bank.
- d) *Website*. The KCP website will be a dynamic, up-to-date platform with permanent information and relevant current progress about the program. It will provide an easy way to explore program information as well as the outputs and progress of KCP-funded projects, current news, and events. The website will be hosted as an external website accessible to World Bank research and operations staff, development partners, and the general public.
- e) *Policy Research Working Paper Series*. KCP projects will be strongly encouraged to publish findings through DEC's widely read Policy Research Working Paper Series.

At the project level, KCP encourages project teams to engage substantively with stakeholders and disseminate research findings widely to enable countries and stakeholders to have access to evidence-based research and enhance research capacity in developing countries. To achieve this, the following channels are often used:

- f) *Workshops/conferences*. These activities are to be attended by policy makers, development partners, and academia, to draw attention to some specific highlights of the research results and discuss possible policy implementations.
- g) *World Bank internal seminars and brown bag lunches*. The main audience is World Bank colleagues in other departments working on research and operations. Research methodologies and findings will

be discussed to inform work in other parts of the World Bank. Events will be advertised through internal distribution channels.

- h) *Publications*. Most projects should result in novel research findings that can be published as journal articles or book chapters. Some of those target academic audiences, some are for policy makers and development practitioners, and some are for the general public.
- i) *Policy notes and blogs*. Project teams are encouraged to summarize their findings in nontechnical, easy to understand forms to improve policy relevance. Some of these are through collaboration with World Bank operations teams and will be presented to policy makers as part of the World Bank's advisory work, and some are for broader audiences, such as blogs and news articles.
- j) *Data*. Following the World Bank's Open Data Initiative, project teams are asked to make data collected as part of the KCP research available through the World Bank's websites, unless there are confidentiality agreements.

Table 1. Matrix on the Targeted Communication Tactics for Selected Audiences

Who needs to know	Development partners (donors)	Bank operations	Broader stakeholders (policy makers, academia, civil society, and others)
What needs to be communicated	Program priorities Program progress Research findings	Findings from research projects Ongoing projects	Findings from KCP research
How can these best be communicated	Annual Report Annual donor meeting Electronic newsletters KCP website, Publications (journal articles, working papers, policy notes, book chapters, and so forth) Blogs	Intranet website and announcements KCP website Publications (journal articles, working papers, policy notes, book chapters, and so forth) Blogs Open data	KCP website Publications (journal articles, working papers, policy notes, book chapters, and so forth) Blogs Open data

Communication Indicators

With knowledge as the main output of the program, KCP often has an indirect impact on the outcomes of a wide range of development efforts worldwide. The communication efforts will be put in context of the overall KCP results framework. Analysis of the indicators will be done together with the annual and final reporting of the program. For some of the indicators, monitoring will be on a continuous basis, to allow possible corrections. The indicators for the various tools are shown in table 2.

Table 2. Communication Indicators

Tools	Indicators
Publications	# of journal articles, # of working papers published per year and cumulatively
Policy notes, blogs	# of policy notes, blogs, and news articles produced per year and cumulatively
Data	# of data sets produced per year and cumulatively # of visits and downloads to and from the Open Data website

Internal seminars and brown bag lunches	# of seminars and brown bag lunches organized for internal participants per year and cumulatively
External events	# of conferences and workshops organized and research presented for external participants per year and cumulatively
Website	# of unique visits to the KCP, DEC research, and Policy Research Working Paper Series websites per year # of downloads of working papers per year
Impact within the World Bank	# of cases showing impact within the World Bank (for example, citations and references of KCP research findings in World Bank operations, policy documents, and so forth)
Impact outside the World Bank	# of cases showing impact outside the World Bank (for example, citations and references of KCP research findings in government or development partner policy documents) # of citations of KCP research in academic papers

Branding and Management

The KCP logo will be displayed on all official communications, such as slide decks, banners, leaflets, and other promotional materials. The logos of the development partners (donors) will be displayed on KCP's website and the Annual Report.

Research team leaders are required to acknowledge funding received from KCP in research papers or other outputs produced.

The KCP PMU will be responsible for implementation of the Communications Plan in close collaboration with the DEC communications team. The PMU will use the services of communications consultants for drafting, designing, printing, and translating publications, when necessary.

Under the Program Management and Administration component of KCP IV, an initial budget of US\$100,000 will be assigned to communication activities. This amount will be reassessed on an annual basis in relation to the communication needs of the program.

Results Framework

KCP's results framework (see annex I for the full framework) outlines the connections between inputs, activities, outputs, outcomes, and potential impacts of the activities financed by KCP. Program results will be tracked and monitored at the output, outcome, and impact levels. As outputs, the program aims to produce high-quality research on international development across the identified priority thematic areas, which would include cutting-edge and relevant research, products that make research findings accessible to the broader community (policy reports, blogs), and evidence-based tools, data sets, and other products. The desired outcome of the program is that research findings would add to knowledge in ways that benefit other development researchers and users of knowledge, including operational colleagues, policy makers in client countries, and the broader development community. Ultimately, the desired impact is that DEC research, data, and tools help client countries to reduce poverty and advance inclusive economic development in sustainable ways. The PMA team will continue fine-tuning the results framework as the program develops, to ensure that the impacts of KCP-financed activities are sufficiently articulated. In addition, since the use of research findings, and more generally the impact of research, can take a long time to materialize, greater efforts will be dedicated to capturing the narrative-based progress and findings of the research teams.

There are a few key assumptions in this results framework. (i) The resources would support research on the questions that are most relevant to World Bank operations and policy making in developing countries. (ii) The financing would generate high-quality research outputs. (iii) The research findings would be accessible to *and used by* World Bank operations colleagues, developing country policy makers, and practitioners. The program will use a competitive Call for Proposals process for its main research and data activities, in which research Concept Notes and full proposals would be reviewed by internal and external subject experts over several rounds, to ensure that approved proposals would be technically rigorous and policy relevant.

The thematic areas will be priority areas endorsed by the Partnership Council. The current focus areas are mostly related to the IDA19 special themes and cross-cutting areas. During implementation, other strategic areas may be proposed by the IMC and endorsed by the Partnership Council. Particularly in 2024, when IDA19 draws to a close, the IMC may organize consultations to suggest new priority areas.

Risk Assessment

Risk area	Risk rating	Risk description	Proposed mitigation measures
Strategic	Low	KCP supports global and regional activities, degree of alignment with corporate objectives (approved World Bank, regional, and sector strategies)	KCP's development objective is closely linked with the World Bank's twin goals. KCP's priority areas align with IDA19 priorities. IMC with participation of Regional and Global Practice Chief Economist representatives will ensure that approved projects are in line with World Bank, regional, and sector strategies through the review and selection process.
Strategic	Low to moderate	Degree of alignment and/or duplication with existing activities and sources of finance	As its premier research arm, DEC shapes the World Bank's research and knowledge agenda. A well-represented IMC with the participation of Regional and Global Practice Chief Economist representatives will minimize the risk of duplication, to produce research that is complementary to analytical and advisory work in operations through planning, review, and the project selection process.
Stakeholder	Low to moderate	Potential for conflict of interest arising from multiple roles of the World Bank (for example, in trust fund administration and research project implementation)	The PMU will be in DEC's front office instead of the departments that will implement the research projects, to avoid conflict of interest. Clearly defined rules and procedures for implementation will be in place.
Stakeholder	Low to moderate	Donor and stakeholder preferences or intensions to influence large projects	Official approaches will be utilized to address donor preferences: (1) encourage donors to use the Partnership Council to express their preferences and shape the program; (2) use the

			nonbinding preference option in the Administration Agreement to accommodate donor preferences to the extent possible; (3) earmark by association—create associate trust funds to support specific activities listed in the Administration Agreement.
Financial	Moderate	Donor commitment to provide qualified contributions (for example, subject to legislative appropriations)	Donors will be consulted and kept in close communication on funding situations. KCP aims to diversify the donor base and make backup plans (for example, the timing of the Call for Proposals) for project implementation.

Note: DEC = Development Economics Vice Presidency; IMC = Internal Management Committee; KCP = Knowledge for Change Program; PMU = Program Management Unit.

Budget

		World Bank executed (US\$, millions)
Pillar I. Research and Data Activities		
Window 1 Jobs and Economic Transformation	Anchor MDTF	4.0
	Associated TFs	
Window 2 Fragility, Conflict, and Violence	Anchor MDTF	4.0
	Associated TFs	
Window 3 Climate Change	Anchor MDTF	4.0
	Associated TFs	
Window 4 Gender and Development	Anchor MDTF	4.0
	Associated TFs	
Window 5 Governance and Institutions	Anchor MDTF	4.0
	Associated TFs	
Window 6 Cross-Cutting Issues: Debt, Human Capital, and Technology	Anchor MDTF	6.0
	Associated trust funds	
Pillar II. Knowledge Exchange, Dissemination, and Capacity-Building Activities		
		2.0
Pillar II. Program Management and Administration		
	Anchor MDTF	2.0
	Associated TFs	
Total	Anchor MDTF	30.0
	Associated TFs	16.8

Note: MDTF = Multi-Donor Trust Fund; TF = trust fund.

Trust Fund Establishment Timeline

Current discussions with donors on administrative matters related to setting up the trust fund center on three issues: (i) the possible need to extend KCP III due to implementation delays caused by COVID-19, (ii) the process of associating KCP III with the KCP IV Umbrella and the possible ramifications for legal

agreements, and (iii) the setup of the KCP IV Umbrella. The following table presents the program's establishment timeline.

Milestone	Date
1. Concept Note consultation	July – September 2020
2. World Bank-wide Concept Note review meeting	September/October 2020
3. Trust fund proposal approved	October 2020
4. KCP Partnership Council meeting and soft launch of KCP IV	November 2020
5. Sign the first Administration Agreement	November/December 2020

Annex I. Indicative Results Framework

KNOWLEDGE FOR CHANGE PROGRAM (KCP) Indicative Results Framework									
		Case	Baseline	Milestone 1 FY21	Milestone 2 FY22	Milestone 3 FY23	...	Target FY28	
OUTPUT									
1. Quality research	Output Indicator 1.1								
High-quality, policy-relevant research produced	Number of working papers published	High	0						
		Mid	0						
		Low	0						
	Output Indicator 1.2								
	Number of peer-reviewed journal articles accepted for publication	High	0						
		Mid	0						
		Low	0						
	Output Indicator 1.3								
	Number of policy briefs, policy notes, and policy research reports produced	High	0						
		Mid	0						
		Low	0						
	Output Indicator 1.4								
	Number of analytical or computational tools developed	High	0						
		Mid	0						
		Low	0						
Output Indicator 1.5									
Number of databases produced	High	0							
	Mid	0							
	Low	0							
2. Responsive research	Output Indicator 2.1								
Research responds to operational needs and is	Proportion of KCP projects that involve both DEC and World Bank operations staffs (cumulative)	High	0						
		Mid	0						
		Low	0						
	Output Indicator 2.2								

KNOWLEDGE FOR CHANGE PROGRAM (KCP) Indicative Results Framework									
		Case	Baseline	Milestone 1 FY21	Milestone 2 FY22	Milestone 3 FY23	...	Target FY28	
produced in a collaborative way among research and operations teams as well as with external development partners (academia, think tanks, government-affiliated agencies)	Proportion of KCP projects that went through a broad consultation process (with operations or other stakeholders) (cumulative)	High	0						
		Mid	0						
		Low	0						
	Output Indicator 2.3								
	Number of developing country institutions substantively involved in KCP projects (cumulative)	High	0						
		Mid	0						
		Low	0						
	Output Indicator 2.4								
	Number of developing country researchers substantively involved in KCP projects (cumulative)	High	0						
		Mid	0						
		Low	0						
	3. Competitive research	Output Indicator 3.1							
Research process is open to competition	Proportion of research proposals rejected	High	0						
		Mid	0						
		Low	0						
OUTCOME^a									
Research findings directly used by policy makers and practitioners within the World Bank Group	Outcome Indicator 1								
	Number of cases demonstrating policy impact within the World Bank Group (operational projects, strategies with citations or references to research findings funded by KCP) and in the policy world	High	0						
		Mid	0						
		Low	0						
	Outcome Indicator 2								
	Number of seminars and brown bag lunches organized for World Bank internal participants	High	0						
		Mid	0						
Low		0							

KNOWLEDGE FOR CHANGE PROGRAM (KCP) Indicative Results Framework								
		Case	Baseline	Milestone 1 FY21	Milestone 2 FY22	Milestone 3 FY23	...	Target FY28
	Outcome Indicator 3							
	Number of public dissemination events organized (attended by senior stakeholders) <check query>	High	0					
		Mid	0					
		Low	0					
IMPACT								
Uptake of high-quality research by policy makers and practitioners on economic and social policy issues affecting developing countries	Impact Indicator 1							
	Number of citations of project outputs in academic papers ^b	High	0					
		Mid	0					
		Low	0					
	Impact Indicator 2							
	Number of cases demonstrating policy impact in partner institutions or client governments (references to KCP-supported work in government and institution strategy and policy documents and so forth)	High	0					
		Mid	0					
		Low	0					
	Impact Indicator 3							
	Number of users of computational or analytical tools developed by KCP-funded projects	High	0					
		Mid	0					
		Low	0					
	Impact Indicator 4							
	Number of unique visits to the KCP, DEC research, and Policy Research Working Paper Series websites	High	0					
		Mid	0					
Low		0						
Impact Indicator 5								
Number of downloads of the working papers	High	0						
	Mid	0						
	Low	0						

Note: DEC = Development Economics Vice Presidency; KCP = Knowledge for Change Program.

- a. There can be a substantial lag between research, publication, dissemination, and impact. It is highly likely that impact would only manifest well after KCP IV is closed. We have seen similar challenges encountered by other research-oriented programs.
- b. Publication cycles may make this indicator less informative within the timeframe of KCP Phase IV.

