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THE WORLD BANK

Washington, D.C.

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Research Administration



1064769

RETI

Research Administration

A1994-076 Other #: 1 Box # 211010B

ISN # _____

BOX # _____

HB

NUS LOCATION

H-214-2-04

DECLASSIFIED

WBG Archives

Mr. Piero Sella, Legal Dept.

December 18, 1974

B. B. King, Development Policy

Research Program

In view of recent events and the fact that we have a number of outside contracts of various kinds for research, would it be a good idea to have one ~~elw~~ lawyer specifically assigned as our adviser?

BBKing:gm

Mrs. F. Stone, Personnel Department

November 22, 1974

D. C. Rao, Development Policy

Long-Term Consultant Appointments

You are aware that it has been decided that long-term consultant appointments under the External Research Budget will not absorb departmental slots. The question of the payment of benefits still remains.

It is not yet clear to me, precisely what benefits we are talking about and how much they cost. I have no problem, in principle, with the payment of benefits to consultants appointed under the External Research Budget. I would like to know, however, how the following problems can be treated:

- (i) If the External Research Budget is to bear the cost of the benefits, how will this be reflected in the fees to be paid to the consultants? What is the cost of the benefits to be offered and what is the corresponding reduction in the daily fees that will compensate?
- (ii) Will consultants be offered a choice between receiving a lower fee cum benefits, or a higher fee without benefits? Presumably, some consultants will not be interested in receiving benefits (for example, university professors who have health and pension coverage elsewhere).

cc: Messrs. Busz
Bowron
Miss Gary
Mrs. Hazzah

DCRao:gm

OFFICE MEMORANDUM

TO: Ms. Mina Coulter, Personnel

FROM: Henk Busz, ECDDR

SUBJECT: Temporaries charged against RPO's

DATE: November 15, 1974

1. Mr. Paul Bowron (Chief, Budget & Operations Review Division, P&B) has approved the principle of charging temporaries who work for external research projects against the corresponding RPO budgets.
2. For temporary research assistants, this means that the personnel action form will no longer show the department and division name and budget code against which they were traditionally charged. Rather, the action form should show the following information:

670 (or 671) - External Research

(2 digits) - Name of Project

The "10,000" position number can be preserved, as this indicates only the temporary nature of the assignment, and does not cause the position to be charged against the discretionary budget.

3. To avoid complications, I should emphasize that I agreed with Mr. Bowron that charge-splitting (between two or more RPO's or between RPO and discretionary budget) will not be allowed.

cc: ✓ Mr. Rao, VPD
Ms. Gary, EPD

Mr. Tannous, PDPD1
Mr. Bhatnagar, VPSVP

HBusz:hs

~~① Hazzar~~

② File.

Those listed below

November 15, 1974

D. C. Rao, VPD

External Research - Long-Term Consultants' Appointments

The attached memoranda (King to Adler, November 4 and Adler to King, November 11) are self-explanatory.

Attachments

Distribution:

Mr. H. Busz
Mr. P. Smith
Miss M. Gary
Mrs. M. Hazzah

DCRao:gm

Mr. Rao

OFFICE MEMORANDUM

TO: Ms. Helen Hughes

DATE: November 13, 1974

FROM: Henk Busz, *H*SUBJECT: Consultants and Temporary Research Assistants

1. Mr. Paul Bowron (Chief, Budget & Operations Review Division, P&B) called me today with some good news. Agreement has been reached on the following subjects:

- a) Temporaries against RPO's (My memo, dated 11/6 to Mr. Bowron). Henceforth, it will be possible to charge temporaries against RPO's, provided that they work exclusively for an external research project. Charge-splitting between RPO and Division will not be allowed. In addition to salaries, RPO's will also have to absorb any possible charges for sick leave, etc.
- b) Consultants against RPO's (My memo, dated 9/13 to Mr. Rao). In a meeting with Messrs. Adler, Bowron (P&B), King (VPD), and Mrs. Stone (Consultants' Section), Mrs. Stone "reluctantly" agreed to the principle that consultants who work more than 130 days per year for an RPO will not be charged against regular positions (and salaries). However, any benefits accruing to the consultant as a result of his long-term employment contract will have to be paid from the RPO budget.

2. For some reason, Mr. Bowron also brought up the matter of temporary research assistants versus consultants appointments; the very subject that we just sent a memo to Mr. R. A. Clarke about. He expressed the view that he could not quite understand Personnel's real or imagined problems, and that the only important consideration should be to get the right people for the job at an appropriate price.

3. Needless to say, I found myself in complete agreement with Mr. Bowron's analyses and decisions.

cc: Mr. Gulhati (o/r)
Division Chiefs, ECD

✓ Mr. Rao, VPD

HBusz:hs

OFFICE MEMORANDUM

TO: Mr. B. B. King

DATE: November 11, 1974

FROM: John H. Adler, Director, P & B

SUBJECT: External Research - Consultants Appointments

1. This is to confirm my telephone call of last week on this subject (ref. your November 4 memorandum) and to add a point regarding the distinction between regular consultants and External Research consultants.

2. Mr. Bowron, Mrs. Stone, and I agree that individuals hired as consultants to do "External Research" for more than six months need not be counted against regular Bank staff positions or consultant manyear allocations. But it should be clear also that External Research funds should not be used to buy consultants for other purposes (i.e., the purposes for which we have regular staff and consultant budget allocations). P & B will accept Research Committee approval of a consultant task for support within the External Research budget as a sufficient indication that the task is "External Research".

3. Whether External Research consultants employed for more than six months should be given leave and other benefits which we give our "regular" consultants I leave to you and Personnel to work out. P & B will want to be sure, however, to have all of the costs charged to External Research.

cc: Mrs. Stone

PJBowron:ajw

OFFICE MEMORANDUM

~~① Haggel~~
② File.

TO: Mr. Paul Bowron, PAB

DATE: November 6, 1974

FROM: Henk Busz, ECDDR ^H_BSUBJECT: Temporaries charged against RPO's

1. Recently I reached a preliminary agreement with Messrs. Papadopoulos and Panickaveetil that would enable external research projects to absorb the cost of temporary assistance hired in connection with such projects. (see attached memorandum). At present these costs are charged - inappropriately - against the discretionary budget.

2. To implement this arrangement, it will be necessary to change the present personnel action forms marginally. It is my understanding that we can continue to use the "10,000 series". However, instead of the division's name, the personnel action form should show the title of the external research project for which the temporary will be working. I would appreciate it if you could let me know whether you approve of this arrangement, so that I may contact Personnel to finalize it.

Attachment

cc: Mr. Papadopoulos, PAB
Mr. Panickaveetil, PAB✓ Mr. Rao, VPD
Ms. Gary, EPD

HBusz:hs

Mr. John Adler, P & B

November 4, 1974

B. B. King, VPD

External Research - Consultants' Appointments

There is some disagreement with the Consultant Section of Personnel regarding appointments of consultants for more than 130 days during a year. On advice from Mr. Bowron, Mrs. Stone argues that such consultants' appointments should be slotted against a department's regular positions, irrespective of how these 130 days are spread throughout the year.

This position is not acceptable to us and goes against the primary purpose of having such a budget for external research projects. The external research budget is designed to finance specific studies which are beyond the financial and manpower capabilities of the departments charged with research responsibilities. The main reason why such a budget is held centrally rather than allotted to the various departments, is that the precise needs of research in any single year are difficult to predict. Numerous research proposals are considered by the Research Committee, and not all of them are approved for financing. Frequently, the implementation of a research project requires the use of a consultant for extended periods of time. This may be because there is need for a highly specialized person to conduct the research, (for example, a highly skilled programmer analyst to solve specific problems encountered in large systems of non-linear equations), or because the number of research studies in a given area exceed that which the regular staff of the department can implement. If such long-term consultant appointments were to be slotted against a department's regular position, the availability of such slots would become a critical question in consideration of the research proposals. This is definitely undesirable. The approval of a research proposal should be based on its merits and not on the coincidental availability of unused slots in the department proposing the study.

A compromise suggestion which has been made is that P & B institute a special category (called a "30,000" series) for long-term consultant appointments made from the external research budget. Could you please let me know if this is feasible and whether it would satisfactorily resolve the problem.

DCRao:gm

~~0 11/23/74~~
② Admin file
↓

Files

October 25, 1974

Henk Busz

Temporaries charged against RPO's

I have reached the following agreement with Messrs. Papadopoulos and Panickaveetil of the Programming and Budgeting Department:

- (a) A separate authorized budget for temporaries will not be established at this stage, and external research budgets will remain limited to three categories: consultants, travel, and contractual services.
- (b) Despite this lack of a "temporary" budget, projects will be allowed to incur temporary charges, which will be reported on the monthly computer print-out. The funds will come from the consultants budget.
- (c) I will submit to P&B an estimate of the proportion of the consultants budget of each external research project that should be allocated to temporaries.

cc: Mr. Papadopoulos
Mr. Panickaveetil

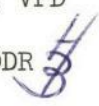
Mr. Rao, VPD ✓

HBusz:slw

OFFICE MEMORANDUM

TO: Mr. D. C. Rao, VPD

DATE: September 26, 1974

FROM: Henk Busz, ECDDR SUBJECT: Consultants' Appointments under RPO's

1. I have talked to Messrs. Papadopoulos and Panickaveetil (P&B) regarding the cost of consultants benefits. In their opinion, these costs would be absorbed by the overhead budget for staff benefits, even if expenditures reached a level far in excess of the allocation -- which is what could happen if a large number of consultants were to be double slotted against regular positions.
2. In other words, in the hypothetical case that an RPO consultant would be double-slotted against a regular position, only salary funds would have to be transferred but not the funds to finance the benefits. I say "hypothetical" because Mr. Papadopoulos emphatically denied that an RPO consultant could possibly be (double) slotted against a regular position. In his opinion, RPO's are exceptions to the general policy of the Bank. An RPO has no positions, but only funds for fees, travel and computing. All this we know already, but it is good to hear it again from someone in P&B who is more familiar with these matters than Mr. Bowron.
3. Mr. Papadopoulos also suggested that, if necessary, the solution could be to create a new special series. In my previous memo I referred to the "20,000" series, but this series is reserved for a special category of overseas people, so it would probably have to be a "30,000" series for RPO consultants.

cc: Mr. Smith
Ms. Gary

OFFICE MEMORANDUM

TO: Mr. D. C. Rao, VPD

DATE: September 13, 1974

FROM: Henk Busz, ECDDR SUBJECT: Consultants Appointments under RPO's

1. As you may know, there has been some disagreement with the Consultants Section of Personnel over consultancy appointments for external research projects. Personnel argues that any consultant who is to work 130 days or more during a year should be slotted against a department's regular positions, irrespective of how these 130 days are spread throughout the year. Apparently one can avoid the problem by making appointments and extensions for periods of less than 130 days at a time. I have done just that in the case of Mr. McPherson (RPO306), but Personnel clearly feels that this is against the spirit of the regulations, and "unfair" to the consultant who does not get all the benefits that he would otherwise receive. Sooner or later the Consultants Section can be expected to force us to put such consultants against regular positions -- which we don't have.

2. Mr. Smith previously discussed this matter with Mr. Ruddy (P&B), who told him that the rule was not applicable to consultants appointed under RPO's. Apparently, Ms. Stone has now obtained contrary advice from Mr. Ruddy's successor, Paul Bowron. Departments like ECD and DRC, who have large external research programs and no vacant professional positions, can thus look forward to perennial disputes with Personnel over certain consultancy appointments. Even if slotting or double-slotting were feasible, the cost of a consultant-with-benefits might be prohibitive for many research budgets. It would also cause frequent transfers of money from external research budgets to the (discretionary) salary budget, thus blurring the distinction between the two. The suggestion by Ms. Stone, viz. to ask for special positions in the "20,000 series" ^{1/} whereby a consultant is given all the benefits but does not get slotted against regular positions, meets the administrative problem but not the cost problem.

3. In view of this, I would appreciate it if you could get in touch with Mr. Bowron, Ms. Stone and whoever else, so that we may return to our old wicked ways.

cc: Mr. Smith
Ms. Gary

HBusz:slw

^{1/} Apparently, this device is used in DFC for overseas people.

b
for filing
Mr. George Papadopoulos, P&B Dept.

July 31, 1974

Paul E. Smith, VPD

Initialing Form 74's for the External
Research Program

Per our conversation of June, this is to confirm that I am under the impression that my initials are no longer required on Form 74's charged against the External Research Program.

Therefore, the authorizing signature on the Form 74 is sufficient to commit the proper amount of money.

cc: Mr. D.C. Rao, VPD

PSmith/sc

File
Admin

OFFICE MEMORANDUM

TO: Mr. T. Mitchell, CTR

DATE: July 10, 1974

FROM: Paul E. Smith, VPD

SUBJECT: External Research Program Project Identification Numbers.

As noted on page 7 of the Bank Organizational Code listing the External Research Program will use both 670 (EX1) and 671 (EX2) to identify specific projects. The 670 relates to projects numbered in the two hundred series (e.g. 201, 202, 203, etc.) and for charge purposes each will be identified as 670-01, 670-02, 670-03, etc. The 671 relates to projects in the three hundred series (e.g. 301, 302, 303, etc.) and for charge purposes each will be identified as 671-03, etc.

Any questions on active project codes and specific authorizations should be directed to Mr. D. C. Rao, Secretary to the Research Committee, in the first instance.

cc: Mr. Rao ✓
Ms Hazzah
Ms Gary
Mr. Busz

*file Res.
Admin*

OFFICE MEMORANDUM

TO: Mr. D.C. Rao, VPD

DATE: April 15, 1974

FROM: Helen Hughes, ECDDR

SUBJECT: Quarterly Status Reports: RESEARCH PROJECTS

I am enclosing the quarterly status reports for all research projects being monitored by this Department except RP0280 and RP0291. These will follow in a few days.

Enc.

HHughes/kg

OFFICE MEMORANDUM

WHITE (File Copy)

Admin

To: (*)

March 28, 1974

D. C. Rao

Quarterly Status Report on Research Projects

1. Please complete the attached Quarterly Status Report form for each research project which your Department monitors. The information should cover the period up to March 31, 1974
2. The completed forms should be returned to me not later than April 15.

Attachment

cc: (without attachment)
Mr. Henk Busz
Miss Myrna L. Gary

- (*) Sent, individually addressed, to the following:--
Messrs. Ravi Gulhati
Mahbub ul Haq
Wouter Tims
Jorge Cauas
Frederick T. Moore
Edward V.K. Jaycoc
Montague Yudelman
Yves Kovani
Duncan C. Ballantine
Parvez Hasan

DCRao:wg *fw*

File
Miscellaneous
DCR

Mr. M. Haq, Director, EPR

March 11, 1974

Ernest Stern, Senior Adviser, VPD

Third International Conference on
Cooperative Thrift and Credit

You will note from the attached that Mr. Knapp has been asked to speak in London to the Third International Conference on Cooperative Thrift and Credit in June. He has asked us to help prepare an appropriate speech for the purpose, and I would like to ask your Department to undertake the responsibility for it. Since part of the subject undoubtedly is agricultural, you should associate someone from Mr. Yudelman's Department with the preparation and also someone from the Economics Department to deal with other elements of savings and credit. D. C. Rao also would have some time available to assist in the preparation.

As a first step would you contact Mr. Knapp and discuss the thrust of his remarks, after which you and the working group can prepare a draft outline.

Attachment

- cc: Messrs. Knapp
- Yudelman
- Gulhati
- J. King
- D.C. Rao ✓

OFFICE MEMORANDUM

Pending.

TO: Mr. J. Burke Knapp

DATE: February 12, 1974

FROM: John A. King *JAK*SUBJECT: Third International Conference on Cooperative Thrift and Credit

1. In accordance with your request, I checked with CUNA (Paul E. Hebert, Global Project Director) on the expected representation, institutionally and geographically, at the Third International Conference on Cooperative Thrift and Credit to be held in London, June 10-14, 1974. The representation is expected to be similar to that for the Second Conference, held in Paris in 1970, and perhaps larger. At that time three hundred participants representing governmental and non-governmental institutions in 26 countries and 5 international bodies took part. A list of organizations and countries is attached. In addition, it is expected that savings banks will be represented for the first time by the International Savings Bank Association (based in Switzerland).

2. The institutions organizing the Conference are:

- . The Federation du Quebec des Unions Regionales des Caisses Populaires Desjardins, Canada.
- . The Central Cooperative Bank for Agriculture and Forestry, Japan.
- . The Confederation Nationale du Credit Mutuel, France.
- . The Federation des Caisses d'Economie du Quebec, Canada.
- . The Groupe Raiffeisen de Benelux (The Benelux Raiffeisen Group), Netherlands.
- . The International Cooperative Alliance (represented by its Banking Committee).
- . The National Cooperative Union of India.
- . The Union du Credit Cooperatif, France.
- . The World Council of Credit Unions.

Dr. Bonow, President of the ICA, is the Chairman of the Committee. The Secretariat for the Conference is being provided jointly, by the French Caisse Centrale de Credit Cooperatif and the International Cooperative Alliance.

3. The World Council of Credit Unions is what was until January 1, 1971 CUNA International. It is the apex organization of seven regional confederations -

Asian Confederation of Credit Unions
The Africa Cooperative Savings and Credit Association
Australian Federation of Credit Union Leagues
Caribbean Confederation of Credit Unions
Credit Union National Association (CUNA)
Latin American Confederation of Credit Unions
National Association of Canadian Credit Unions.

At the end of 1972, the World Council served more than 58,000 individual credit unions with more than 45 million members and more than \$33 billion in assets. Slightly less than half the credit unions with more than half the members and 3/4 of the assets were in the United States. The assets of the U.S. and Canadian member credit unions constitute \$31.7 billion of the \$33.4 billion total. Nevertheless some of the other confederations show rapid rates of growth in 1972 over 1971. For example, in Africa the number of individual members grew by 20 percent and assets by 13 percent, and in Asia and the Caribbean assets grew by 26 and 35 percent respectively.

4. You have been asked to give the keynote speech at the Third Conference on June 10. The theme proposed for your speech is the mobilization of local savings to help the poorest 40 percent.

5. The Conference was initially scheduled for last November in Kuala Lumpur but had to be postponed and relocated when it was discovered that Israeli organizations could not be invited.

6. I have discussed your participation with Messrs. Merriam and Please and they both welcome the idea. It would be desirable to give a definite answer soon.

7. If the answer is yes, I assume you would want a draft speech prepared. Mr. Merriam and I would be glad to help but could not come up with a first draft by ourselves. After discussing the problem with Messrs. Merriam, Please and Ted Davis (in Mr. Christoffersen's absence), we concluded that it could best be prepared in DPS; the names of D. C. Rao and Oktay Yenal were suggested but I was unable to discuss this with Mr. Stern before he left.

8. I would be glad to discuss this with you at your convenience.

JAKing:lfb

cc: Messrs. Stern, Merriam, Please, Christoffersen

List of Organizations Attending the Second International
Conference on Cooperative Thrift and Credit

International Organizations

International Cooperative Alliance, London
IBRD, Washington, D. C.
FAO, Rome
Agrimissio, Vatican City
Inter American Cooperative Finance Development Society, Buenos Aires
Assistance Technique du FED, Bangui
OAS, Washington, D. C.

Argentina

Federacion Argentina de Cooperativas di Credito Buenos Aires
Instituto Movizador de Fondos Cooperativos, Rosario

Austria

Genossenschaftliche Zentralbank, Vienna
Raiffeisen Zentralkasse Tirol, Innsbruck

Belgium

Centrale des Caisses Rurales du Boerenbond Belge, Louvain
CIRIEC, Liege
CODEP, Brussels

Canada

Ministry of Communications of Quebec
Conseil de la Cooperation du Quebec, Quebec
Federation de Montreal des Caisses Desjardins, Montreal
Federation des Caisses d'Economie du Quebec, Montreal
Federation du Quebec des U.R. des C.P.D, Levis

Denmark

Arbejdernes Landsbank, Copenhagen

France

Direction du Tresor, Paris
Ministere de l'Equipement et du Logement, Paris

France (Contd.)

Ministere du Travail, de l'Emploi et de la Population, Paris
La Marine Marchande, Paris
Banque de France, Paris
Credit Cooperatif, Paris
Banque Francaise de Credit Cooperatif, Paris
Banque Centrale des Cooperatives, Paris
Credit Mutuel, Paris
Credit Maritime Mutuel, Paris
Banque de l'Union Europeenne, Paris
Inter-Expansion, Paris
Caisse Internationale de Prevoyance des Cadres, Paris
Federation Nationale des Cooperatives de Consommation, Paris
Groupement Regional de la Cooperation de l'Ile de France, Paris
Groupement Regionale de la Cooperation de Haute - Normandie, Bonsecours
Union de Cooperatives de Lorraine, Nancy
Mouvement des Cites Cooperatives, Paris
SODECO, Paris
CINAM, Paris
Credit Lyonnais, Paris
Societes Cooperatives Ouvrieres de Production, Paris
Union Federale de la Consommation, Paris
Coop-Habitat-Credit, Paris
Institut de Recherche et d'Applications des Methodes de Developpement, Paris
Union de Negotiants de l'Alimentation, Ivry
SCE-Trans, Paris
Caisse Centrale de Cooperation Economique, Paris
Equipuna, Ivry
HLM, Paris
Caisse Nationale de Credit Agricole, Paris
UNICO et SEDECO, Ivry
UFCC, Paris

Federal Republic of Germany

Bank fur Gemeinwerstchaft Aktiengesellschaft, Frankfurt
Deutscher Raiffeisenverband, Bonn

India

Ministry of Agriculture
Embassy of India, Paris
Reserve Bank of India, Bombay
Madhya Pradesh Cooperative Bank & Central Cooperative Bank, Raigarh, Madhya Pradesh
National Cooperative Union of India, New Delhi

Israel

Bank Hapoalim, Tel Aviv
Merkaz Audit Union, Tel Aviv

Italy

Istituto di Credito delle Casse Rurali ed Artigiane, Rome

Japan

The Central Cooperative Bank for Agriculture and Forestry, Tokyo

Luxembourg

Caisse Centrale des Associations Agricoles Luxembourgeoises, Luxembourg

Malaysia

Cooperative Union of Malaysia, Kuala Lumpur

Morocco

Conseiller de la Cooperation pres du Gouvernement Marocain, Rabat

Netherlands

Central Cooperative Raiffeisen Bank, Utrecht
Central Cooperative Boerlennbank, Eindhoven

Nigeria

Federal Ministry of Labor, Lagos
Cooperative Union of Western Nigeria, Ibadan

East Pakistan

East Pakistan Cooperative Union, Dacca

Portugal

Centro de Estudos de Economia Agraria du Funducaao, Lisbon

Senegal

Ministere du Developpement Rurale, Dakar

Spain

Caja Laboral Popolar, Mondragon

Switzerland

Bank Centrale Cooperative, Basel
Internationale Genossenschaftsbank, Basel
Societe Suisse d'Assurance Generales sur la Vie Humaine, Paris

Uganda

Uganda Cooperative Alliance, Kampala

United Kingdom

Cooperative Bank of Manchester, Manchester

United States

CUNA International, Madison
The Cooperative League of the U.S., Washington, D.C.

Upper Volta

Banque Nationale de Developpement de Haute-Volta, Ouagadougou

Zambia

Organization unidentified

File
Res. Admin.

Mr. D. C. Rao, VPD

March 11, 1974

Ernest Stern, Senior Adviser, VPD

Research Projects

Please set up an RPO Number, to start in FY1975, which will be a contingency for research related seminars, conferences, etc. I suggest it be funded at \$15,000 per year and be treated as a continuing project. (Perhaps RPO 199 -- so as not to get in the way of our system which started with 200.)

cc: Mr. Smith

DC -
why not continue
using 292 &
simply rename it
Research Seminars
ES ✓

File
Res. Admin

OFFICE MEMORANDUM

TO: CPS Directors

DATE: March 8, 1974

FROM: H. G. van der Tak 

SUBJECT: Research Committee: Submission of Advanced Notices of Proposals

1. As you are aware the deadline for sending advance notice of planned submissions for FY75 funding was March 4 (memo. from D.C. Rao, February 13). However, with the exception of notices from the Education Department, no other notice has been sent to the Committee so far.

2. It is very important to indicate our FY75 requirements to the Committee at this time, as otherwise it will be difficult for the Committee to set aside adequate provisions for future submissions. I should like to suggest, therefore, that you send advance notices without further delay, if it is at all possible to foresee FY75 research requirements at this stage.

cc: Messrs. Rao, Ray ✓

ARay:jo

File

OFFICE MEMORANDUM

TO: Mr. Ernest Stern, VPD
DATE: March 6, 1974

FROM: Ravi Gulhati, ECDDR

SUBJECT: Research Proposal: Pacific Towns and Urban-Rural Distribution Systems

Recently, Mrs. Hughes brought to your attention that Mr. McNamara had invited a research proposal on the above subject from the Australian National University (her memorandum dated February 26, 1974). Who will sponsor this research project in the Bank is not clear. After some discussion, we have come to the conclusion that it will be best if it were handled by the Asia Regional Office. I enclose a memorandum from Douglas Keare which states this position.

Enclosure

cc: Mrs. Hughes, ECDDR
Mr. DC Rao, VPD ✓
Mr. Keare, ECDRB

Mr. J. Cauas, Director, DRC

January 21, 1974

Ernest Stern, Senior Adviser, VPD

Status Reports on Research Projects

1. I recognize the problem of timing with the computer printout. In the past research monitors have used their own fiscal data, which is a check on the computer material, rather than computer data to prepare the Status Reports. However, January 22 is fine.

2. I agree that administrative work peaks at budget time. But where there are peaks, there are valleys. On the whole, it seems to me that DRC and ECD administration runs very smoothly; but if my perception is wrong, let's take up the subject again. We promised ourselves a review of the situation and can do so at your convenience.

cc: Messrs. Rao
P. Smith

EStern/lm

OFFICE MEMORANDUM

TO: Mr. Ernest Stern, VPDP

FROM: Jorge Cauas, Director DRC

SUBJECT: Outstanding Status Reports on Research Projects

DATE: January 18, 1974

1. The reasons for the delay in sending the status reports, as the Administrative Officer informs me, is that the computer expense printouts were not available until late Friday afternoon, January 11. The financial data was put together over the weekend and given to the responsible staff members on Monday morning. There was not enough time to get the required documentation prepared by Tuesday afternoon as requested, because of the time constraint and FY74 midyear budget preparation requirements. The reports should be in your office before Tuesday, January 22.

2. Besides the problem of delay in the information, for which we are not responsible, this situation confirms my statement last year of the peak nature of the administrative work and the problems emerging from physical separation from and sharing of our administrative officer with another department.

cc. Mr. D.C. Rao
Ms. M. Gary

OFFICE MEMORANDUM

TO: Mr. D. C. Rao

FROM: Helen Hughes *MM*

SUBJECT: Papers for DPS Advisory Committee.

DATE: January 18, 1974

Following our discussion a few weeks ago I would like to finalize the time table for the discussion of the research review papers the ECD is preparing for the DPS Research Advisory Committee.

My suggestion for a time table, in view of Mr. Chenery's and Mr. Stern's absence in the first half of February, is as follows:

- a. End February, Population (King).
- b. Beginning March, Urbanization (Keare).
- c. End of March, Choice of Techniques (Acharya, Squire and Shepherd).
- d. Bela Balassa and I also plan to update the Industry Medium Term Research Program.

Edueⁿ?

HHughes:hs

cc: R. Gulhati

Discussed with Mr. Gulhati; 5 March.

Popul., faraway, indefinite.

urbaniza. possibly end April.

Tech. end Mar.

Industry. no need for discussion.

Nutrition.

for the past 18 months
we had an arrangement with about 40

DATE: January 18, 1974

TO: Mr. D. C. Rao

research institutions across the world to exchange

FROM: Helen Hughes

documents

SUBJECT: Papers for DPS Advisory Committee

Following our discussion a few weeks ago I would like to
finalize the time table for the discussion of the research review
papers the ECD is preparing for the DPS Research Advisory Committee.

My suggestion for a time table, in view of Mr. Cherny's and
Mr. Stern's absence in the first half of February, is as follows:

- a. End February, Population (King).
- b. Beginning March, Urbanization (Kears).
- c. End of March, Choice of Techniques (Acharya, Spire and Shepard).
- d. Bela Balassa and I also plan to update the Industry Medium Term Research Program.

Hughes:hs

cc: R. Gulatti

[Handwritten notes and signatures]

John M. ...

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Res. Admin File

OFFICE MEMORANDUM

TO: Mr. Ernest Stern, Senior Adviser, VPD

FROM: Mervin E. Muller, Director, CAD

SUBJECT: External Research Project Computer Budgets

DATE: January 3, 1974

This is to acknowledge receipt of your memorandum of December 18, 1973 on External Research Project Computer Budgets.

We will inform all users of Computing Activities Department resources involved with research projects of your request. We have instituted the necessary controls to comply with your instructions that all requests to modify computing funds for research projects are referred to the Secretary of the Research Committee for approval.

cc: Mr. Rayfield, CAD
Mr. Schaech, CAD
Mr. Abbott, CAD
Mr. D.C. Rao, VPD



A NOTE ON CPS RESEARCHIntroduction

1. The CPS is responsible for a major part of the Bank's Research Program. In FY73, it had responsibility for about 30% of the research projects in the program involving about 40% of the total External Research Budget.
2. In particular, it has the primary responsibility for identifying the research needs and the execution of research projects in the areas of Agriculture, Education, Public Utilities, Transportation and DFCs. Its research responsibility in Rural Development is presently shared with the DPS, but clearly it is in a position to exert leadership in this area also, in view of its close operational involvement.
3. Whereas the COPDs do not have primary research responsibility they have nevertheless a great interest in transmitting research requirements to the DPS and in shaping the research in their areas. In addition, their central position gives them an excellent potential for disseminating research results in the regional departments.
4. The importance of the CPS in Bank research is not fully indicated by the magnitude of the research resources it utilizes. CPS research differs qualitatively from much of DPS research in that it bears more directly and immediately on Bank operations in projects and sectors. The type of research it executes and needs to execute is often different in focus, methodology and in the manner of presentation and dissemination of research results.
5. In view of these considerations it is important that the CPS make a concerted effort to develop sectoral research programs focussing on key problems and to prepare effective proposals for specific research tasks. The responsibility for this effort rests naturally with the departments, but the Economic Adviser (EAS) is available to assist in this effort, as indicated further below.

Medium-term Research Programming

6. The Research Committee had on several earlier occasions encouraged the preparation of medium-term research programs to assist it in understanding the researchers' perspective of sectoral research needs and priorities. Such programming would serve several functions. It would:
 - i) help the Committee and the researchers develop a sectoral strategy for research in terms of which individual projects can be judged;
 - ii) help identify key constraints on the execution of a satisfactory research program by sectors;
 - iii) help research staff time planning and scheduling;

- iv) help departmental budgetary planning for research project preparation, and for the execution of those research projects which are not "eligible" for financing from the External Research Budget;
- v) provide advance notice to the Research Committee on research proposal submissions and give it a chance to react in early planning stages;
- vi) above all, ensure that the planning of the total size and composition of the External Research Budget proceeds in full knowledge of the foreseeable CPS research needs.

7. The preparation of medium-term programs has not been satisfactory in the past, with few exceptions, not only in the CPS but also in the DPS. It is an admittedly difficult, and in many cases, speculative task but, nevertheless, an important one for the reasons cited above. To some extent, however, it is already attempted in some of the SPPs which have a longer term focus than annual departmental work programs. What is needed is to take off from general discussions of policy and operational problems in the SPPs, and to translate this into a program of specific research tasks taking account of existing knowledge, past and outside research and other considerations.

8. The Economic Adviser (PAS) is available to assist the departments in this task by developing general terms of reference for such sectoral research programs, by participating in the preparation or review of programs and by bringing to bear a cross-sectoral and general country oriented perspective whenever needed.

Research Proposal Preparation

9. There is an apparent need for better reviews of research proposals before their submission to the Research Committee, as well as reviews of projects in their preparatory stages. This would be an important task, as a fair number of CPS research proposals were rejected by the Research Committee during the last two years, and even those which were funded often needed more than one review and substantial revisions after first submission.

10. The Economic Adviser (PAS) can contribute to more satisfactory preparation and submission of research proposals by CPS by providing an informal review either on an individual basis or, when needed, by inviting the assistance of other departments in the CPS and individuals from other parts of the Bank.

Other Matters

11. In addition, the Economic Adviser (PAS) may also assist in several other ways, such as advising on the dissemination and publication of CPS research,

the formulation of general CPS research policies and by acting as a focal point for contacts between the Bank's Research Adviser (to be appointed), the Research Committee and the CPS Departments.

ARay/HGvanderTak:1fb

Mr. J. Warford, PBP

September 12, 1973

Paul E. Smith, VPD

Research Proposal - The Impact of Potable Water
Supply on Village Community Development

Could you please provide the following information to my office in order that a proper review may be held on the proposed research project "The Impact of Potable Water Supply on Village Community Development".

- 1) A copy of report referred to on page 3, section 2, paragraph (a) of the research project proposal form.
- 2) Please provide an explanation as to why an outside proposal is submitted rather than an internal proposal which could be presented for bids if and when the project is approved.
- 3) Please provide some descriptive information regarding the organization SEATEC (e.g. recent major contracts, principal background, history of the organization, current ownership, etc.)

I would appreciate this information as soon as possible since the review panel must meet and prepare their recommendations by early October.

cc: Mr. Stern

PSmith/mp

OFFICE MEMORANDUM

*File: Research
Administration*

TO: Mr. A. Ray, VPD

DATE: August 9, 1973

FROM: Douglas H. Keare, ECDRB *DHK*

SUBJECT: World Bank Research Program Pamphlet (your OM of July 31)

There are as yet no finished papers for any of these projects. The report on RPO241 is presently undergoing internal review and will eventually be suitable as a Working Paper. The final product of RPO270 should be, among other things, a publishable book.

DHKeare:gc

*Marlin
File*

*R 73-257 9/24/73
Read Paper*

Mr. Paul Smith, VPD

April 26, 1973

Ernest Stern, Senior Adviser, VPD

Documentation of Research Projects

Would you direct the attention of the Administrative Officers to the documentation of research projects. Despite repeated efforts to explain the requirements of the simple form, the staff seems incapable of completing it accurately. For example, by no means unique, you may want to look at the recent submission for Project RPO 206 - a continuing activity.

1. Item 5 shows "Total Estimated Cost" of \$52,125. This is an ongoing project, and FY1974 expenditures are also shown as \$52,125. This is clearly inaccurate. (The instruction sheet explains further that "total" means "total", and not the cost of a single year.)
2. No internal staff time is shown. If that is true, in what way is the DRC thought to be responsible? Moreover, no time for monitoring clearly contradicts the standing rule that research projects must have internal links to be effective.
3. Item 2, page 2, is blank.
4. Item 3, page 2, is blank.
5. The financial data (Part IV, Item 1) shows only the request for FY1974. FY1973 is not shown. Neither is FY1975 although, according to the narrative, work will continue into FY1975, even without an allowance for slippage.

I am not sure what the solution is, but we cannot continue to accept incomplete information. Unless the information we get from the researchers is accurate, there is no way to control the current budget and to project our future requirements. This in turn means an extraordinary amount of time and manpower is spent in correcting data and adjusting for unforeseen, but foreseeable, expenditures. In a tight resource situation this means, in addition, that we have fewer projects operational than we might have.

Mr. Smith

- 2 -

April 26, 1973

Perhaps we ought to have a rule that the research submission, in addition to being approved by the Department Director for substance, should be reviewed by the Administrative Officer so that he can certify to the accuracy of the budgetary data and the completeness of the documentation. I would welcome your thoughts on this.

cc: Messrs. Cauas, DRC
Ray, VPD

EStern/lm

Mr. A. Stevenson, ECDDR

March 21, 1973

Ernest Stern, VPD

Submission of Research Proposals

I have just received Shlomo Reutlinger's research proposal for the Yugoslav Smallholder Study, which was duly signed by you. Before we get any more submissions from your Department, would you be good enough to refer to my memorandum of March 12 and its attachment. The purpose of these memoranda is to assure comparability in research project submissions and to have all divisions in the Bank start with the same chance of having their project approved. It is, therefore, somewhat disconcerting to find that once again your Department managed to ignore the memorandum and, among other things, use the old project proposal submittal form. Would you be good enough to assure that all future projects are submitted on the appropriate forms, copies of which are available from Mr. Smith's office. If there are any other difficulties with the instructions, please feel free to call Mr. Ray so that future projects will be submitted in a form that can be processed and we need not waste time in sending them back to you for correction.

cc: Messrs. Gulhati, Hawkins

EStern/lm

*File
by a*

OFFICE MEMORANDUM

*File : Bank research
Program - General*

TO: Mr. Robert S. McNamara

DATE: February 20, 1973

FROM: Ernest Stern *ES.*SUBJECT: Bank Group Research Program

Attached is a status report on the Bank Group Research Program, as you requested some time ago. Detailed information on individual projects was published in August 1972 in World Bank Group Research Program.

Attachment

cc and cleared with: Mr. Chenery
Members, Research Committee

cc: President's Council

EStern/lm

THE BANK GROUP RESEARCH PROGRAM -

A STATUS REPORT

I. Introduction

1. The Bank Group has carried out research for a long time, but the scale of the research program has been expanded considerably in recent years. ^{1/} Although data for the past years are difficult to obtain, much of the earlier research generally consisted of rather small projects carried out internally by Bank staff. Gradually more research has been undertaken and individual research studies have grown more complex and consequently required more external resources.

2. The increasing emphasis on research reflects the growing scope and complexity of Bank operations. This required the development of a consolidated review and budget process and a system for allocating scarce research funds in accordance with Bank-wide priorities. To fulfill this need, a Research Committee was established in 1971 to advise the Vice President, Development Policy (then Economic Adviser), on:

- . The scope and content of the Bank Group research program
- . The relation of research to operations
- . The priority requirements for research
- . The relation between Bank Group research and research carried out in other organizations
- . The development of research capacity in the developing countries.

^{1/} Since its inception in 1967, there have been 119 publications in the Working Paper series. The first Occasional Paper was published in 1966; a total of 15 have been issued. The annual number of publications in these two major series averaged 25 between 1968 and 1972.

3. The Committee 1/ thus far deals only with those research activities which require the use of individual consultants or consulting firms. Studies done entirely by internal staff - of which there are few - are not systematically reviewed by the Committee, nor are studies financed by loans or credits.

II. The Objectives of the Research Program

4. The Bank Group's research program is intended to serve the following objectives:

- . Increase knowledge of the basic development process in areas of particular importance to the Bank
- . The establishment of a factual and conceptual basis for Bank policies on particular aspects of development
- . Support for Bank operations in particular sectors
- . Development of institutional capacity for research in the developing countries.

The first three objectives relate to the nature of the output of the research program, while the fourth - developing institutional research capability - is pursued through projects undertaken to achieve other objectives. To the maximum extent feasible research is to be undertaken in collaboration with institutes in developing countries, or where that is not feasible, every effort is made to have the principal contractor involve LDC institutions or individuals in part or all of the work.

5. The first three objectives are interrelated and most projects tend to serve more than one. Research related to increasing the knowledge of the development process in key areas provides the necessary perspective for identifying and assessing policy issues, and it is thus linked with policy-oriented research. Policy-oriented research in turn is necessary support for operations.

1/ The Committee is drawn from all parts of the Bank. Members are appointed by the Vice President, Development Policy, and generally serve for two fiscal years. The present Committee membership is Mr. Chenery, Chairman; Mr. Stern, Deputy Chairman; Mr. H. Adler, (EAN); Mr. Avramovic, (LCN); Mr. Balassa, (DRC); Mr. Baneth, (ASN); Mr. Gulhati, (DED); Mr. Karaosmanoglu, (EMENA); Mr. Kuczynski, (PPD); Mr. Qureshi, (IFC); Mr. Schulmann, (PAB); and Mr. Van der Tak (CPS).

6. Support of operations requires research not only on individual projects but also on sectors and on the economy as a whole. The emphasis is on overcoming the key factual and conceptual weaknesses in Bank's work and in providing analytical tools that can be applied in practice to assess the impact of various government policies.

7. The benefits of the research program are, of course, not confined to the Bank Group's staff. Apart from contributing to the general stock of knowledge in development economics and also in the other areas such as engineering, the Bank Group's program also meets some of the critical needs of planners and program implementation agencies in the developing countries. Assistance to less developed countries is provided in this way as well as through institutional support.

8. Research on development is carried out by a multitude of universities and institutions throughout the world. To some extent, the Bank Group research program establishes contacts through which we learn of outside research, disseminate it within the Bank, and avoid duplication. Despite the research conducted elsewhere, the Bank Group has special requirements for research, as well as a comparative advantage in some types of studies. The Bank Group's comparative advantage in research, although varying by subject area, stems from its rather unique perspective, its ability to objectively assess the critical development issues covering many countries, its access to data and the resources it is willing to devote, and able to mobilize through joint financing, to well-focused pragmatic research as an aid to decision making in an operational context.

III. The Present Research Program

9. The details of the present research program were published in August 1972 in the World Bank Group Research Program, which provided a description of every active project. The present research program emphasizes support of lending operations, with a heavy commitment in transportation. Gradually increasing emphasis is being placed on other areas, such as trade, employment, urbanization and agriculture. The planned shift in relative priorities is shown in Table 2.

Policy-Oriented Research

10. To help policy formulation within the Bank and to help carry out the Bank's role as a policy advisor to less developed countries, research is in progress on many leading issues in economic development, including rural development, employment, income distribution, export promotion versus import substitution and comparative experience with economic planning.

11. The program at present, however, only partially reflects the importance of these areas since there is a considerable time lag between the identification of a major issue and the identification of projects which the Bank, rather than other organizations, should undertake. Consequently, a number of research projects on income distribution are in preparation and are expected to be implemented in FY1974 and future years. Similarly, research projects also are under preparation concerning issues of trade and industrial policy. Additional work in rural development also is planned, although the present program includes six major studies which impinge directly on the rural sector and the problems of project development in it.

- . Public Works Program
- . East Africa Rural Development
- . Yemen Arab Republic Feeder Road
- . Ethiopia Feeder Road Study
- . Village Electrification
- . Village Water Supply

The major studies addressed to general development problems are:

- . Development Strategies in Semi-Industrialized Countries
This compares and evaluates the effects of alternative incentive systems (such as tariffs, quotas, export subsidies, exchange rates, credit and tax preferences, etc.) on resource allocation, trade and economic growth in various countries.

- . Patterns of Demand and Savings in the Development Process
This analyzes how savings and consumer expenditures change in response to changes in income levels, prices, and income distribution.
- . Cross Section Analysis of the Development Process
It compares the relative experience of developing countries at different stages of economic growth.

Operational Support

12. The studies which provide factual and analytical support to operations include analysis of sector issues and problems of project analysis.
13. In most cases the general conceptual work has already been accomplished and consequently research focuses on the construction of pragmatic analytical tools and on the collection and analyses of basic data.
14. Several programming models have been constructed and experimented with. Models incorporating the whole economy as well as sectors and projects have been built for Ivory Coast and Mexico. Examples of quantitative sector models are the agricultural sector models being applied to Brazil, Mexico and Portugal and the transport sector model, substantially completed last year, which was applied to Colombia, Brazil, Sudan, Dahomey, Thailand and the Central American countries. Currently on-going is another such study applied to the investment and location problem for the fertilizer industry in East Africa.
15. These experiments cannot yet be fully evaluated as much of it is in progress. Some of the models may turn out to have limited utility for specifying sector strategies, although the Mexican agricultural model has already proved to be useful and has led the Government of Mexico to ask the Development Research Center to station a staff member there full time to work with the Secretariat of the Presidencia.
16. Although many studies produce considerable factual material, two studies are exceptional in the sense that they represent very major efforts towards the collection and analyses of primary data of basic importance.

One of these is an investigation of the substitutability of labor for capital in the construction of roads and other civil works being carried out in India and Indonesia. Another is assessing the capital, operating and maintenance costs of roads and vehicles under alternative highway design standards. Both these studies are of great interest to not only Bank operations, but also for LDCs. In fact, India and Brazil have recently shown active interest in doing further work on design standards themselves, with Bank staff and financial assistance.

17. The Government of Brazil is proposing to finance the entire cost (\$2.3 million) itself and the Government of India 25% of the total cost (\$0.6 million).

18. Another study of a similar nature is the International Comparison of Prices and Income which is designed to produce basic data, e.g. relative per capita income and expenditure computed on a much improved methodological basis, for a large number of countries. These data will provide a more reliable quantitative basis for a wide variety of economic analysis.

19. Several methodological studies are also being carried out to improve project appraisal methods. One of these involves developing methods for estimating shadow prices of foreign exchange, capital and labor, taking into account the economic and social objectives and their application in particular countries.

Functional Profile

20. There are at present 59 research projects in the program, the bulk of which started more than a year ago. Twenty-eight of these studies are scheduled for completion during 1973, 25 in 1974, and 6 in 1975.

21. A classification by subject area is shown in the attached Table 1, giving the estimated cost for both FY1973 and for all fiscal years. Of overwhelming importance are the two transport studies on Labor-Equipment Substitution in Road Construction and the Highway Design Study, which together account for over \$1 million of the total estimated cost of \$3.6 million.

IV. Collaborative Research

22. Improving the capacity of developing countries to undertake economic research is an important part of institution building which has become an important consideration in the research program. Cooperative arrangements exist, for instance, with research centers in India, Pakistan, El Salvador, Brazil, Thailand, Korea and elsewhere. In many cases, these centers are involved in data collection activities. For instance, in the Indian Agricultural Mechanization Study, the Indian Institute of Management in Ahmedabad and the Punjab Agricultural University in Ludhiana are collecting tractor and bullock farm data from farms in Gujarat and Punjab, and in Costa Rica, the Institute of Economic Research at the University of Costa Rica is carrying out an unemployment survey.
23. Other programs involve such activities as training graduates from the Central Planning Organization in the Yemen Arab Republic to participate in a study measuring the benefits of a Bank-financed feeder road project, or providing financing for graduate students and their advisors at the Asian Institute of Technology in Bangkok to carry out an analysis of the impact on port congestion from ship rescheduling.
24. These cooperative research efforts are mutually beneficial. They benefit the Bank since they facilitate exploring various issues in a comparative framework, and by strengthening the indigenous data and analytical capacity on which, in the long-term, we must rely for much of our country work. The research institutes often benefit from the technical assistance incorporated in the collaboration and from the perspective which is often missing from internally designed projects.
25. There is considerable scope, however, for increasing the extent of collaborative research, involving not just field work and data collection on the part of institutions in developing countries, but also involving participation in research design and basic methodology. The intended programs in Brazil and Indonesia are intended to generate such higher level collaboration.

Dissemination

26. Considerable attention has been given to increasing the dissemination of research results. A pamphlet, World Bank Group Research Program, describing the content of the research program, was prepared for the 1972 International Meeting of Directors of Development Research and Training Institutes in Belgrade. This document will be up-dated regularly in order to provide researchers with a current statement of the Bank Group's research activities.

27. Completed studies are published either as working papers or as occasional papers. (A selected list of recent publications is shown in Table 3.) Both are distributed extensively outside the Bank. The Catalog of Studies, issued regularly, lists existing studies and those expected shortly. The circulation of this catalog and the demand for working papers has increased substantially in the last year and a half. Many of the working papers, such as Bela Balassa's study on project appraisal methods (Working Paper No. 119), have had to be reprinted frequently. Additionally, "Finance and Development" announces all recently completed studies.

28. We have also initiated an exchange of documents program with other development research centers, which has improved the distribution of our own research and the accessibility of work done elsewhere to the Bank's operational departments.

Administration of the Research Program

29. Since research was only established as a separately budgeted Bank activity in 1971, it has been necessary to develop procedures for selection of projects, budgetary review, etc. Although much has been accomplished in this area during the past two years, considerable work still remains to be done, particularly in establishing priorities for future work. The management improvements which have been made in the past year include:

- . A classification system has been established which enabled us to develop a computerized retrieval system, linking research projects to output; and establishing a connection with the budget accounting system so that accurate monthly financial information is available for each project.

- . Establishing liaison with about 40 research institutions, most in developing countries, for exchange of research information. Their papers are being collected and indexed by our Research Files for use by Bank staff and we send staff working papers and other documents to them.
- . A regular quarterly progress reporting system has been established to enable the project monitor or others to identify problems - financial or substantive - as they occur and to assure that work proceeds on schedule.
- . A considerably expanded review process is being used to screen projects. The process serves to standardize selection criteria and, by working through ad hoc subcommittees consisting of economic staff throughout the Bank, and chaired by a Research Committee member, serves to involve a broad range of staff views in consideration of research projects.

30. Now that a profile of the past and on-going research program by sector has been completed, the next step is to develop a more definitive set of objectives based on sector reviews, approved work programs and research problems identified in the sector program papers. This process will be the principal work of the Committee in the second half of FY1973, and yield a statement of priorities for the next several years.

Table 1

WORLD BANK RESEARCH PROGRAM:Cost of Approved Projects as of January 1973 /a

	<u>Cost in \$1000</u>		<u>Number of Projects</u>
	<u>FY73</u>	<u>All Years</u>	
I. General Development Policy & Income Distribution	502	941	14
II. International Trade & Finance	15	15	1
III. Agriculture & Rural Development	397	520	10
IV. Industry	127	330	7
V. Transportation	319	1,266	11
VI. Public Utilities	133	235	4
VII. Urbanization	59	121	3
VIII. Human Resources	200	347	8
IX. Other (Tourism)	<u>11</u>	<u>25</u>	<u>1</u>
TOTAL <u>/b</u>	1,763	3,800	59

/a Cost figures include all external costs (consultants, data processing) and all internal costs associated with the project (staff travel, data processing) except staff salaries.

/b The FY1973 figure includes a percentage for overprogramming. The budget is \$1,530,000 plus a supplementary amount of about \$40,000 for financing of a study of public works.

Table 2

RESEARCH PROGRAM
Five Year Forecast.
December 13, 1972

(in \$ 000)

	FY 73	FY 73 Percentage Breakdown	FY 74	FY 74 Percentage Breakdown	FY 75	FY 76	FY 77	FY 78	FY 78 Percentage Breakdown
I. Gen. Dev. Pol. & Plan.	416	26%	450	24%	410	425	450	480	15%
II. Fiscal Pol. Fin. Inst.	-0-		40	2%	75	100	130	150	5%
III. Trade & Int. Fin.	15	1%	40	2%	75	100	125	150	5%
IV. Ag. & Rural Dev.	296	18%	300	16%	350	480	575	750	23%
V. Ind. & Trade	127	8%	175	10%	200	240	280	320	10%
VI. Transportation	409	25%	420	23%	420	400	400	400	13%
VII. Pub. Util.	90	6%	100	5%	110	130	140	150	5%
VIII. Urb. & Reg. Dev.	43	3%	70	4%	110	175	250	300	9%
IX. Pop. & Human Res.	143	9%	190	10%	250	300	350	400	12%
X. Other	71	4%	70	4%	100	100	100	100	3%
TOTAL Allocation	1610	100%	1855	100%	2100	2450	2800	3200	100%

Table 3

Selected List of Research Publications

<u>Category and Title</u>	<u>Date Issued</u>	<u>Format</u>
<u>General Development Policy & Planning</u>		
1. Multi-level Planning: Case Studies in Mexico	December 1972	Book
2. Adjustments for Trade Distortions in Project Analysis	March 1972	Working Paper
3. An Anatomy of Income Distribution Patterns: Summary of Findings	September 1971	Working Paper
4. The Relevance of Econometric Models for Medium and Longer Term Forecasts and Policy Prescription	May 1970	Working Paper
<u>Fiscal Policy, Financial Institutions and Resource Mobilization</u>		
1. The Role of Contractual Savings in Mobilization of Savings	June 1970	Working Paper
2. Earmarking and Taxation in Developing Countries	April 1969	Working Paper
3. The Determinants of Aggregate Savings	March 1972	Working Paper
<u>Trade and Industry</u>		
1. The Structure of Protection in Developing Countries	1971	Book
2. Industrial Policies in Taiwan and Korea	1972	Article

<u>Category and Title</u>	<u>Date Issued</u>	<u>Format</u>
<u>Trade and Industry (Cont.)</u>		
3. Assessment of Policies Toward Direct Foreign Investment in the Asian Pacific Area	1972	Article
4. The International Division of Labor: The Case Study of Industry	1972	Article
5. Regional Integration and Trade Liberalization in Latin America	September 1971	Article
6. Manufacture of Heavy Electrical Equipment in Developing Countries	October 1969	Occasional Paper
<u>Agriculture</u>		
1. An Economic Evaluation of Irrigation Rehabilitation Projects in Mexico	September 1971	Economic Staff Paper
2. An Agricultural Model from the Ivory Coast Programming Study	March 1972	Working Paper
3. Valuation of Buffer Stocks	1971	Article
4. Agricultural Development in Relation to the Employment Problem	May 1971	Working Paper
<u>Transportation</u>		
1. The Economics of Road User Charges	August 1968	Occasional Paper
2. The Economic Regulation of Road Transport Industry	October 1970	Economic Staff Paper
3. Appraisal Methodology for Feeder Roads	March 1970	Working Paper
4. Quantification of Road User Savings	September 1966	Occasional Paper

<u>Category and Title</u>	<u>Date Issued</u>	<u>Format</u>
<u>Transportation (Cont.)</u>		
5. Highway Design Study: Phase I	January 1971	Working Paper
<u>Public Utilities</u>		
1. Optimum Development of the Electric Power Sector in Turkey	March 1972	Working Paper
2. Models for Determining Least Cost Investments in Electricity Supply	March 1972	Article
3. Methods and Criteria for Energy and Policy	June 1972	Article
<u>Urbanization & Regional Development</u>		
1. Greater Jakarta, the Capital City of Indonesia	April 1971	Working Paper
2. On the Concentration of Urbanization and Economic Efficiency	April 1970	Working Paper
<u>Human Resources</u>		
1. Cost-Benefit Analysis in Education: A Case Study of Kenya	1972	Occasional Paper
2. Migrant Workers in Western Europe	March 1971	Working Paper
3. Some Aspects of Public Education Expenditure in Africa	January 1971	Working Paper
4. The Measurement of the Economic Benefits from Family Planning Projects and Programs	March 1970	Working Paper

Mr. H. Schulmann

January 15, 1973

Ernest Stern

Comments on Draft Report on Research Program

Thank you for your comments on the draft status report on the research program. These were most helpful, but I was not quite clear about Item 10.

I agree entirely about the importance of monitoring. Each project has a monitor assigned (the adequacy of monitoring time is one factor in our review); these monitors submit regular status reports and also back-to-office reports. Finally, projects are selected subject for interim reviews. I am sure you are not suggesting that the Committee itself do more monitoring directly.

Personally, I rather get the feeling that we are pushing the digestive capacity of the Committee. Attendance at the few review sessions we have scheduled has been poor and not all of the documentation provided is utilized. However, I would welcome your suggestions for additional steps in this area and perhaps these can be put on the agenda for one of our meetings.

EStern/lm

see

Mr. H. E. Kastoft

January 11, 1973

Ernest Stern

Per our conversation the other evening, attached is the booklet describing the Bank's current research program. As I mentioned, I should like to explore with the Danish and Swedish aid agencies the possibility of future joint financing of research projects, and what the mechanics of such collaboration might be. I expect to be in Europe February 1-6 and would be able to meet with officials in one or both agencies if convenient.

Attachment

EStern/lm

OFFICE MEMORANDUM

→ HBC

TO: Mr. Ernest Stern

DATE: January 2, 1973

FROM: Alexander Stevenson

SUBJECT: Research and the Development Economics Department

1. Reading Mr. Yudelman's draft report entitled "Towards a Program of Rural Development", a report which makes certain recommendations about the organization of research on rural development in the Bank, I have come to the conclusion that it would be appropriate to set down briefly again, some points about the place and organization of research in the Bank and in the Development Economics Department, a matter touched on too lightly, I believe, in the recent discussions about the reorganization.

2. First, in any field the Bank's contribution to original research can only be modest and therefore it is all the more important to concentrate on what it can do best. Second, an important part of the Bank's effort will be the interpretation of others' results and their transfer to the Bank for utilization in its operations. This job requires research-oriented people, and they can do it well only if they are actively engaged in research themselves. Third, the Bank's comparative advantage is derived from the fact that it is an operating institution with access to information over a wide range of activities. Fourth, much research related to issues of Bank policy cannot be done outside the Bank and can only be done well by people who have a fairly intimate knowledge of Bank operations. The point was well stated by Mr. Harral last August, "It is the combination of operations support, research and policy functions in the same people which is the quintessential aspect, not only of this division but of the Economics Department as a whole. Support of operations provides the background and perspective that keep research relevant to the Bank's operational needs, while the research gives an effective base to make our operational support more productive. Both the research and operational experience enable us to contribute to policy formulation." It has been made repeatedly by a very large number of the staff, for instance in a memorandum by Mr. Henderson, Mr. Lerdaud and myself dated September 1, 1972. I am not sure if its significance has been fully appreciated.

3. At least four conditions must be fulfilled if effective research is to be done in the Bank. First, agreement must be reached on the type of research to be undertaken. Second, a stable and propitious environment must be provided for the staff engaged in doing it. Otherwise any organizational boxes in which it is arranged will soon be empty of those capable of carrying it out. Third, this requires several groups of a certain minimum size, not all working on the same topics or in the same fields, to provide for the easy interaction between researchers which is absolutely essential to their success. Fourth, it requires a certain degree of protection from the urgent needs of day-to-day operations, coupled with close and continuing contact with particular operational problems important for the work on which it is engaged. Fifth, and this is crucial, management must support it unambiguously and in doing so must recognize that the horizontal channels of communication and interaction within the Bank are as important in the long run as are the vertical channels between research staff and management.

4. Another aspect of the problem has been coming up with increasing frequency, for instance in discussions with Mr. Chenery and yourself. Many of the problems to which the Bank is now paying increasing attention, e.g., employment, income distribution, rural development, nutrition and health, are not really sectoral problems at all, but impinge on more than one economic sector and often involve aspects of the general economic policy of a country with regard to resource mobilization and allocation, etc. All of them are of concern to the Development Economics Department, a major role of which should be the exploration of and support for programs of Bank operations in areas such as these.

5. To some extent our present divisional structure reflects this, but I and some of my colleagues are not convinced that we have yet hit on the optimum grouping or the most effective way of working in the "regionalized Bank Group". The recent preoccupation with relations with the CPS should not distract our attention from the importance of developing a continuing and constructive dialogue with the Regional Offices on problems they meet in areas such as these. These questions of structure and working relationships are some which I will wish to take up, preferably after Mr. Gulhati's return, with Mr. Chenery, yourself and the others concerned both in the Department and elsewhere in the Bank.

6. It is far more important, I believe, to devote a great deal of attention now to matters such as I have outlined in this memorandum than to make hurried and piecemeal organizational changes in response to particular problems such as how research in a particular area like rural development should be organized.

cc: Mr. Chenery (o/r)
Mr. Gulhati (o/r)
Mr. Hawkins
DED Division Chiefs

2572

12/15 to Mr. Stern

Ernest, I am impressed.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: December 14, 1972

FROM: Ernest Stern *ES*

SUBJECT: Management of the Research Program

The next step should be to assume that the results of the research will be used to change Bank decisions, policies, & programs. Keep me informed on how

I thought you would be interested to see some physical evidence of the improvement in management of the research program. We have now established a computerized retrieval system which includes all completed and ongoing research projects. The projects are classified by sector, purpose (basic research, country economic work, project or sector analysis), type of study (empirical, general methodology, models), country of work and implementation method (Bank staff, contract, LDC institution). The information for each project shows the responsible department, the starting and completion dates, and, for ongoing projects, cost. In addition to improving our management capacity and providing a better basis for establishing sector priorities for resource allocation, the listing also serves other purposes. As a first step, the country classification is being provided to staff working on CPPs so that the future economic work program can take account of when research results will be available.

This classification system also is the basis for a budget system which, for the first time, ties the research budget into the P & B system. As a result we now obtain monthly information on the financial status of each project.

Work has started on listing of research output of past projects. When completed, we will be able to identify publications, including mimeographed material, with individual research projects.

The first eight pages of Part I list the completed projects by sector, and the first seven pages of Part II list all ongoing projects by sector. The other pages report the projects by different categories and normally will be run off only if needed.

your proposal to do this & the progress you are making

Attachment

EStern/lm

12/14

Res. Inst.

Mr. Paul Smith

October 30, 1972

Ernest Stern

Card File on Research Institutes

Would you initiate a card file on Research Institutes.
This should include:

- a. name
- b. address
- c. name of Director
- d. major field(s) of interest
- e. any comments we may have on capacity; major research studies; past work with IBRD.

The file should be indexed by country, by region and by one principal area of interest.

Start with the invitees to the Belgrade Conference. Attached are a couple of further inputs from staff in response to my memorandum. As time permits, you might follow up with others to extend the file.

Attachments

cc: Messrs. Chenery
Ray

EStern/lm

General

Mr. E. Stern
Mr. A. Ray

October 24, 1972

Hollis B. Chenery

Index to Research

I suggest that we add to this index:

- (1) The name of the Project Supervisor in the Bank (as well as the Division responsible).
- (2) The name of the LDC institution for any collaborative project.

HBChenery:di

Mr. Wouter Tims

September 14, 1972

Ernest Stern

World Bank Group Research Program

I don't know whether you have seen the attached, but it describes all currently active research projects, including those approved by the Research Committee in June. If you want to have a look at the projects pending review by the Research Committee at its September 20 meeting, feel free to borrow my briefing book. However, because of budget constraints relatively few of the proposals can be financed. If you are interested only in approved projects, a list will be circulated after the meeting.

Attachment

EStern/lm

Mr. P. Henderson

cm
general? Rev.
File: Rsch Adm
June 22, 1972

Ernest Stern

Research - Status Report

You will recall my memorandum of April 28, 1972, requesting status reports on ongoing research projects. The due date was May 17, 1972. As of today, we have not received reports on three projects in the Agriculture Division which, according to our records, are active in FY 1972. These are:

- 2531) Computer Simulation Models for use in appraisal work,
- 2) Farm Level Analysis of typical farming operations,
- 3) Issues and Studies on cost-benefit methodology. PP

As of the mid-year review, about \$40,000 of FY 1972 funds had been allocated to these projects and they were to use 15 man-months of staff time.

We have reports on all other ongoing FY 1972 projects and I would appreciate it if you could see to it that information on these projects is submitted shortly. If the projects have been completed, the status report form should provide final cost data and attach the papers which have been produced.

cc: Mr. Reutlinger

Policy

*Gen
general?*

Mr. Hollis B. Chenery

June 13, 1972

Ernest Stern

Next Steps in Organizing the Research Program

1. For the past three months, we have taken a number of steps to organize the Bank research program better. These steps include:

- . Establishment of functional panels to review project proposals which are drawn widely from the Bank's economic staff, instead of only from the membership of the Research Committee;
- . establishment of a regular status reporting system;
- . improvements in budgeting and fiscal data reporting to provide current information on the total costs of projects;
- . initiation of a system to collect data on research projects financed from sources other than the research budget;
- . streamlining operations of the Bank Research Committee, including the approval of small projects (under \$10,000) by our office;
- . development of a classification system which will enable us to put research program data on the computer.

2. While these steps represent reasonable progress in the time available, much remains to be done. The research portfolio now contains almost 100 projects, to which a further 12-15 will probably be added in FY1973. In addition to these, there are several dozen projects financed from other sources. This research program, with an estimated total cost of \$4 million, has no philosophy, no selection criteria, an inadequate administrative system, poor operating data, and no dissemination system. It is in these areas that we are planning the work program for the next six months.

3. To do the work necessary, we have the following staff -- A. Ray (at present 3/4 time, which I hope to reduce); J. Lowther (support on budgetary data and administration); a research assistant we hope to acquire in FY1973 (about 3/4 time).

Meanwhile we have borrowed a research assistant but she is located in D Building and, while well suited for calculations, not capable of substantive organization work. While this staff is, I believe, fully adequate to administer a well-organized research program, it does impose limitations on the speed with which the organizational improvements can be made while administering the ongoing program.

4. My present plans for the next six months include:

. Computerize the Research Program

This is a considerable job which will involve extensive cooperation with the Computing Activities Department and P&B. The agreed classification program will undoubtedly have to be modified as the computer programming proceeds and our financial data will have to be cleaned up.

. A Research Program Filing System

The present system is very inadequate. Files on ongoing projects are incomplete, often containing nothing but the original proposal. Even though we are putting basic data on the computer, an accurate and complete historical record requires an adequate filing system which will contain a record of the original proposal, changes in the proposal as a result of discussions, action taken by the Research Committee, status reports and completion reports. We are already reaching the stage where information on completed projects will be irretrievably lost.

. Development of a Research Program

Discussions have been started to formulate more clearly the desired balance between different type of projects. This will be necessarily an evolutionary process which will be based, in part, on a better analysis of the present portfolio which depends on completing the computer program.

. Review Process

We have responses to the first request for status reports, which we will repeat at regular intervals. Effective operation of the review system will take some time, both because the monitoring officers do not fully accept the need for outside review

and because we must experiment with formats to assure adequate review with the least possible additional burden on senior staff. At the outset, we expect to a) obtain regular status reports on all projects, b) furnish a summary status report to the Research Committee, c) undertake in-depth review of a sample of projects by functional panels and the Research Committee. I would aim for the first review of ongoing projects in September.

. Development of Areas of Emphasis

Following our discussion with ECD last week, we will try out a systems approach to employment research. By involving a number of interested staff members, we hope to develop an integrated strategy for research in employment problems, assess current work, identify gaps and assign responsibility for designing new activities.

. Information on the Research Program

Most of the Bank is ignorant about the composition of our research program. As a first step, we intend to compile a document which will contain brief, aggregate fiscal data for each project and a brief (1-2 pp.) description. This would be for internal dissemination; at some future time we might consider a descriptive pamphlet for publication.

. Collaborative Research

In addition to the occasional personal forays by staff members into selected countries, we expect to be able to start developing more systematic information on LDC research capacity. A first step will be to tap the knowledge of other development organizations (OECD, IDRC, AID, etc.), supplemented by the extensive personal knowledge of staff members.

. Joint Financing

By the fall, we should have enough information about our present portfolio and future intentions to be able to discuss with interested governments and foundations areas in which joint financing is desirable.

5. This program ought to keep us reasonably occupied. I would welcome your comments.

Mr. David Henderson ECD

June 8, 1972

Ernest Stern

Research Projects Reports

I read with interest Paul Duane's back-to-office report (5/24) on the agricultural mechanization study and related research problems.

Could we arrange that such reports on research projects be sent to me routinely. Perhaps you could mention it at your next Division Chief meeting.

OFFICE MEMORANDUM

TO: Members Research Committee

FROM: Ernest Stern *ES*

SUBJECT: Bank Research Priorities

DATE: June 5, 1972

INTRODUCTION

1. This paper is intended to provide a basis for discussing Bank research priorities. Data on the Bank's research program are still incomplete and any discussion of priorities must necessarily be tentative. However, even a first approximation will be useful.

2. A definition of research priorities serves a number of purposes:

- . it provides a framework for the management of the research program;
- . it provides guidance to the staff in the preparation of research projects;
- . it provides a more systematic basis for project approval;
- . it allows us to measure the utility of the program.

3. At this stage, the discussion on research priorities should not deal with either organizational factors or resource constraints. After we have a clearer view of the overall priorities we can devise procedures to reflect them in the Bank research portfolio and in the selection of new projects. As Table 1 shows, the authorized budget of \$1,500.00 for FY73 is less than the total estimated cost of the new submissions not rejected outright by the review panels. Moreover, at least another \$200-\$300,000 of new projects is likely to be forthcoming during FY1973 in addition to any amount the Committee may wish to set aside for new research in priority areas.

OBJECTIVES OF THE RESEARCH PROGRAM

4. While the objectives of the Bank research program are broad, and provide little guidance in the setting of priorities, they do provide some guidance on the profile of the research portfolio. In brief, the objectives are:

- . to support Bank operations;
- . to establish a factual and conceptual basis for Bank policies;
- . to increase our knowledge of the basic development processes;
- . to support the capacity of research of LDC institutions.

5. This classification of objectives, like any other, is somewhat artificial. The first three objectives are clearly interrelated and the exploitation of this interrelationship on a systematic basis should be an important management concern. The fourth objective should not, of course, be regarded as an independent one in the sense that it may conflict with the others.

6. Nevertheless, this classification of objectives does reflect some of the principal trade-offs for which guidelines are needed. An appropriate balance is needed between

- . studies intended to support our traditional lending operations;
- . studies intended to provide the basis for formulating Bank policies (including the broad character and focus of our lending program itself);
- . studies intended to support lending operations in new areas;
- . basic methodological studies and studies intended to increase our understanding of basic development problems.

7. In addition, we need to consider the distribution of our portfolio between short-term and long-term projects and the weight to be given to "risky" projects, i.e., projects which are uncertain in their eventual utility but necessary if we are to provide leadership in innovation. Also work to support Bank policy formulation should not be construed narrowly to deal only with present policy concerns. Policy concerns tend to be volatile and a function of the research program is to identify and start work on topics which should become of major policy interest. To date policy concerns are a top-to-bottom process; the research program can provide the basis for supplementing this with a reverse flow of policy discussion.

8. In addition, the research program should involve the maximum feasible participation by LDC research institutions both to strengthen their capacity and to assure on-going research in areas of interest beyond Bank financed projects. This also suggests that in the selection of research projects we should attempt to concentrate related projects in the same countries -- both to strengthen working relationships and to provide a better in-depth understanding of the country.

THE PRESENT BANK RESEARCH PORTFOLIO

9. The major part of our past and present research activities have been in response to specific operational needs of the Bank. A great deal still remains to be done^{1/} both to improve our basic knowledge and to address new questions as our operational programs change. Moreover, the support of operations has not been uniform as between sectors for a number of reasons, e.g., lags in implementation, differing needs and uneven receptivity of the beneficiaries, shortage of staff, etc.

10. The present Bank research program has a heavy emphasis on transportation and public utilities, while such areas as

^{1/} See, for instance, the attached list of research projects compiled from the Sector Program Papers.

industry, population and education, have received much less attention. New areas of interest, such as employment, urbanization, income distribution and rural development, are only reflected modestly in new proposals for FY 1973.^{1/} However, in some of these areas, such as urban problems and population, considerable research is financed under loans.

11. Work now in process will provide more complete information on the research studies which are financed outside the research budget, including those in support of operations. When this information is available, we shall need to discuss criteria for identifying priority projects within this group.

AREAS OF PRIORITY

12. Although research in support of Bank lending operations is clearly needed and in some cases has very high pay-offs, it perhaps deserves a somewhat lower emphasis and better distribution than in the past. One important consideration is that the results of existing Bank research and that of easily accessible outside research might not have yet been properly absorbed within the Bank; another is that much research work takes place on the traditional areas outside the Bank. For the present, greater emphasis might be given to the dissemination and application of existing research results. Further research on methodological refinements should probably receive the least priority, although a certain amount of additional work may be desirable to disseminate the results of existing methodological work in useful forms.

13. Beyond this, we should consider clustering a number of research activities around some basic, high-priority themes. These would include:

- . techniques for extending development benefits to the rural poor;
- . Employment and Income distribution;

^{1/} See Tables 2, 4 and 5.

- . problems of urbanization;
- . intermediate technology and capital/
labor substitution.

14. Once these and other themes have been selected the principal research questions will have to be defined for each. These priority areas would then represent the foci for developing new project proposals and for developing linkages between on-going projects in those areas. It would not be the intention, however, to select new projects exclusively from these high-priority areas.

ISSUES FOR DISCUSSION

15. The initial discussion of Bank research priorities might focus on

- . definition of Bank-wide research priorities;
- . the appropriate mix of different types of research projects.

Both issues will require further analysis of the research program and subsequent discussion. Procedural means for shaping the research program to reflect agreed on priorities can also be discussed at that time.

Attachment

RESEARCH AREAS CITED
IN SECTOR PROGRAM PAPERS

(excludes on-going research
mentioned in SPPs)

I. Employment

1. Structure of earnings in the traditional sector
2. Relationship between family employment and income
3. Variation of measured unemployment by family income strata
4. Family income and education
5. Female participation and family income.

II. Population

1. Demographic research (data base)
2. Population trends and economic development
3. Determination of fertility and family size objectives of dissimilar socio-economic groups
4. Cost/benefit of family planning programs, techniques of evaluation

III. Agriculture

1. East Africa Rural Development
2. Agro-based industry and service sector in India; employment possibilities in rural areas.

IV. Urbanization in Developing Countries

1. Municipal Financing and Tax Systems
2. Private and social costs of urban services other than transportation
3. Private and social costs of urban transport
4. Low-cost housing
5. Urban transport systems and terminal facilities
6. Urban land and land policies; sites and services, urban renewal, zoning, etc.
7. Levels of urban services and costs and benefits in a few fields. In particular trade-offs between alternative designs of electric distribution systems
8. Urban employment problems: small-scale activities, migration, etc.

V. Transportation

1. Feeder Roads
2. Road Transport Industry (series of studies of trucking industry)
3. Line closure of Railways
4. Quantification of system effects in railway networks
5. Guidelines for the pricing of port services
6. Shipping, coastal and inland
7. Aviation demand studies.

VI. Electric Power

Work has started on these topics:

1. Pricing and investment problems
2. Village electrification

VII. Water Supply and Sewerage

1. Measures of economic benefits (property values)
2. Rural water supply
3. Demand analysis
4. Pricing policy.

Work has started on the first two.

VIII. Education

1. Evaluation of the functioning of labor markets in developing countries
2. Cost/effectiveness of alternative learning technologies
3. Improved techniques for project implementation and evaluation.

IX. Tourism

1. Scope and impact of investment incentives
2. Hotel operations: survey (part 1 completed)
3. Caribbean development program
4. Demand analysis of vacation travel
5. Pattern of tourist expenditures in LDC's

X. Mining

No specific topics indicated.

XI. Industry

No specific new topics indicated.

Form No. 75
(2-60)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

INTERNATIONAL DEVELOPMENT
ASSOCIATION

ROUTING SLIP

Date

5-26-72

NAME

ROOM NO.

M. E. Stern

A1210

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

From

M. HAZ

OFFICE MEMORANDUM

TO: Mr. P.D. Henderson

DATE: May 26, 1972

FROM: Mahbub ul Haq *qhv*SUBJECT: Some Thoughts on Research Priorities

1. Since I shall be away in Stockholm when the research program of the Economics Department comes up for discussion, I am giving below a few of my impressions whatever their worth. I am sure there will be many opinions on how best the research priorities should be determined so that I speak only for myself.

2. It is my strong impression that our research program is getting to be too fragmented and scattered. In fact, it is not really a research program as yet but only a loose aggregation of a number of diverse proposals initiated by our Divisions. It will be too much to expect that we can pursue about 70-80 studies in one form or another in FY73 : besides the loss of focus, efficient supervision of these studies will pose a problem. I believe that it was the right procedure to get a number of proposals initiated by the Divisions. It is only now that some coherence and focus can be given to them in the light of operational priorities and management policy concerns.

3. I would, therefore, suggest that we now proceed to group these research proposals around certain major themes. The ones I have in mind are the following though there could be doubtlessly others:

- (a) Rural development
- (b) Employment and income distribution
- (c) Sector and project analysis
- (d) International trade policy
- (e) Population
- (f) Urban and regional planning

The advantage of some such groupings will be to give a sharper focus to research proposals, to relate them to certain major policy and operational concerns, to weld a number of diffused studies into a coherent whole, and to facilitate the determination of priorities amongst various studies. Of course, this will also help narrow down the list of studies to certain manageable proportions.

4. I also believe that for each one of these subject areas we should establish Bank-wide Steering Groups. Mr. Chenery suggested this sometime back and I still feel that it is an excellent idea. Of the areas listed in para 2, there is presently a Steering Group on (c) under Van der Tak. This is a great help in pulling various research proposals together into a coherent whole and giving an overall sense of direction. For instance, a number of studies were proposed in the DRC and Economics Department on shadow prices : the existence of the Steering Group was a great help in co-ordinating these proposals into a logical framework before everybody could proceed into a separate direction. It was also important to determine the priority of various proposals and to relate

them in a fairly hard-nosed fashion to operational necessities. My own feeling is that it would be much more efficient if some such broad Steering Groups are constituted so that the Research Committee can refer a number of individual proposals to them for evaluation and co-ordination rather than the present system of a multiplicity of sub-committees of the Research Committee.

5. I also believe in research teams working together on broader research areas rather than individuals doing their own thing. I think that we should encourage such an approach, including research teams cutting across Divisions and Departments. While this may raise problems of co-ordination at times, this should help build up major links in our research program and curb the tendency of individuals doing narrow research pieces primarily for eventual publication.

6. These are not very well-defined thoughts but I still feel sufficiently strongly about them to put them down for your consideration and for the discussion next week in the CES Research Committee.

cc: Messrs. Chenery, Stern, Stevenson

MHaq:mta

DRC

See Distribution

May 10, 1972

Ernest Stern

Review of DRC Research

The review committees established by Mr. Goreux for Development Research Center research projects are in the nature of standing committees which will meet periodically to help DRC with the execution of its projects. As such these are functionally different from the ad hoc panels appointed by the Research Committee for the purpose of determining the priority and eligibility of research proposals for inclusion in the Bank's research program.

Although the Research Committee will review the new DRC proposals independently, it will welcome any comments that you may have on the research projects you have been asked to review. Would you, therefore, send me a copy of any comments you send to Mr. Goreux.

- | | |
|-----------------------|------------------|
| cc: Messrs. Ahluwalia | Gulhati |
| Cheetham | Kalmanoff |
| Pfefferman | Qureshi |
| Adler J. | Lerdau |
| Gilmartin | De Vries B. |
| Maiss | Weiss |
| Turnham | Carter |
| Hughes | Nowicki |
| Moore | Hendry |
| Slade | Kuczynski |
| Adler H. | Jansen |
| Pursell | Thias |
| Hayes | Price |
| Tims H | Chenery |
| Haq | Taylor (Harvard) |
| Li | Ridler |
| Yang | van der Tak |
| Reutlinger | |

Ray

OFFICE MEMORANDUM

TO: Mr. E. Stern

DATE: May 1, 1972

FROM: L. M. Goreux ⁴⁹SUBJECT: Coordinators and Members of the Review Committee

Memo type A attached has been sent to all the members of the Review Committee listed below:

Messrs. Ahluwalia	Gulhati
Cheetham	Kalmanoff
Pfefferman	Qureshi
Adler J.	Lerdau
Gilmartin	de Vries B.
Maiss	Weiss
Turnham	Carter
Hughes	Nowicki
Moore	Hendry
Slade	Kuczynski
Adler H.	Jansen
Pursell	Thias
Hayes	Price
Tims	Chenery
Haq	Taylor (Harvard)
Li	Ridler
Yang	van der Tak
Reutlinger	

Memo type B attached has been sent to all the "coordinators" shown in the research proposals but not members of the Review Committee, as listed below:

Muller
Please
Hawkins
Shourie

Each of the 39 economists listed above have therefore received from us the "research project proposal" with which they are concerned.

We shall have to send you the replies received from these 39 persons (with or without signature). This is, I believe, the upper limit of the bureaucratic intricacies in which we can go.

cc. Messrs. Balassa
Adelman
Clark
Duloy
Busz

OFFICE MEMORANDUM

TO:

DATE: May 1, 1972

FROM: L. M. Goreux 4

SUBJECT:

1. I enclose a copy of the research proposal on the above project. I would appreciate receiving your comments and suggestions on the proposal by May 5. Your comments will be attached to the research proposal for the use of the Bank's Research Committee in appraising the project. If you wish to have further information, please contact members of the research team engaged in this project.

2. I also wish to ask you to participate in the work of a Review Committee on the project. Review Committees are instituted on each DRC project with the participation of staff members from other Departments in order to ensure that research carried out at the DRC is made relevant to Bank operations. It is envisaged that the Review Committees will meet periodically to review the work done on a particular research project. May I ask you to let me know, when sending in your comments on the research proposal, if you are willing to serve on the Review Committee.

3. You may wish to use this sheet for your reply. Another copy is enclosed for your files.

OFFICE MEMORANDUM

TO:

DATE: May 1, 1972

FROM: L. M. Goreux ^{LG}

SUBJECT:

1. I enclose a copy of the research proposal on the above project. I would appreciate receiving your comments and suggestions on the proposal by May 5. Your comments will be attached to the research proposal for the use of the Bank's Research Committee in appraising the project. If you wish to have further information, please contact members of the research team engaged in this project.

2. You may wish to use this sheet for your reply. Another copy is enclosed for your files.

income y Pro
As

Mr. E.P. Hayes, EPD

May 4, 1972

Mr. Stern

Research Proposal: Performance Evaluation, Savings Behaviour, Etc.

The description attached to this proposal indicates that its primary reason is to retain the services of Mr. S.K. Singh as a part-time research consultant with only a tentative list of projects on which he might work.

The employment of a general consultant should be financed from the Department's consultant funds. If a research proposal is eventually formulated we shall be pleased to process it.

cc: S. Please
V. Dubey

File
Res

OFFICE MEMORANDUM

TO: Members of the Research Committee

DATE: April 6, 1972

FROM: Ernest Stern *ES*SUBJECT: Classification of Bank Research

At the last meeting of the Research Committee we discussed again the need for a better classification system for Bank research activities - internal and external. Attached is a first cut at the components of a classification system on which I would like to have your views. After receiving your comments we will circulate a revised draft for discussion at the next meeting of the Research Committee.

The subject matter classification is particularly important. Please review it keeping in mind that it should cover both the present externally financed research as well as the Bank's internal research. Since our research program is modest we should keep the number of categories and subcategories relatively small. Any category can be further subdivided in the future, if the program warrants. Inevitably there will be potential overlap between categories. In practice, the problem will be resolved with the initial classification of the projects and by providing for cross classification.

OFFICE MEMORANDUM

TO: CES Department Directors

DATE: April 6, 1972

FROM: Ernest Stern *ES.*SUBJECT: Classification of Bank Research

Please find attached a draft classification system for our research activities with a covering memorandum to the members of the Research Committee. I shall appreciate receiving your comments by April 14, prior to issuing a revised draft for discussion at the Research Committee.

In reviewing the proposed classification system please note that

- . the classification system is intended for both internal and external research
- . given the modest size of our program, the classification system should be fairly broad at this stage. Further refinements will be introduced as the program size grows
- . whereas the initial classification should try to minimize potential overlap it cannot be avoided entirely. For this reason cross classification will need to be introduced

cc: CES Division Chiefs

Classification of Research Activities

It is proposed that the classification system provide the following information:

1. Primary and secondary subject (see attached list)
2. Type of Research
 - Project related (evaluation design, investment criteria)
 - Country oriented (basic purpose is to add to knowledge of a country)
 - Sector oriented (basic purpose is to develop better knowledge of a functional/sector problem, relevant to a number of countries)
 - General Development Strategy (general development problems or general methodology)
3. Location of Research - Using Bank country code indicates in which countries (regions) research program will operate.
4. Time Frame - Indicates estimate time required for project (1-3 ms, 4-12, 12-24 ms, 24-36 ms)
5. Implementation Method -
 - . Bank staff only
 - . individual outside consultants
 - . LDC institution or contractor
 - . developed country institution or contractor
 - . jointly with other official organization
6. Estimated Total Cost of Project to Completion (4-5 categories to be decided on. Total cost would include staff time, travel, consultants, data processing).

Proposed Subject Matter Classification

-Agriculture and Rural Development

- . General: policy, sector models, methodology etc.
- . Production and technology: irrigation, seeds, machinery, fertilizer etc.
- . Livestock
- . Land policy: settlement, reform etc.
- . Marketing, pricing and credit: price support, buffer stocks, credit policies etc.
- . Rural development: rural development packages, co-operatives, small farms etc.
- . Technology and education: research, extension etc.

-Industry and Mining

- . General: policy, models, methodology etc.
- . Production and technology: labor utilization, economies of scale etc.
- . Industrial organization and management
- . Foreign investment
- . Technology and education: research, extension etc.

-Trade and International Finance

- . General: policy, methodology etc.
- . Tariffs and preferences: protection, export promotion
- . Trade projections: data, models
- . Capital flows
- . Commodity trades: sugar, copper etc.

-Transportation

- . General: policy, sector planning models, methodology etc.
- . Road transport: industry, regulation, pricing, infrastructure and equipment etc.
- . Rail transport: regulations, pricing, infrastructure and equipment etc.
- . Water transport: inland, coastal and international shipping, ports etc.
- . Air transport: international and domestic aviation, airports etc.
- . Urban transport

-Public Utilities

- . General: policy, methodology etc.
- . Power: cost, price and investment models, urban and rural areas etc.

- . Water Supply and Sewerage: cost, price and investment models, urban and rural areas etc.
- . Telecommunications: cost, price and investment models, etc.

-Population

- . General: policy, demographic projections, methodology etc.
- . Family planning programs: evaluation, design.
- . Family size determinants

-Employment and Education

- . Employment policy: methodology etc.
- . Education policy: methodology etc.
- . Migration
- . Manpower planning
- . Education technology: non-formal education etc.

-Urbanization and Regional Development

- . Regional and Urban planning
- . Urban services
- . Municipal administration and financing
- . Housing

-Fiscal Policy, Financial Institutions and Resource Mobilization

- . General: fiscal and monetary policy, methodology etc.
- . Capital markets: credit distribution, saving system etc.
- . Development banking
- . Commercial banking

-General Development Policy and Planning

- . Development processes and issues: inter-country comparisons, income distribution, etc.
- . General methodology: cost-benefit analysis, shadow pricing theory etc.
- . Planning systems and measurement techniques: programming and simulation models, development of statistical estimators etc.
- . Seminars

-Other

- . Tourism

*File
Tornqvist*

OFFICE MEMORANDUM

TO: Mr. Tornqvist
FROM: Ernest Stern
SUBJECT: Bank Research Program

DATE: March 16, 1972

In response to your memo of March 2, you will find attached a brief note discussing the Bank's Research Program. If you have any additional questions, please do not hesitate to let us know.

DESCRIPTION OF THE BANK'S RESEARCH PROGRAM

1. Objectives of the Research Program

The Bank's Research Program was formally organized only in FY71. At that time we developed four objectives to govern our work divided into two categories.

A. Internal Objectives

- (1) To provide support for Bank operations in sectors of supportive Bank activities such as agriculture, transportation, education etc.
- (2) To establish a sectoral and conceptual basis for Bank policies on particular aspects of development.

B. External Objectives

- (1) To increase the knowledge of the basic development policies in areas of particular interest to the Bank in both its operational and advisory capacity, such as employment, the transfer of technology, rural urban balance and external resources etc.
- (2) To strengthen the institutional capacity for research in the developing countries so that they will become increasingly capable of research necessary for planning and policy formulation and to enhance the understanding of development policies.

The Bank's Research Program is still relatively modest, and during its first full year of operations, FY72, we expect a total expenditure for research of approximately \$1 million. For FY73 we expect the research budget to grow to permit the continuation of financing of ongoing projects as well as to undertake additional ones.

2. The Organization of Research

The reorganization of the Research Program in FY71 included the establishment of a Bank wide Research Committee. This Committee meets regularly to review research proposals. Research proposals generally are submitted by departments after coordination with other interested offices. The proposals then are screened by a sub-committee of the Research Committee which often involves extensive discussions with the proposer and revisions in the original concepts. The presentation of the project must include a discussion of latest research being carried on by other organizations and the coordination envisaged with them.

After the project has been considered by the Research Committee and approved it becomes the responsibility of the department to implement the project. Approved projects in process are listed in the Catalog

of Studies. The results of the research will be published in a variety of formats ranging from books to Bank Economic Staff Working Papers.

3. Coordination with other Agencies.

The coordination with other agencies varies in its degree of formality. The Bank participates in the Consultative Group on International Agriculture Research; coordinates with the FAO through the Cooperative Program and directly with FAO Headquarters; is developing similar coordination with UNESCO; is developing direct coordination with WHO; and, has direct liaison with the ILO. In some cases the Bank joins with other agencies or with governments to finance and direct research projects (we are, for example, currently working with the United Kingdom and France on a study of highway design in Africa). Much of our research coordination is through individual professional contact with other researchers. There is, therefore, no standard documentation which defines a cooperative framework. A possible collaborative research program with interests in Brazil is under consideration and it projects a number of agreements will become necessary. In general, contracts for each research project define only the contractual relationships with the consultants and there is no explicit coordinating framework.

4. Next Steps in the Research Program

Since the Bank Research Program is formally only less than a year old, it may not provide much guidance to the government of Sweden. However, within the next six month period we intend to implement an inventory of Bank research activities which will include not only research involving outside consultants but also the studies being undertaken by the Bank staff. We intend to expand a collaborative research activity with research institutions in the developing countries, strengthen our links with other individual organizations, especially the regional Banks. Finally, we are in the process of defining the research requirements of Bank policy issues, sector papers and those which emerge out of the country review process, so that we can define our research priorities more clearly.

Attached is a list of research projects approved by the Research Committee and in the process of implementation.

Annex A

World Bank Research Program

Research projects conducted, sponsored or participated in by the Bank have been placed in a Research Program. This Annex lists all projects currently in the Program. No reports are available on any of these projects. Persons wishing information about them should contact the responsible staff member.

Projects are listed by subject group as follows:

- GROUP I Planning and Development Policy (p. 1)
- GROUP II Population and Human Resources (p. 3)
- GROUP III Industry and Trade (p. 5)
- GROUP IV Sector and Project Studies
 - A. Transportation (p. 6)
 - B. Public Utilities (p. 8)
 - C. Tourism (p. 9)
 - D. Agriculture (p. 10)

Within each group, projects are listed at random.

GROUP I

Planning and Development Policy

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
1. Mexico Programming Models	A system of interrelated models based on linear programming optimization.	Norton/Goreux
2. Ivory Coast Programming Models	An attempt to recognize the multiplicity of policy objectives and to capture inter-regional and inter-sectoral linkages over time.	Goreux
3. Chile Programming Model	Development of a planning model similar to item 1 and 2.	Clark
4. Korea Programming Model	Same as item 3	Clark/Goreux
5. International Impact of Projects	Construct an analytical framework for the consideration of inter-country linkages, focussing particularly on the competition among developing countries in export markets and on allocation of aid among developing countries taking into account both the economic returns to investment and the intercountry income distribution.	Goreux
6. Shadow Prices in Investment Decisions	Study of the sensitivity of shadow prices to modifications in external data, choice of development objectives, and, investment and policy choices.	Goreux
7. Simulation Model for Country Analysis	Development of a generalized simulation model which will project different variables and estimate the impact of proposed policy measures on a variety of economic development targets.	Carter

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
8. Cross-section Analyses of Development Process	Cross-Section analyses of sample countries to see if data available in the IBRD Data Bank can throw any light on development paths, cross-section and country norms, and effectiveness of resource use.	Carter
9. Determination of measures of Economic Development	Development of a quantifiable, composite system by which to measure the economic and social progress of the developing countries.	Kundu
10. International Comparison Project	Development of accurate comparisons of production, incomes and the purchasing power of currencies for a limited sample of countries and exploration of the methodology required to extend the sample to a broader range of countries.	Edelman
11. Development Strategies in Semi-Industrial Countries	Analysis of the development strategies followed by Argentina, Colombia, Israel, China (Taiwan), Korea and Singapore in the post World War II period.	Balassa
12. Combined Time-series and cross section Estimators	Development of estimators (and a programming package) for estimating relationships involving, e.g. cross-country and over time data, with particular reference to lag structures and the distribution of disturbances.	Duloy
13. Price-support and Supply Control Measures to meet Income Objectives	Development of a methodology (Mixed integer LP) to define optimal mixes of policy instruments to meet producer income objectives, in the framework of a price-endogenous (in the primal) LP planning model with a social welfare objective function.	Duloy

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
14. Issues and Studies on cost Benefit Methodology	How to account for cost-benefit studies for (a) distortions in foreign trade and exchange rates and (b) savings and income distribution effects of projects.	Reutlinger
15. Economic Performance Criteria	Cross-section and time-series analysis using World Bank data bank series.	Please
16. Level and Structure of Government Expenditures in African Countries	Cross-section and time-series analysis to focus on policy variables relevant to the determination of the rate of growth of recurrent expenditure of Governments in African countries.	Gandhi
17. Patterns of Demand and Savings in the development process	Econometric estimation of complete systems of demand equations and their associated aggregate consumption functions.	Lluch/Powell
18. Urban Data Needs of the IBRD	Study to develop a format for a useful urban data system and assess the feasibility of collecting the data	Keare

GROUP II

Population and Human Resources

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
1. Non-formal Rural Education	Evaluation of existing programs in non-formal education and training for rural development; the conditions for their success and causes of failure.	Hultin /Johanson
2. Economic Models of Internal Migration	Study to evaluate the feasibility of testing migration models.	Keare
3. Management Methodology of Family Planning Programs	A number of studies, to be worked out in detail in discussion with the Population Projects Department covering various aspects of the management and operation of family planning programs.	M. Hossain
4. A Study of Migration in Ghana	The collection and analysis of data from the 1960 and 1970 census reports of Ghana, to provide information on the volume and characteristics of the migrants in comparison with the non-migrant populations.	K. Zacharia
5. Bank Lending and Employment	An examination of the issues that arise when employment and related social objectives are taken into account in the project methodology and practice of the bank.	M. Schrenk/D. Turnham
6. An Economic Analysis of Secondary Education in Tunisia	A study of the performance of secondary education in Tunisia and the links between school and job performance.	H. Thias/R. Brandenburg
7. Education Planning Models and their Use for Project Evaluation	Development and application of an education flow model to the Philippines.	S. Holm

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
8. A System Approach to Education Financing	An examination of different ways of financing education systems with special reference to the various economic effects of financing policies.	J. P. Jallade
9. Labor Markets in Developing Countries and Their Response to Educational Expansion	An examination of the quantitative and qualitative links that exist between a country's education system and its labor markets.	H. Thias
10. Labor force participation, unemployment and income	Initially confined mainly to urban areas, the study will endeavor to quantify these relationships using both cross-country and time-series data.	D. Turnham/D. Mazumdar
11. Capital Labor Substitution and Employment Implications	Analysis of substitution between capital and labor using successively cross country, historical and programming approaches.	Goreux
12. Short-run and long-run influences on income Distribution	Study of the impact upon income distribution of potential policy intervention in the short-run and in the long-run.	Adelman
13. Professional Structure in South East Asia	A study of the relative importance of internal and external factors which determine the structure of professions.	Hawkins
14. The Scope for Capital Labor Substitution in the Mechanical Engineering Industry.	Study of the importance of quality differences at various levels of labor intensity of production in the mechanical engineering industry of Korea.	Rhee

GROUP III

Industry and Trade

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
1. A Design for Guidelines to assess the Environmental Impact of Industrial Projects	A study to design a set of guidelines which will assess the environmental impact of investments in industrial projects.	Lee/Fuchs
2. Expansion of Manufacturing for Export in Developing Countries	Study to examine which industries are now moving out of industrialized countries because of high wages and labor shortages into low-wage developing countries.	Baranson
3. India: Small Scale Industry Review	Review of the financial structure, quality of management, export potentials and employment aspects of small scale industry (excluding cottage industry and those with fixed assets in excess of \$100,000) in India.	Ladonne
4. Economies of Scale and Tariff Levels	The connection between protection policy and industrial efficiency when economies of scale, length of run and capacity utilization are important determinants of production costs.	Pursell
Marginal Pricing for Economies of Scale	A study to determine the conditions under which it is necessary to engage in marginal pricing of exports to obtain economies of scale.	Hansen
Economic and Legal Implications of Marginal Pricing in International Trade	A study to establish an economically and legally consistent definition of dumping and to evaluate the "standard" defenses against dumping charges.	Hansen

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
Industrialization and Trade	The aim of this study is to look at the connection of manufactured goods exports to the industrialization process. Some part of the work deals with the general framework of trade in relation to development. From this setting the factors bearing upon exports of manufactures are considered. Much of the work involves statistical manipulation of trade and production data.	Hughes
Investment Planning in the Manufacturing Sector	Three studies focusing on investment planning in three manufacturing sectors (East Africa- fertilizer and Mexico and Korea - mechanical engineering).	Stout Jesdijk
Export Promotion and Preferences: A Case Study of India	Study to determine the extent to which Indian exporters expect to gain from preferences and the extent to which they are able and/or willing to respond to any gains preferences might offer by increasing exports.	Hughes

GROUP IV

Transportation

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
1. Compilation of Highway Design Standards	Review of Bank files to compile a list of highway design standards applied in past Bank highway projects.	Morris
2. Impact on Port Congestion of Ship Rescheduling	Analysis of port operations to determine feasible limits for rescheduling of ship arrivals and to quantify the effect on congestion of rescheduling within these limits.	Taborga/Neuner
3. Highway Design Study (Pase II)	Empirical estimation of the relationship between road construction standards, maintenance standards and vehicle operating costs.	Harral
4. Promotion of Road Construction Industry in Developing Countries	Analysis of experience in selected developing countries in promoting the road construction industry.	Kaden
5. Toll Road Study	Review and evaluation of experience with toll roads in different countries encompassing economic financial, institutional, legal and administrative factors.	Harral
6. Effects of Vehicle Passing and Crossing Manoeuvres on Single Lane Roads.	Analysis of the effect on speed and operating costs of vehicles leaving a single lane road to avoid other vehicles.	Neuner
7. Measurement of Road Width/Traffic flow/ Vehicle Speed Relationship	Analysis of the influence of lane and shoulder width of roads on the relationship between speed and traffic flow.	Harral

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member</u>
8. Transport Policy in Developing Countries	Analysis of the economic and social bases of national transport policies and problems of implementation in developing countries.	Churchill
9. Railway Costing/Pricing Manual	Development of theoretically sound practical guides to railway costing and pricing problems.	Nanjundiah
10. Substitution of Labor for Equipment in Road Construction	A study to quantify the possibilities of substitution between labor and equipment in road construction.	Harral
11. Value of Travel Time Savings	Preliminary experiments in model building and analysis.	Churchill/Bundi
12. Airport Appraisal Methodology	Quantification of benefits and costs of airport investments.	Churchill
13. Urban Transport and the automobile	Study of the role of the automobile in the transportation systems of large cities and an evaluation of alternative possibilities for urban transport.	Bohr
14. Yemen Arab Republic Feeder Road Study	Study of the interrelationship between different levels of transportation investment and agricultural production.	Mitchell

GROUP IV

Public Utilities

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
1. Village Electrification and Water Supply	Measurement of costs and benefits of village electrification and water supply and the criteria used for investment therein.	Russel/Warford
2. Property Value Enhancement as an estimate of Water Supply/ Sewerage Benefits	Identification of the economic benefits of water supply and sewerage facilities.	Warford
3. Public Utility Pricing	Study of the effect of public utility pricing on optimum investment decision making and allocation of scarce resources.	Berrie
4. Investment Models for Electricity Supply	A report is being prepared presenting the method, and the results of applying it to Turkey.	Anderson
5. Electricity Pricing	In progress: Studies to examine three aspects of electricity pricing policy: financial soundness, economic efficiency, income distribution.	Anderson
6. Pricing and Investment Theory as Applied to Municipal Water Supply	Guidance for Municipal Water Supply project evaluation.	Warford

GROUP IV

Tourism

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
1. International Hotel Comparison Survey	Extension of an established hotel comparison survey to include city and resort hotels in developing countries.	Koch

GROUP IV

Agriculture

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
1. Agricultural Mechanization Study: India	A study to measure the effects on employment, output and productivity of introducing tractors and tractor drawn implements into Indian agriculture.	Duane
2. Livestock Simulation Model	Preparation of a flow chart and program of livestock simulation model. including herd projections and cash flow analysis.	Schumacher/Minhas
3. Reappraisal of Indian Irrigation Projects	A study to compare realizations and to attempt an explanation of discrepancies in order to determine how improvements on appraisal methodology could improve on similar projects. A collaborative arrangement has been made with Nuffield College to experiment with the application of the Little-Mirrlees methodology.	Duane
4. Reappraisal of Credits for Financing Mechanization in Pakistan	This study reappraised IDA credits to the Agricultural Development Bank of Pakistan (ADBP), granted for the purpose of financing farm mechanization--mainly tractors, to compare expectations with the realizations; to examine the operation of an agricultural credit scheme in a developing country; and, to assess the financial and economic benefits from farm mechanization in Pakistan.	Donaldson
5. East Pakistan: Farmers Response to the new Varieties	Analyses of data from farm surveys to determine if it will result in useful estimates of relationships between yields, growing periods, fertilizer use, introduction of new varieties and farm size, cross-sectionally and over time.	Husain

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
6. Simulation Model for Irrigation Projects for Risk Analysis	Development of a Model to estimate the risk (measured as the variance of the project's rate of return) associated with an investment in an irrigation project.	Husain
7. Shadow Prices for Project Evaluation	Comparison of alternative procedures for evaluating projects with particular reference to existing Bank practice.	Reutlinger
8. Measuring the Impact of Projects on Saving and Income Distribution Objectives	Development of techniques which can take systematic account of the equity and growth dimensions in project analysis.	Reutlinger
9. Study of Agricultural Research and Productivity Changes	Econometric study of production function based on cross-country and time series data.	Reutlinger
10. An Analysis of Agricultural Marketing Problems in Low-Income Countries	An analysis of structure and efficiency of markets, measurement and benefits of market improvement program, strategies for market improvement, public works investments as market improvement program, choice and technology in processing, storage, roads, etc.	Lele
11. Evaluation of Alternative methods for specifying Agricultural Sector Development Strategies	Case studies of Brazil and Portugal to examine feasible and efficient methods for defining integrated agricultural development strategies and identify.	Egbert/Ablasser/Kim
12. Farm Level Analysis of Typical Farming Operations	Study of how traditional farmers respond to new alternatives to form basis for judging how various policies and projects would work.	Reutlinger

<u>Project Title</u>	<u>Brief Description</u>	<u>Responsible Staff Member(s)</u>
13. Mechanization in India, its Extent and its Effect on Hired Labor	Analysis of data collected over 4 years on 7000 farms in 420 villages.	Reynolds
14. Review of Small Farmer Participation in Yugoslav Agriculture	Study of the "productivity - distribution" impact of small farmer participation under various institutional arrangements.	Donaldson
15. Livestock in the Mexican Agriculture Model	Formulation and implementation of a livestock model capable of being solved independently or linked to an existing agriculture model.	Norton
16. Development of Computer Simulation Models for use in Appraisal Work	Formulation of models for use in appraising herd build-up and farm budgets for irrigation, credit and land development/resettlement projects.	Reutlinger



OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery

DATE: March 2, 1972

FROM: Erik Törnqvist

SUBJECT: The Bank Group's Activities in Research

MAR 3 1972

One of the countries in my parish has asked me to collect all available information about the Bank Group's activities in the field of research in and/or for developing countries. Explicit questions would be: how do we define our role in the field of research; in what ways are research questions dealt with within our organization; what documentation do we have to indicate distribution of work and cooperation with countries and with other organizations and institutes?

Sweden

documentation on coordination

Obj. of the research

I realize that this is a rather tall order, but I would be grateful if you could find time to help me with this matter.

coordination with UN and other agencies; regional banks

Annex of projects

March 31

CIO:my

WORLD BANK RESEARCH PROGRAM
SUBJECT GROUP I, PLANNING AND DEVELOPMENT POLICY

KEY

FEB 15 1972

Project Title	Responsible Dept/Div.	FY 72						FY 73				FY 74							
		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)	
		Prof.	SS.			Int.	Ext.	Prof.	S.S.			Int.	Ext.	Prof.	S.S.			Int.	Ext.
1. Mexico Programming Models	DRC	11	7	23.9	3	2	-			10	2								
2. Ivory Coast Programming Models	DRC	32	-	28	13.4			5	-	15	2								
3. Country Programming Study - Chile	DRC			5.6						5	2								
4. Country Programming Study - Korea	DRC			16.5						15	2								
5. International Impact of Projects	DRC	12	10	10.6	3	3		11	11	15	4	10							
6. Shadow Prices in Investment Decisions	DRC	6	2	15.7	5	3		5	2	20	4	4							
7. Household Savings Study in India	EPD-DF	I N D E F I N I T E L Y			D E L A Y E D		-	-											
8. Simulation Model for Country Analysis	EPD-CA	.3	.5	5.8	-	-	-												
9. Cross-Section Analyses of Development Processes	EPD-CA	3	3	16.5	1	2		3	3	9	2	2							
10. Determination of Measures of Economic Development	DRC	3	3	0	-	2		3	3	-	-	2							
11. International Comparison Project	EPD-PR	6	-	40	3	-	-	12	12	10	1	2	-	12	12	-	1	2	
12. Development Strategies in Semi-Industrial Countries	ECD-DR	4	4	2	12	2		4	4	24	-	-	-						
13. Urban Data Needs of the IBRD	ECD-RB	-	-	18	15	-	-												
14. Issues and Studies on Cost-Benefit Methodology	ECD-AR	2	-	5	1	-	-												
15. Economic Performance Criteria	EPD-DF	-	-	2.5	.6	-	1.2												
16. Level and Structure of Government Expenditure in African Countries	EPD-DF	2	-	-	-	-	-	4	-	-	-	-	-						

WORLD BANK RESEARCH PROGRAM

SUBJECT GROUP I, PLANNING AND DEVELOPMENT POLICY (cont.) p.2

IDENTIFICATION		RESOURCES REQUIRED																	
		FY 72						FY 73						FY 74					
Project Title	Responsible Dept/Div.	Staff (Manmonths)		Consultants Funds 1/ (\$000)	Travel Funds 2/ (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)	
		Prof.	SS.			Int.	Ext.	Prof.	S.S.			Int.	Ext.	Prof.	S.S.			Int.	Ext.
17. OECD Conference of Directors of Research Institutes.	ECA	-	-	20	-	-	-												
18. Patterns of Demand and Savings in the Development Process	DRC	7	4	6.6	4.4	6.3		12	8	3.3	6.6	6.3							
TOTALS:		88.3	33.5	216.7	60.4	20.3	125*	59	43	126.3	25.5	26.3	0	12	12		1	2	

* Total charge being made to DRC for Research Projects - Project breakdown not available

WORLD BANK RESEARCH PROGRAM

SUBJECT GROUP II, POPULATION AND HUMAN RESOURCES

Project Title	Responsible Dept/Div.	RESOURCES REQUIRED																	
		FY 72						FY 73						FY 74					
		Staff (Manmonths) Prof. SS.		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000) Int. Ext.		Staff (Manmonths) Prof. S.S.		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000) Int. Ext.		Staff (Manmonths) Prof. S.S.		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000) Int. Ext.	
1. Short-Run and Long-Run Influences on Income Distribution	DRC	18	12	12	12.3	2	-	30	24	15	13.8	3	-						
2. Capital Labor Substitution and Employment Implications	DRC	4	2	19.2	2	-	-												
3. Survey of Non-formal Rural Education	EDP-DR	4	-	150	-	-	-	2	-	5	-	-	-						
4. Labor Markets in Developing Countries and their Response to Educational Expansion	ECD-PH	6	4	8	6	5		6	4	5	3	9							
5. Student Loan Schemes and Other Forms of Cost Reallocation: A Systems Approach to Educational Financing	ECD-PH	8	4	9	2	11		4	2	-	1	6							
6. Economic Models of Internal Migration	ECD-RB	3	-	5	.4	-	-	-	-	7.7	.4	-	-						
7. Bank Lending and Employment	ECD-PH	6	4	-	-	.5	-	8	4	-	-	-	-						
8. Labor Force Participation, Unemployment and Income	ECD-PH	1	1	-	-	-	-	16	8	-	-	-	-						
9. A Study of Migration in Ghana	ECD-PH	1	2	-	-	-	-	3	3	20	3.8	-	-	3	3	-	3.8	-	-
10. The Scope for Capital Labor Substitution in the Mechanical Engineering Industry.	DRC	12	12	37.6	14.4	1.5	-	6	6	16.3	7.3	8.5	-						
11. Professional Structure in South East Asia.	ECD-PH	1	-	5	5	-	-	-	-	5	1	-	-						
		64	41	245.8	42.1	20	6*	75	51	73	30.3	26.5	-	3	3	-	3.8	-	-

* Estimate: breakdown by project not available

WORLD BANK RESEARCH PROGRAM
SUBJECT GROUP IV-A, SECTOR AND PROJECT STUDIES - TRANSPORTATION

IDENTIFICATION		RESOURCES REQUIRED																	
		FY 72				FY 73				FY 74									
Project Title	Responsible Dept/Div.	Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)	
		Prof.	SS.			Int.	Ext.	Prof.	S.S.			Int.	Ext.	Prof.	S.S.			Int.	Ext.
1. Compilation of Highway Design Standards	TRP-EC	2	-	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Impact on Port Congestion of Ship Rescheduling	TRP-EC	1	-	2.4	1	-	-	-	-	2.3	-	-	-	-	-	-	-	-	-
3. Highway Design Study (Phase II)	ECD-TR	10	3	133	10	-	-	10	5	184	5	-	-	9	2	150	1	-	-
4. Promotion of Road Construction Industry in Developing Countries	TRP-EC	3	-	30	7	-	-	.5	-	15	-	-	-	-	-	-	-	-	-
5. Toll Road Study	ECD-TR	6	2	7.5	2.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Effects of Vehicle Passing and Crossing Manoeuvres on Single Lane Roads	TRP-EC	1	-	(Hold) 0	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Measurement of Road Width/Traffic Flow/Vehicle Speed Relationship	ECD-TR	1	-	3.7	-	-	-	1	-	11.7	-	2	-	-	-	-	-	-	-
8. Transport Policy in Developing Countries	TRP-EC	2	1	2	2.3	-	-	1	-	-	-	-	-	-	-	-	-	-	-
9. Railway Costing/Pricing Manual	TRP-EC	2	1	10	-	-	-	1	-	10	-	-	-	-	-	-	-	-	-
10. Substitution of Labor for Equipment in Road Construction	ECD-TR	12	6	100	33	3	4	10	6	140	15	3	4	10	6	100	15	3	4
11. Airport Appraisal Methodology	ECD-TP	2	1	.3	2.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Urban Transport and the automobile	SPP-RB	1	-	13.2	2.6	-	-	1	-	6.5	2.7	-	-	-	-	-	-	-	-
13. Yeman Arab Republic - Feeder Road Study	ECD-TP	.5	1	6	.7	-	-	.5	.5	6	2	-	-	.5	.5	8	2	-	-
TOTALS:		43.5	15	318.1	63.1	9	10*	25	11.5	375.5	24.7	5	4	19.5	8.5	258	18	3	4

* Estimate: breakdown by project not available

WORLD BANK RESEARCH PROGRAM

SUBJECT GROUP IV-B, SECTOR AND PROJECT STUDIES - PUBLIC UTILITIES

IDENTIFICATION	Project Title	Responsible Dept/Div.	RESOURCES REQUIRED																	
			FY 72				FY 73				FY 74									
			Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)	
Prof.	SS.			Int.	Ext.	Prof.	S.S.			Int.	Ext.	Prof.	S.S.			Int.	Ext.			
	1. Village Electrification and Water Supply	PBP-DR	3	0	20	10	0	-	5	5	50	20	20		5	5	30	10	10	-
	2. Property Value Enhancement as an Estimate of Water Supply/Sewerage Benefits	PBP-DR	2	-	20	10	5	-	2	1	15	8	5	-	1	1	5	5	3	-
	3. Public Utility Pricing	PBP-DR	3	1	15	3	2	-	6	2	30	3	3	-	6	4	30	5	5	-
	TOTALS:		8	1	55	23	7	-	13	8	95	31	28	-	12	10	65	20	18	-

WORLD BANK RESEARCH PROGRAM

SUBJECT GROUP IV-C, SECTOR AND PROJECT STUDIES - TOURISM

<u>IDENTIFICATION</u>		<u>RESOURCES REQUIRED</u>																	
		FY 72						FY 73						FY 74					
Project Title	Responsible Dept/Div.	Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)	
		Prof.	SS.			Int.	Ext.	Prof.	S.S.			Int.	Ext.	Prof.	S.S.			Int.	Ext.
1. International Hotel Comparison Survey	TMP-DR	-	-	4	-	-	-	-	-	6	-	-	-	-					

WORLD BANK RESEARCH PROGRAM

SUBJECT GROUP IV-D, SECTOR AND PROJECT STUDIES - AGRICULTURE

IDENTIFICATION	Project Title	Responsible Dept/Div.	RESOURCES REQUIRED																	
			FY 72				FY 73				FY 74									
			Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)	
Prof.	SS.			Int.	Ext.	Prof.	S.S.			Int.	Ext.	Prof.	S.S.			Int.	Ext.			
1.	Evaluation of Alternative Methods for Specifying Agricultural Sector Development Strategies	ECD-AR	26	10	20	-	1				4									
2.	Agricultural Mechanization Study: India	ECD-AR	4	2	50	5	-	-	-	-	45	5	-	-	-	-	25	-	-	-
3.	Livestock Simulation Model	AGP-LK	1	1	5	-	-	-												
4.	Farm Level Analysis of Typical Farming Operations	ECD-AR	12	12	10	4.5	-	-	12	12	42	15.2	-	-						
5.	Analysis of Agricultural Marketing Problems in Low-Income Countries	ECD-AR	6	1	2	4	3	-	6	1	-	4	5	-						
6.	Study of Agricultural Research and Productivity Changes	ECD-AR	1	-	15	.6	-	-												
7.	Mechanization in India, Its Extent and Its Effect on Hired Labor	SAS-DR	-	-	7.7	.5	-	-												
8.	East Pakistan: Farmers Response to the New Varieties	ECD-AR	1	-	-	-	1.9	-												
9.	Review of Small Farmer Participation in Yugoslav Agriculture	ECD-AR	4	1	-	2	-	-												
10.	Reappraisal of Credits for Financing Farm Mechanization in Pakistan	ECD-AR	4	4	-	3	.6	.5												
11.	Reappraisal of Indian Irrigation Projects	ECD-AR	5	6	-	.8	1	-												
12.	Livestock in the Mexican Agricultural Model	DRC	1.3	4	4.4	-	2.2	.3	1	2	2.3	-	2.2	.3						

WORLD BANK RESEARCH PROGRAM

SUBJECT GROUP IV-D, (CONT.)- p. 2

IDENTIFICATION	Project Title	Responsible Dept/Div.	RESOURCES REQUIRED																
			FY 72					FY 73					FY 74						
			Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)	Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)	Staff (Manmonths)		Consultants Funds (\$000)	Travel Funds (\$000)	Data Proc. (\$000)		
Prof.	SS.			Int.	Ext.	Prof.	S.S.			Int.	Ext.	Prof.	S.S.			Int.	Ext.		
	13. Development of Computer Simulation Models for use in Appraisal Work	ECD-AR	1	-	10	-	5	-	1	-	-	-	5	-					
	TOTALS:		66.3	41	124.1	20.4	15.4	25*	20	15	89.3	28.2	12.2	.3	-	-	25	-	-

* Estimate: breakdown by project not available

World Bank Res. Program.
Subject Group I - Planning & Dev. Policy

Mr. Goreux

January 21, 1972

Ernest Stern

Research Program

Attached is a draft outline for a report on the Bank's Economic Research Program. You will note that Item 2 involves a brief assessment of major ongoing research projects. Projects 1 - 4, of Subject Group I are all country programming studies and can be treated as a group. We would like to have a brief (1-2 pages) description of these projects - principal purpose, who is doing the work, what country institutions are involved - and an estimated completion date.

In view of the tight budget deadline our own target date is even more restrictive and I must have the material in hand January 27.

Attachment

Mr. John Edelman

January 21, 1972

Ernest Stern

Research Program

Attached is a draft outline for a report on the Bank's Economic Research Program. You will note that Item 2 involves a brief assessment of major ongoing research projects. We would like to have a brief (1-2 pages) description of Project I/10: International Comparison Project - principal purpose, who is doing the work, what country institutions are involved - and an estimated completion date.

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Attachment

Mr. Bela Balassa

January 21, 1972

Ernest Stern

Research Program

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Attachment

Mr. Duncan Ballentine

January 21, 1972

Ernest Stern

Research Program

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Attachment.

Mrs. Helen Hughes

January 21, 1972

Ernest Stern

Research Program

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Attachment.

Mr. A. Churchill

January 21, 1972

Ernest Stern

Research Program

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Attachment.

Mr. S. Reutlinger

January 21, 1972

Ernest Stern

Research Program

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Attachment.

Members of the Research Committee

January 21, 1972

Ernest Stern

Report on the Economic Research Program

A report on the Bank's Economic Research Program is being prepared. Its completion is a matter of some urgency since the report will be an element in deciding the FY1973 Research Budget and policies.

A draft outline is attached. Could I have your comments on items to be added or deleted by January 25, as well as any suggestions for material to be covered in the suggested headings.

Attachment

DRAFT OUTLINE

Report on the Economic Research Program

1. Content of the Program

- . brief statement on objectives/purposes of program
- . major thrust of program - links to major operational/policy problems
- . location of research; role of LDC institutes/personnel
- . table showing research by major sectors

2. Progress in major projects

- . brief description of progress in small number (3-6) major projects

3. Expected Research Product during year

- . brief description of major research products which will become available during the year
- . importance of lead time, advance planning and funding

4. The Budgetary and Administrative Mechanism

- . effectiveness of the approval system (its impact on project preparation, allocation of research funds by sector)
- . budgetary mechanism
(shift to central budgeting of all non-staff costs and shifting control to obligation basis)

5. The Future Research Program

- . policy objectives (international leadership role, coordination, strengthening LDC institutes)

- major projects pending
(Rural Development in East Africa, -)
- estimated magnitude of future years programs
(The details of the FY1972 budget will be presented separately; in this report we will only sketch rough magnitudes)

Area/Project Department Heads, Chief Economists

Wouter Tims

Bank Research and Programs of Work

1. The process of selecting research projects to be undertaken both inside as well as outside the Bank needs clarification, particularly in relation to the contents and scope of the economic work program attachment to the C.P.P. In the following paragraphs a description is given of the way in which it is intended to establish a meaningful relationship between research programs and the programs of work.
2. Programs of economic work - attached to Country and Sector Program Papers - are not only intended to contain those reports and studies for which Area and Projects Departments take responsibility or initiative, but also studies which appear to be required in the context of the Bank's country and sector work but go beyond the capacity and capabilities of the staff in these Departments. The program of work, as presented for Management review, is a statement regarding requirements for research rather than a capacity to undertake it.
3. By the end of the review cycle a compilation will be made in the Program Review Division of all items contained in C.P.P. work programs. The Economics Department will do the same with respect to S.P.P.'s. Both will be made by areas and sectors, and in a series of discussions with originating Departments an assessment will be made of the size and composition of the tasks which can or cannot be executed by those Departments on their own, both because of the total workload involved and according to the specific character of each task. A certain amount of

"condensing" would be done in the process, whenever appropriate, for example by reshaping a number of independent proposals to study employment problems of individual small Caribbean islands into a study which covers them as a group, or by studying land reform in a group of neighboring and culturally similar African nations instead of mounting several similar but independent missions.

4. At this stage there must be a review of all research proposals which would include: (i) work which is ongoing in the Central Economic Staff, (ii) the studies which are requested in the totality of economic work programs, and (iii) new proposals from within the C.E.S. (by the submission of work programs for each of the Departments).

5. In the Economics Complex an ad hoc committee from the different Department staffs will do some ordering and categorizing of tasks and suggestions originating from the programs of work. This could consist of two things: pulling together tasks of similar nature suggested from different sources, and ordering in some crude priority classes. Similarly, the newly established C.E.S. Research Committee will inventorize and project the workload of the Central Economic Staff on ongoing research work and in that process establish the available capacity to undertake new work or to participate in proposed programs originating in the Area and Projects Departments. This would then result in the formulation of a program of activity in the Central Economic Staff which strikes a proper balance between the continuation of ongoing work, new assignments in support of the operating departments and new initiatives from within the C.E.S.

Again, there would normally be tasks which either because of capacity constraints or character of the work involved, would become the research program to be farmed out to outside institutions and financed from the research budget. This remaining group of programs for research could then be discussed more specifically with the Development Research Center in order to ascertain the possibilities for contracting out to institutions outside the Bank in accordance with their capacities.

6. This process has the advantage of linking all research in the Bank directly to identifiable needs and at several stages allows the formulation of priorities followed by an allocation of our manpower and financial resources in accordance with those priorities. It would facilitate the process, however, if work programs of Area and Projects Departments could in the current fiscal year be submitted in a preliminary form to the Program Review Division and the Economics Department on an advanced schedule. This would provide an opportunity to estimate roughly what the magnitude of work proposals is going to be, what it implies for the distribution of tasks over different parts of the Bank and for the size of the research budget and additional staff requirements in FY 1973. It is therefore proposed that all Area Departments formulate provisional country work programs and provide those to the Program Review Division before the end of the calendar year.

cc: Messrs. J. P. Hayes/ E. Lerdau
B. B. King
Mahbub ul Haq
P. Clark

Area/Project Department Heads, Chief Economists

Wouter Tims

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ECONOMIC COMMITTEE

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OCT 03 2022

WBG ARCHIVES

EC/O/71 - 55

March 25, 1971

The Role of Development Research in the World Bank

Mr. Chenery would welcome your comments on the attached paper. It is likely that a meeting of the Economic Committee on the paper will be scheduled after Mr. Chenery's return on April 9.

J. Chaffey
Secretary
Economic Committee

Attachment

Secretary's Department

Distribution:

Members of the Economic Committee

THE ROLE OF DEVELOPMENT RESEARCH IN THE WORLD BANK

As the scope of its activities has expanded, the World Bank has taken on a number of new functions, including the conduct of research on development. Hitherto not much consideration has been given to the proper function of research in the Bank or to the role of the Bank in relation to research done elsewhere. The purpose of this memorandum is to suggest guidelines for a systematic program of development research for the Bank.

Relation of Research to Bank Objectives

2. Many activities originally undertaken as incidental to lending are now recognized as proper functions of the Bank as a development institution. These include the preparation of country economic reports and specialized sector analyses, on which the Bank now spends more than \$15 million per year. The Bank also regards institution building and the provision of technical assistance as important additional objectives to the transfer of financial resources. More recently the Bank has recognized the need to support agricultural research in order to increase the technological information available to the developing world. In these and other ways, the Bank is taking increased responsibility for improving knowledge of the development process.
3. While it is recognized that research on a variety of economic, social, and technical questions is required as a basis for development policy, the Bank itself has taken only limited steps to support this activity. Total Bank resources allocated for research -- broadly defined -- in FY 71 were about \$2-3 million, of which less than \$500,000 was for consultants. Hardly any Bank funds are used to finance research institutes in developing countries.
4. A large part of the research financed by the Bank has been geared to acquiring information necessary to design and evaluate projects (e.g. the highway design study and the Indus Basin study). By contrast little work has been done on the general methodology of project appraisal or on the relationship between national policy objectives and project selection. Despite the Bank's interest in the broader aspects of the development process and in the choice of development strategies, research on these problem areas has been scanty -- with some exceptions such as fiscal policy and protection.^{1/}
5. In short, the present research effort is limited, uncoordinated, and lacking in focus. The most useful research undertaken has been

^{1/} Despite the limited resources available, there have been several significant pieces of individual work. (Bela Balassa's survey of Economic Research in the Bank, January 1971).

primarily for the Bank's immediate operational needs. Wide areas relevant to the Bank's broader policy interests have received little attention. No effort has been made to improve the developing countries' ability to undertake research on their own behalf.

Orientation of Future Development Research

6. The Pearson Commission recommended that the Bank should take a more active role in a variety of research fields. So far, the Bank has considered the overall needs of technological research on questions of population and agriculture. A similar examination is needed of the uses of economic and social research, the existing institutions which support and carry out such research, and the proper role for the Bank in this area. It will take time to develop a comprehensive program of action.

7. The Bank should concentrate on those areas where its experience will give the Bank a comparative advantage that can be utilized in research work. The Bank is unique in having accumulated experience on projects, in undertaking country economic missions on a regular basis, and in carrying out policy advisory activities. It therefore has an advantage in project- and policy-oriented research and in utilizing the data made available through its country missions.

8. Beyond this, the absence of special advantage, as well as the need to avoid building up an overly large staff, call for the use of outside researchers. In most cases, cooperative arrangements with research groups would be the appropriate vehicle. The Bank will need some "counterpart" staff to ensure that such research is oriented towards the proper objectives. This will entail expanding the Development Research Center. Some of the functional divisions of the Economics and Economic Program Departments will also be involved. There is a need for the Bank to make better use of the most advanced research techniques and findings in the principal areas of development economics.

9. The first task will be to indicate the major research objectives, the types of research needed to pursue them, the role that the Bank can play in carrying out such research, and the organizational arrangements necessary to ensure that research actually serves these objectives. Among the objectives of a coordinated program, a distinction should be drawn between internal objectives that are directly related to the Bank's activities and external objectives that are indirectly related to them. This is not a rigid distinction since research aimed primarily at external objectives will often provide a basis for improvements in the Bank's work. Conversely, research directly related to Bank activities will benefit the developing countries not only through Bank operations but also by increasing the knowledge of development.

Internal Objectives

- (1) The establishment of a factual and conceptual basis for Bank policies on particular aspects of development: population, resource mobilization, international trade, the use of development programs, etc.
- (2) Support for Bank operations in particular sectors: agriculture, industry, transportation, education, etc.

External Objectives

- (3) Increasing knowledge of the basic development process in areas of particular importance to the Bank, such as development strategies, employment, rural-urban balance, the productivity of capital and of external resources, the transfer of technology, etc.
- (4) Development of institutional capacity for research in the developing countries both to support planning and policy efforts and to increase knowledge of the development process.

10. The principal change from present Bank thinking is to recognize the need to develop and support research institutions in the developing countries which can undertake an increasing share of the empirical research and analysis. Since the quality of Bank economic reports can be no better than the underlying data available and the understanding of the development process in each country, the Bank's own interests would also be served in this way.

11. The external objectives may best be served if the Bank's research activities -- both in-house and sponsored -- are geared primarily to attaining internal objectives because of the gain in relevance and sharpness that will follow. Topics for cooperative research can be selected with these objectives in mind.

Types of Bank Research

Lending-Oriented Research

12. The selection of projects to be financed by the Bank should further the development objectives of a particular country. To attain this goal the Bank should carry out research on the methodology of project appraisal, giving attention to the interdependence of the project, the sector and the national economy. This requires, first, research on the use of shadow prices of foreign exchange, capital, and labor taking appropriate account of economic and social objectives and their application in particular countries.

Second, research is needed in formulating sectoral policies in the framework of an overall development strategy. Third, there is need for research on the relationship of projects with sector. In these areas the Bank should apply existing knowledge and also undertake original research to adapt known techniques to its needs.

Policy-Oriented Research

13. As its role as a policy advisor expands, the Bank needs to clarify some of the major policy issues in development, explore alternative solutions to particular problems and, to the extent possible, unify the practices followed by Area and Projects Departments. Position Papers will be required setting out the relevant alternatives and their respective advantages, to provide for the continuous evolution of Bank policies on particular questions. These position papers should deal with developmental objectives, the choice of policies aimed at reaching particular objectives, and the use of policy instruments.

14. Position papers are as good as the research underlying them. They require research on policy objectives such as growth, employment, income distribution and the trade-off among them; on policy choices such as export promotion versus import substitution, agriculture versus industry and public versus private enterprise; and on policy instruments such as exchange rates, tariffs, quotas, taxes, and investment licensing. Bank research in these fields may range from evaluating the applicability of existing findings to original research undertaken by Bank staff possibly in cooperation with researchers in developed and developing countries.

Knowledge of the Development Process

15. While intimately related to policy-oriented research, the objective of increasing our knowledge of the development process goes beyond the immediate operational needs of the Bank. Such research is nevertheless valuable for the Bank since an increased understanding of the process of development will contribute to improvements in policy-advice and lending activities. This type of research is carried out at universities and research institutes and many gaps remain to be filled before it can be applied to practical problems. Questions like the relationship of population and economic growth, the environmental effects of industrial development, or the productivity of foreign aid have received little attention. Yet answers to these questions can help to improve Bank policies and the selection of projects. This suggests the need for the Bank to systematically explore the implications of research carried out elsewhere.

16. The Bank is in a good position to formulate this type of research project but it may not have an advantage in carrying it out. Thus the Bank should extend contractual support for research done elsewhere. The need to make the results of such external research relevant to the Bank's activities will usually call for cooperative arrangements with the research institute concerned.

Research Capacity in Developing Countries

17. Institution-building in, for example, development banking, highway design, and agricultural planning is a recognized objective of the Bank. But improving the capacity of the developing countries to undertake economic research has received little or no attention. The development of indigeneous research capacity is an important part of the task of improving policy-making. From past experience it can be demonstrated that the Bank's policy-advisory and lending activities benefit directly from the availability of reliable data and other results of indigeneous research.

18. The experience of Pakistan, India, Israel, Chile and Nigeria shows the value of local research groups and the improvements that are possible within as little as five years. In each of these countries small research groups supported initially by foundations have made substantial contributions to the understanding of the development of their own countries, thereby both facilitating a better analysis of their current economic problems and contributing to the broader growth of knowledge of development.

19. While the financing of these institutes is basically the responsibility of the individual countries, the Bank can contribute to their development through cooperative arrangements and by sponsoring research on problems relevant to a particular country. Cooperative research projects bring direct benefits to the Bank since they facilitate exploring various issues in a comparative framework. In turn, apart from obtaining some additional financing, research institutes in developing countries would benefit from the technical assistance and coordination the Bank can provide.

20. In addition to comparative studies, there is need for research on the experience of individual countries which should be commissioned in cooperation with the Area Departments to ensure that projects enhance the Bank's understanding of a country's economic problems.

21. These provisions would help existing research institutes in developing countries. But they would not contribute to the establishment of new institutes in countries like Turkey, Korea, Tunisia, and the Central American Common Market. It is not proposed that the Bank should finance the establishment of such institutes, since

this can be done more readily by private foundations. But the Bank can play an intellectual and financial role in furthering the development of such institutions once they are launched.

Implementation

22. In order to develop these ideas further and to put them into operation, the following stages are envisaged:

1. Discussion of this memorandum in the Economic Committee and with an informal panel of external advisors who have been invited for this purpose (Professors Ranis and Falcon [U.S.], Hopper [Canada], Diaz-Alejandro [Cuba], Watanabe [Japan], Minhas [India], and Bruno [Israel].)
2. Establishment of an Economic Research Committee in the Bank -- with members drawn from the Central Economic Staff, the Area and Projects Departments, and IFC -- having responsibility to set research priorities, advise on research proposals, and review research results. Interdepartmental research panels should also be formed to evaluate research in particular fields.
3. With the help of the external advisors, the Economic Research Committee will identify promising areas for cooperative research. Topics in the fields of employment, population, agriculture, resource mobilization, the use of planning models and industrial technology have already been identified and are included in the budget proposals for FY 1972.
4. Once the general lines of the Bank research policies have been approved, the establishment of an external committee on development research to advise the Bank on research priorities and on relations with the external research community is proposed.

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