

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

Folder Title: General Research Advisory Panel correspondence - v.2

Folder ID: 1546798

ISAD(G) Reference Code: WB IBRD/IDA DEC-01-05

Series: Records of the General Research Advisory Panel and the Special Research Advisory Panels

Sub-Fonds: Records of the Office of the Vice President, Development Policy (VPD) and the Development Policy Staff

Fonds: Records of the Office of the Chief Economist

Digitized: 8/7/2019

To cite materials from this archival folder, please follow the following format:  
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK  
Washington, D.C.

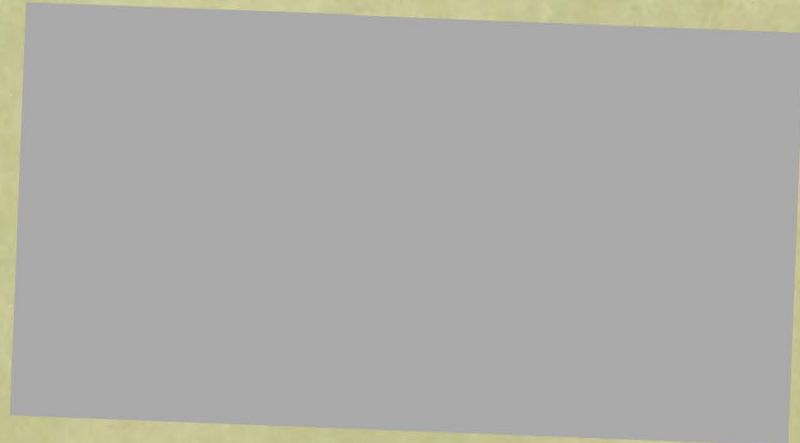
© International Bank for Reconstruction and Development / International Development Association or  
The World Bank  
1818 H Street NW  
Washington DC 20433  
Telephone: 202-473-1000

General Research Advisory Panel

Correspondence

(2)

1979-1980



**DECLASSIFIED  
WITH RESTRICTIONS  
WBG Archives**

RETURN TO ARCHIVES IN HB1-001

ISN # 50727 ACC# RA999-085

BOX # 1

~~NIS~~ <sup>HB</sup> LOCATION H-216-5-09



## OFFICE MEMORANDUM

TO: Research Committee Members

DATE December 7 1979

FROM: Gobind Nankani, VPD

SUBJECT: Research Committee Meeting  
on December 17

1. There will be a meeting of the Research Committee on Monday, December 17 at 4:30 p.m. in Room E-1208. The agenda for the meeting is as follows:

- (i) To discuss the Board's reactions to the General Research Advisory Panel (GRAP) Report and Mr. McNamara's accompanying memorandum;
- (ii) In the light of (i), to discuss budget proposals to implement those elements of GRAP supported by the Board;
- (iii) Any other matters.

2. An issues note related to the above agenda will be circulated by the Research Adviser prior to the meeting.

Distribution:

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

GN:lt

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

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

G.Nankani  
December 10, 1979

Budget.

S. Acharya:lt  
December 3, 1979'

Notes on Discussions with EDs on GRAP

1. A canvassing EDs' reactions to the GRAP Report (and Mr. McNamara's memorandum) revealed a number of principal questions/comments, which are likely to be made at the Board. Some EDs will probably use the occasion for a general discussion of Bank research, its objectives, relevance and procedures. Two general points:

- (a) Most EDs are likely to support (some cautiously) an increase in real terms in the Bank's research program, especially if the increase concentrates on dissemination, application and "more relevant" research. Some EDs (e.g. the German) may not support an increase.
- (b) Virtually all Part II EDs canvassed welcomed the idea of a Research Subsidiary aimed at building research capacity in developing countries, while Part I EDs tended to be more circumspect (the matter is discussed in a separate note from Mr. Chenery to Mr. McNamara).

2. In what follows each question/comment is succeeded by an answer, summarizing the response already made or that could be made by staff at the Board:

(i) Question: How has Bank research influenced Bank operations and policies?

Answer:

- Recognize that much of the influence occurs in many indirect ways stemming from the propagation of a "research culture";
- Also recognize the long lead-times between research initiation and direct influence on operations and policies;
- Then give more concrete examples. Mr. Chenery and his staff can respond on the impact of the Bank's research on income distribution/poverty and trade/industrial policy on Bank and development policies.

However, links between research and operations are most direct in the case of sectorally-oriented Bank research. Mr. Baum might respond on this. His staff have given him a detailed brief.

(ii) Question: Out of the \$10 million a year of research in FY78, \$6 million took the form of research projects approved by the Research Committee (in which operational departments are heavily represented). How was the other \$4 million allocated? Do operational departments exercise any influence in the allocation?

Answer: The allocation of the "other \$4 million" (which fell below \$3 million in FY79 and is estimated at \$3 million for FY80) is presently under the formal authority of Department Directors and Division Chiefs in DPS and CPS, with supervision from their respective Vice-Presidents. About 40 percent of such expenditure is devoted to preparation of research proposals, which are eventually reviewed by the Research Committee. The remainder takes the form of "departmental studies". The influence of Regional departments on this latter portion is at present informal and intermittent. In future it could become formal and more sustained through the newly created Research Steering Groups.

(iii) Question: Who evaluates completed research projects? Do non-researchers have a say?

Answer: For all research projects approved by the Research Committee, evaluation is conducted by ad hoc Panels chaired by Research Committee members. Each Panel always has a representative from OED and the evaluation reports are on file in the office of the Director-General, OED, for inspection by Executive Directors. No such system exists for "departmental studies".



(iv) Question: Is there sufficient dissemination of research reports to audiences in developing countries? Is their form readily accessible to policy-makers?

Answer: Two-thirds of the institutions on the mailing list of the Bank's Research Institutions Documents Exchange Program" are in LDCs. Over 90% of the automatic distribution list for Staff Working Papers consists of LDC addresses. However, there is need for more systematic approach to document distribution. Second, it is probably true that research papers are not readily accessible to most LDC policy-makers. That weakness has been a major impetus underlying the launching of the Bank's World Development Report series.

(v) Question: How are consultants identified and hired for Bank research? Is there something of an "old-boy network"? Can some form of "tendering" be initiated?

Answer: "Tendering" is not a practicable proposition. A broadening in the nationality and institutional affiliations of the Bank's research consultants is likely to occur from a corresponding diversification of the Bank's research staff and the building up of research capacity in developing countries.

(vi) Question: Can more be done to utilize LDC researchers in the Bank's regular, country, sector and project work?

Answer: Yes; progress can be made with greater effort.

(vii) Question: Has there been any significant trend in research collaboration with developing countries?

Answer: Of the 115 research projects approved by the Research Committee between FY74 and FY79, 49 (i.e. 44 percent) involved some collaboration with developing country research institutions, governments and individuals (residing in LDCs). No significant trend is discernible. Greater efforts are necessary to increase the proportion of collaborative projects.

- (viii) Comment: Some EDs mooted the possibility of "internal sabbaticals" (in DPS/CPS) for operational staff in order to improve research assimilation.
- (ix) Comment: Some EDs welcomed the idea of more project-related research.



# Record Removal Notice

<b>File Title</b> General Research Advisory Panel correspondence - v.2		<b>Barcode No.</b>  1546798		
<b>Document Date</b> 30 November, 1979	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> To: Mr. E. P. Wright, VPD From: Patrick Heining, LEG				
<b>Subject / Title</b> Research Subsidiary				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td><b>Withdrawn by</b> Tonya Ceesay</td><td><b>Date</b> April 8, 2019</td></tr></table>	<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019
<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			

The World Bank

December 3, 1979

Hollis:

Attached is:

- (i) Some notes summarizing our discussions with EDs on GRAP which you may want to transmit to Mr. McNamara, and
- (ii) A brief prepared by Mr. Ray for Mr. Baum on the influence of Bank research on operations and policy. In Herman's absence I coordinated the CPS's input with Ray. I think they have done a good job with regard to the Bank's sectorally oriented research. I do not know whether you wish to send any of this to Mr. McNamara as part of his briefing .


Notes on Discussions with EDs on GRAP

1. A canvassing EDs' reactions to the GRAP Report (and Mr. McNamara's memorandum) revealed a number of principal questions/comments, which are likely to be made at the Board. Some EDs will probably use the occasion for a general discussion of Bank research, its objectives, relevance and procedures. Two general points:

- (a) Most EDs are likely to support (some cautiously) an increase in real terms in the Bank's research program, especially if the increase concentrates on dissemination, application and "more relevant" research. Some EDs (e.g. the German) may not support an increase.
- (b) Virtually all Part II EDs canvassed welcomed the idea of a Research Subsidiary aimed at building research capacity in developing countries, while Part I EDs tended to be more circumspect (the matter is discussed in a separate note from Mr. Chenery to Mr. McNamara).

2. In what follows each question/comment is succeeded by an answer, summarizing the response already made or that could be made by staff at the Board:

- (i) Question: How has Bank research influenced Bank operations and policies?

Answer:

- Recognize that much of the influence occurs in many indirect ways stemming from the propagation of a "research culture";
- Also recognize the long lead-times between research initiation and direct influence on operations and policies;
- Then give more concrete examples. Mr. Chenery and his staff can respond on the impact of the Bank's research on income distribution/poverty and trade/industrial policy on Bank and development policies.

However, links between research and operations are most direct in the case of sectorally-oriented Bank research. Mr. Baum might respond on this. His staff have given him a detailed brief.

(ii) Question: Out of the \$10 million a year of research in FY78, \$6 million took the form of research projects approved by the Research Committee (in which operational departments are heavily represented). How was the other \$4 million allocated? Do operational departments exercise any influence in the allocation?

Answer: The allocation of the "other \$4 million" (which fell below \$3 million in FY79 and is estimated at \$3 million for FY80) is presently under the formal authority of Department Directors and Division Chiefs in DPS and CPS, with supervision from their respective Vice-Presidents. About 40 percent of such expenditure is devoted to preparation of research proposals, which are eventually reviewed by the Research Committee. The remainder takes the form of "departmental studies". The influence of Regional departments on this latter portion is at present informal and intermittent. In future it could become formal and more sustained through the newly created Research Steering Groups.

(iii) Question: Who evaluates completed research projects? Do non-researchers have a say?

Answer: For all research projects approved by the Research Committee, evaluation is conducted by ad hoc Panels chaired by Research Committee members. Each Panel always has a representative from OED and the evaluation reports are on file in the office of the Director-General, OED, for inspection by Executive Directors. No such system exists for "departmental studies".

(iv) Question: Is there sufficient dissemination of research reports to audiences in developing countries? Is their form readily accessible to policy-makers?

Answer: Two-thirds of the institutions on the mailing list of the Bank's Research Institutions Documents Exchange Program" are in LDCs. Over 90% of the automatic distribution list for Staff Working Papers consists of LDC addresses. However, there is need for more systematic approach to document distribution. Second, it is probably true that research papers are not readily accessible to most LDC policy-makers. That weakness has been a major impetus underlying the launching of the Bank's World Development Report series.

(v) Question: How are consultants identified and hired for Bank research? Is there something of an "old-boy network"? Can some form of "tendering" be initiated?

Answer: "Tendering" is not a practicable proposition. A broadening in the nationality and institutional affiliations of the Bank's research consultants is likely to occur from a corresponding diversification of the Bank's research staff and the building up of research capacity in developing countries.

(vi) Question: Can more be done to utilize LDC researchers in the Bank's regular, country, sector and project work?

Answer: Yes; progress can be made with greater effort.

(vii) Question: Has there been any significant trend in research collaboration with developing countries?

Answer: Of the 115 research projects approved by the Research Committee between FY74 and FY79, 49 (i.e. 44 percent) involved some collaboration with developing country research institutions, governments and individuals (residing in LDCs). No significant trend is discernible. Greater efforts are necessary to increase the proportion of collaborative projects.

- (viii) Comment: Some EDs mooted the possibility of "internal sabbaticals" (in DPS/CPS) for operational staff in order to improve research assimilation.
- (ix) Comment: Some EDs welcomed the idea of more project-related research.



## OFFICE MEMORANDUM

TO: Mr. H.B. Chenery o/r  
DATE December 10, 1979

FROM: E. Bevan Waide, VPD *EW*

SUBJECT: GRAP Report: Discussion with U.K. Executive Director's Office

On Friday, November 30, I met with Mr. Derek Smith, the new United Kingdom Alternate Executive Director, and Ms. Amanda Humm, Technical Assistant in the ED's office. We had a long discussion on the research program to which Derek Smith was new. His main concern was about the operational relevance of the research being done and he had a large number of questions about the way in which the research program in the Bank was managed, and in particular, how operational staff fed their views into research design and content.

While not disagreeing with the GRAP recommendation on the strengthening of research capacity in developing countries, he argued fairly strongly that this should not mean a cut-off in Bank support for research on development by developed country institutions. Quite clearly he had in mind the forthcoming major cuts proposed in ODM support for the IDS in Sussex, and was hoping that Bank financed research projects could be steered their way.

cc. ✓ Mr. Acharya (VPD)  
Mr. Balassa  
Mr. B.B. King (DED)

EBWaide/ko

## OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery, VPD

DATE: November 29, 1979.

FROM: Bela Balassa, DRC

SUBJECT: GRAP Report: Meeting with Mrs. Parent

1. In the absence of Paul Mentré, I have met with Mrs. Parent who will represent France at the December 4th Board meeting. However, she had discussed questions relating to research with Mentré.
2. Mrs. Parent has expressed a favorable view as regards the future expansion of Bank research, provided that this is concrete (i.e., applied) rather than abstract (i.e. theoretical) research. She has indicated that this is also Mentré's view, which apparently represents a change as compared to his predecessors.
3. At the same time, Mrs. Parent is quite negative on institution-building in developing countries, unless this takes the form of participation in Bank research projects. She feels that it is not the task of the Bank to establish research institutes which, at any rate, may not survive without continuing financial assistance. She also questions the usefulness of general (i.e. nonspecialized) research institutes in the national framework and prefers setting up specialized institutes on the regional level. She finds, for example, establishing a West African institute on energy to be of interest.
4. Mrs. Parent is also opposed to the idea of the Bank financing research projects carried out by developing country institutes and researchers on the grounds that this would essentially mean giving a blank check. Nor does she favor inviting research fellows to the Bank unless they participate in work on a particular research project.

cc: Messrs. Acharya, King, Waide

BBalassa:nc

## OFFICE MEMORANDUM

TO: Mr. H.B. Chenery, Vice President

DATE: November 28, 1979

FROM: E. Bevan Waide, VPD *EW*SUBJECT: GRAP Report: Meeting with Mr. Eduardo Mayobre

Mr. Mayobre started with an apology for not having read the papers and then proceeded to indicate he had in fact considered them quite thoroughly--and felt sufficiently interested in the subject to have postponed a trip to Venezuela to take part in the Board discussion.

His central point was that he felt there was a gentle air of patronage about the GRAP Report and the management's response. In discussing dissemination he was concerned that the Bank was taking the approach that it possessed the truth and wished to broadcast it. Instead of dissemination, he said, why not try insemination! The Bank should try to learn from the experience of others and use its resources to help developing countries do the research they feel necessary rather than having Idcs do the research the Bank feels necessary. If this approach were taken he felt that, at least in Latin America, there was a lot of research capacity that could be tapped, especially if the Bank took care to avoid the few established western-oriented research institutions.

He supported the idea of a research subsidiary primarily because he felt that such an organization, especially if supported by a variety of donors, could take positions independently of the Bank and independently of the Bank's major shareholders. Such a subsidiary could stand somewhere between, for example, UNCTAD on the one hand, which did research to support the third world position and the Bank on the other which, he felt, tended to support the Part I position. He made a number of other minor observations suggesting more research on the economics of natural resource use, and an endorsement to concentrate Bank research on fewer, larger investigations.

cc. ✓ Mr. Acharya (VPD)  
Mr. Balassa  
Mr. B.B. King (DED)

## OFFICE MEMORANDUM

TO: Mr. H.B. Chenery, Vice President

FROM: E.B. Waide, VPD *VBW*

SUBJECT: GRAP: Meeting with Mr. Morioka

DATE: November 28, 1979

Mr. Morioka and his technical assistants generally welcomed the GRAP report and the management's response although they discreetly, and humorously, pointed out that the general and specialist panels seemed to be composed of academics and officials who would have a vested interest in supporting more research.

Their main point revolved around the proposal for a research subsidiary. While not objecting to it, they asked a number of questions about its possible purposes, why it would have functions that could not be carried out by Bank departments, and why it should be financed out of profits rather than out of the administrative budget. While putting forward arguments in support of Mr. McNamara's views, I acknowledged that the idea was still at a very early stage and details would be evolved in the light of the Board's initial reaction. Mr. Morioka had no real hesitation about endorsing an increase in real terms in the research budget of the Bank: he acknowledged that past research had a useful impact on the direction of the Bank's policies and believed it was right that the Bank should take the lead in the worldwide research effort in the economics of development, while noting that the IDB, ADB and others should also play an increased role. An increase in the research budget however should rest upon a careful judgement about the priority attached to the new research topics, and an exhaustive weeding-out of old ones. I described the mechanism that would exist for this, which he seemed to find acceptable. He asked, if the research budget were to increase again would this be seen by developing countries as a satisfactory alternative to a lower Bank interest rate? What would the trade-offs be in terms of reduced expenditure on other Bank budget categories such as supervision?

cc. ✓ Mr. Acharya (VPD)  
Mr. Balassa  
Mr. B.B. King (DED)

EBWaide/ko

## OFFICE MEMORANDUM

TO: Mr. Hollis Chenery

DATE: November 26, 1979

FROM: Shankar Acharya

SUBJECT: GRAP: Interview with Mr. Suh

1. Mr. Suh indicated that on this matter his chair would reflect his views at the Board. These views were basically supportive of GRAP and, perhaps even more so, of Mr. McNamara's memorandum to the Board.
2. Mr. Suh agreed (with the President's memorandum) that increased collaborative research would not be sufficient to build research capacity in developing countries. He felt that collaborative arrangements tended (because of their concern with research quality) to gravitate towards well-established research institutions, which were perhaps least in need of external support. A much more conscious, "infant-industry approach" to building research capacity in LDCs was necessary. In this context he welcomed the idea of a Research Foundation (financed from Bank profits) to funnel support to LDC research institutions. He cited, approvingly, the example of I.D.R.C., whose support, he said, was strictly confined to research done in developing countries by local institutions and nationals. Incidentally, Mr. Suh did not favor the GRAP proposal of program finance to regional (as distinct from national) research institutions.
3. He also welcomed Bank initiatives to farm out a greater proportion of its Country, Sector and Project work to local researchers. He found it anachronistic that missions to a country like Korea made so little use of local researchers in their country and sector studies and instead chose to rely on external consultants with little knowledge of the Korean scene. He hoped that, in general, Bank missions would make more contact with and use of local research institutions, instead of dealing exclusively with government officials.
4. On intra-Bank research dissemination, Mr. Suh supported the idea of a senior economist in each Chief Economist's office. He also felt that improvements in research assimilation would be helped through increases in Regional economic staff, better management of their time and more functional specialization among Regional economists. He also favored more rotation of senior staff (senior economists, division chiefs) between the central policy staffs and the Regions.

5. On extra-Bank dissemination, Mr. Suh felt that document distribution to LDC institutions needed to be greatly improved. He also advocated the use of EDI-type "workshops" aimed at LDC researchers (as distinct from the EDI's focus on government officials).

cc: Messrs. B. Waide  
B.B. King  
B. Balassa  
G. Nankani

Files

November 21, 1979

Hollis B. Chenery, VPD

GRAP: Meeting with Mr. de Groot

Since Mr. de Groot had not read the GRAP Report, our discussion was mainly educational. He pointed out that he had been a long time supporter of the Bank's Research Program and he saw no problem with the management recommendations as I outlined them.

On the issue of support for developing country institutions, he ~~did not have a definite reaction but wished to consider the matter further.~~ He will probably not be here if the meeting is held December 4.

cc - Messrs. Waide  
King  
Acharya  
Balassa

HBC:ja

Files

November 21, 1979

Hollis B. Chenery, VPD

GRAP: Meeting with Mr. Lundstrom

Mr. Lundstrom wanted first to know the management reaction to the report in greater detail. He expressed particular interest in the support of LDC research institutions and an interpretation of the section on DC institutions. On the latter, he thought they should not be excluded from support when the research topic was best handled in that way.

Mr. McNamara's phrase on a "research subsidiary" provoked a long and inconclusive discussion in which we agreed that it needed to be considered in the context of other uses of profits and the future role of the Bank.

In general Lundstrom is interested in the topic but guarded in expressing any firm views at this point, perhaps because he is new to the Bank.

cc - Messrs. Waide  
King  
Acharya ✓  
Balassa

HBC:jm



## OFFICE MEMORANDUM

TO: Mr. Hollis Chenery

DATE: November 21, 1979

FROM: Shankar Acharya<sup>S</sup>SUBJECT: GRAP: Interview with Messrs. Kurth,  
Hanfland and Bucher

1. The German ED's office was present in full strength and took the opportunity to conduct a 90-minute "cross-examination" (Mr. Kurth's phrase!) regarding the Bank's research program. They were clearly doing a lot of homework for what is likely to be a somewhat hawkish intervention in the Board. Mr. Kurth's questioning was thorough and detailed. To wit, he wanted to know about:

- The details of the Bank's present review process concerning RPOs, composition of the Research Committee, the extent to which operational staff were represented, etc. He was curious as to whether proposals were ever rejected by the Research Committee, or whether it operated like the Board (!). I gave the example of last month's Research Committee meeting to demonstrate the "teeth" in the Committee.
- The distinction between RPO research and other "discretionary" research. With regard to the latter (the "other \$4 million a year" in GRAP terms) he was concerned that decisions on this appeared to be taken solely by managers in research units of the Bank - he advocated a stronger review/decision input by operational staff. I mentioned our initiatives in implementing GRAP proposals on Steering Groups (with operational staff membership), though I conceded that their role with respect to non-RPO research remained an open question.
- How completed RPOs are evaluated. He seemed to favor a stronger role for OED here.
- The extent to which the results of completed research projects are disseminated and applied.
- The various forms research output takes, i.e. Staff Working Papers, journal publications, books etc. (Incidentally, he was surprised to learn that many staff working papers are the

product not of research - as defined in the Bank's internal accounting - but of back-ground work for policy documents such as WDRs and other policy papers as well as, on occasion, country and sector work).

- Whether there was any "tendering" for consultants working on research or whether it was all part of an "oldboy network among researchers". I pointed out the impracticability of ICB for a \$20,000 consultant hiring decision (!), and assured him that we were actively trying to broaden (with respect to nationality and institutional affiliation) our consultant clientele. His concern was not wholly assuaged.
- Whether there was any upward trend in consultant spending/collaboration with LDC researchers.
- How much planning had been done for the Research Subsidiary mooted in Mr. McNamara's memo (I responded that it was best perceived as a trial balloon for EDs to react to).

2. In sum, we may expect an intervention which stresses the need for "more operationally relevant research" and advocates greater influence by operational staff on research decisions.

cc: Messrs. B. Waide  
B.B. King  
B. Balassa  
G. Nankani

P.S. I just received a call from the German ED's office in which they went out of their way to express appreciation for all the detailed information conveyed at yesterday morning's meeting with the whole group.

## OFFICE MEMORANDUM

TO: Mr. Hollis Chenery

DATE: November 21, 1979

FROM: Shankar Acharya

SUBJECT: GRAP: Interview with Mr. Narasimham

1. Mr. Narasimham had clearly read the report carefully and made extensive notes. He began by expressing disappointment about the GRAP Report, which he characterized as "bland", "unimaginative" and supportive of the "status quo". His particular concerns and questions are outlined below.

2. He questioned the extent to which the results from Bank research had influenced Bank operations and policies. His impression was that the impact, so far, has been small. He cited the case of Bank's policy/lending shifts in favor of poverty groups (concern for equity etc.) as a case where policy decisions had been made first and Bank research efforts had then followed to flesh out, justify and explicate the policy shift. He advocated a situation where research would be the leading edge which would determine the direction of future Bank policy and lending activities. I pointed out that in the example cited the Bank's policy shift had been, in fact, heavily influenced by research and studies in the academic community at large, even though it was fair to say that most of the Bank's research on poverty and income distribution came after the policy shift.

3. Mr. Narasimham was concerned about the quality of dissemination extra-Bank. He asked about the mailing list for Bank research outputs. Were policy makers and researchers in developing countries adequately served or were most of the recipients residents of countries bordering the Atlantic? I told him about our documents exchange program but conceded that much remained to be done regarding systematic dissemination of research output to LDC audiences. He also stressed the need to perceive policy-makers as the key audience and the consequent need to make research output available in language and form readily accessible to them (he pointed out many policy-makers were not trained economists). He felt that publications such as Finance and Development and the World Development Report were the sort of vehicles which were more likely to reach the audience in question than the usual run of research reports. He mooted the possibility of a Bank house journal reporting on research results.

4. With respect to the Research Subsidiary, Mr. Narasimham was strongly in favor if the institution was to be designed as a "foundation" with the primary purpose of

supporting research institutions in LDCs through program finance for "libraries, computers, calculators, etc.". He didn't feel there was any lack of competent researchers; complementary physical facilities were the key constraints. He specifically advocated the C.G.I.A.R. model. He also stressed that the Bank's initiatives in this area should not contribute to "research imperialism". On collaborative research, he felt this should be the exception, with the norm being a situation in which research on development is conducted by developing country institutions.

5. He was favorably disposed to the idea of fellowships (to be held in the Bank) for LDC participants, provided steps were taken to ensure that the people returned to their national institutions.

6. He favored a strong role for the EDI in disseminating ideas and methods to developing countries.

cc: Messrs. B. Waide  
B.B. King  
B. Balassa  
G. Nankani

SA:lt

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

# OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery

DATE: November 20, 1979

FROM: Benjamin B. King *BBK*

SUBJECT: GRAP: Interview with Rota

1. I saw Rota yesterday with his assistant de Benedictis; the latter took an active part in the conversation. Their view was that the justification for research was that it was useful for the Bank's operations and that dissemination should take priority over an increase in research.

GN  
2. On dissemination, we went over a fair amount of familiar ground (lack of time for assimilation, the new workshop series, steering groups, etc.). They questioned whether optimal use was now being made of resources devoted to research and whether some could be devoted to dissemination. In this connection (presumably) de Benedictis asked a question about Table 2 on page 15 of the GRAP report: what were the "departmental studies and other"? I explained that, as far as the DPS was concerned, this now consisted, for the most part, of research preparation and referred to the amount of time that went into, for example, the City Study preparation. I also said that, in the past, there had been quite a lot of "small studies", but the policy now was to keep these to a very small proportion. It might be a good idea to have some breakdown available for the meeting; I suspect the overall figure includes a lot of small bits and pieces scattered around the Bank; some of it may be statistical (research creeping into the TRS system for some quite unidentified activity). As far as dissemination/assimilation was concerned inside the Bank, I said that I thought staff time was the principal constraint. As far as dissemination overseas was concerned, I also pointed out that comparatively small amounts of money might go a long way.

3. Rota, as did Looijen, fastened on para. 2 of McNamara's memorandum, in which reference is made to reviewing the project performance audit reports. I suspect this subject, based on a sample of two, could well be raised by a number of people at the GRAP meeting; after all, OED is their baby. In this connection, you may find useful the collection of memos between ourselves and OED, which I attach.

4. For the record, I note that Rota referred to para. 3.08 on page 16 of the GRAP report. It was not very clear to me whether he agreed with this paragraph, because I had some impression that he had not appreciated that the following paragraphs put the contrary view. Since the conversation got diverted to something else, I never did get to the bottom of that one.

Attachments

Messrs. Waide  
Balassa  
Acharya ✓

# OFFICE MEMORANDUM

TO: Mr. Benjamin B. King, DED

DATE: July 3, 1979

FROM: Mervyn L. Weiner, DGO *Mlw*

SUBJECT: Learning from completed projects

Further to our recent conversation on this subject, I was struck by the following recurrent comment of the Research Advisory Panel on Agriculture and Rural Development: "a primary research priority for the Bank is to learn from its own experience, to mine the "goldmine" that it has in its past history..." (page 25).

When we meet again, I would welcome your staff's views as to whether OED's project performance audit reports and special studies have been or could be used by them in their work and, if not, why. I suspect the panel did not even know about this material, which is a pity since their views about it in light of their recurrent comment would have been valuable.

The panel also recommends establishing a computerized document retrieval system to give researchers ready reference to material on particular subjects (page 19, para. 7.7). The OED Concordance I referred you to is the product of just such a system. Although it covers only OED reports, its existence should be borne in mind if this recommendation is implemented, to ensure complementarity in design and classification of subjects. Any suggestions as to how the Concordance might be made more useful would be welcome.

cc: Messrs. Chenery, VPD  
Stern, VPO  
Baum, CPSVP  
Kapur, OED

File A.7

# OFFICE MEMORANDUM

TO: DED Division Chiefs

DATE: July 6, 1979

FROM: Benjamin B. King *Bank*

SUBJECT: OED

We spoke last week about my conversation with Mervyn Weiner. He has since sent me the attached memo. I have obtained copies of the Concordance he refers to, one of which is attached.

My own impression, after leafing through the Concordance, is that it is almost exclusively devoted to the management of the "project cycle", which is hardly surprising. It may be a useful reference work to refer to from time to time, if a particular subject is under review and one thinks there might be some relevant project experience. But, even there, it is not the easiest document to consult, for our purposes. I looked, for example, for something on interest rates and found it on page 100, but not because there was anything about interest rates in any index.

Past experience has been referred to as a goldmine ever since I can remember and, similarly, the Eldorado has always proved elusive. I still suspect that the nuggets will occasionally appear mainly through the communication of ideas between people rather than hacking one's way through documents.

We might discuss this at our next meeting.

## Attachments

cc: Messrs. Weiner  
Stoutjesdijk  
Selowsky

# OFFICE MEMORANDUM

TO: Mr. Benjamin B. King, Director, DED

DATE: July 19, 1979

FROM: Shiv S. Kapur, Acting Director-General,  
Operations Evaluation

SUBJECT: OED Concordance

Reference your note of July 12 to Mr. Weiner.

The material included in the Concordance is fully computerized. In addition, a search capability exists exactly on the lines mentioned by you. An index of key words contained in the PPAR Highlights is one of the provisions in the search program. Mrs. Crabbe-Anderson, the staff member responsible for devising the program in this Department, made a check for two of the key words mentioned by you: employment and rate of return. A computer printout containing the results is attached; this lists 12 project performance audit reports in which the question of employment has been treated, while 17 reports mention the rate of return. A complete reference to the reports and to paragraph numbers appears in the printout.

You may also be interested to see the attached instructions that were issued fairly widely in the Bank in the expectation that the search capability would be used by departments other than OED. Unfortunately, this set of papers, like so many others which pass across our desks, seems to have been generally lost sight of. To our knowledge the search program has been used by CPS and Regional Projects Departments a few times, and by the Projects Advisory Staff, who were expected to be the largest single beneficiary, not at all.

The program however exists and we continue to make efforts at its improvement. We also propose to once again bring it to the notice of operating staff in the Bank. Quite apart from the limitations of the program itself, the instructions for its use require some investment of time by the potential user. Some of this time could be saved if we could organize demonstration sessions. I hope we shall still get to that after the program has been further improved.

Attachments

cc: Mr. Weiner, o/r  
Ms. Crabbe-Anderson



# OFFICE MEMORANDUM

TO: Mr. Ben King, Director, DEDDR

DATE: July 26, 1979

FROM: Mark W. Leiserson, Chief, DEDER

SUBJECT: OED Concordance and OED Special Studies

1. My impression (like what I take to be yours) continues to be that the OED Concordance including the computerized search capability is likely to be of minimal value for DED purposes of developing or carrying out research. The listings both in the Concordance and the computer print outs provide only what seems to be a simple indexing of textual references--many if not most of which may be of the most casual sort. And the system of classification employed is of little help in determining where substantial treatments of common central issues of project design, performance and impact might be found.

2. Some of the OED special studies appear to be of greater potential interest. I have looked through three of them--Rural Development Projects: A Retrospective View of Bank Experience in Sub-Saharan Africa (Rpt. No. 2321); Review of Bank Operations in the Education Sector (Rpt. No. 2242); The Agricultural Program in Indonesia (Rpt. No. 2166). The review of African RD projects is limited by its reliance on materials in project audits and does not produce conclusions (as the report itself states) much different in character than those reached in earlier Bank research. The education sector review apparently parallels the report of the External Advisory Panel on Education (the hope is expressed that the two will be read as "complementary exercises"). The stated purpose of the report on the Indonesian agricultural program is to determine the "revealed coherence" of the Bank's lending in this sector. In many ways I found this report was of greatest interest perhaps because the effort to discover "coherence" necessarily involves consideration of issues that ought to be (or have been) the focus of the country economic analysis. In this respect it clearly overlaps with some DPS research and operational support responsibilities. However, there is relatively little attention given to the country economic work program.

3. All these reports include some discussion comments or recommendations on research of one sort or another. But I could detect little or no evidence in the reports themselves that the research aspects had been extensively discussed with DPS departments or staff (although I presume some such discussions must have taken place in connection with the education sector review). In any case, given the interest of OED in the character and quality of Bank research and country economic work revealed in these special studies, it might be judged worthwhile to have more interaction between OED and DPS in these areas than seems to have occurred up till now. A meeting with Mervyn L. Weiner to discuss this might at least clarify how OED views its responsibilities in these areas and how they relate to DED functions and activities.

cc: Messrs. Stoutjesdijk, Selowsky (DEDDR)

Benjamin B. King, DEDDR

OED/DED = 0; and what to do about it

1. I attach a memorandum from Mark Leiserson (7/26/79) in answer to Shiv Kapur's of July 26 and others. My impression of the computerized search capability is indeed the same as Mark's. In fact, what little I know about this subject suggests that these things are hard to design. I was at a conference with Merv Muller in Ottawa in 1974, where IDRC was trying to sell a system of theirs (which they may by now have done). The conference was divided: the technicians who were very much in favor; and representatives from LDC's and the World Bank, who, after listening to experience on existing systems other than a highly specialized one (INIS ?) for nuclear scientists, came to the conclusion that it could well be all input and little useable output.
2. I would, therefore, attach much more importance to following up on paragraphs 2 and 3 of Mark's memo. The main point I would make is one I have already made to you: that communication by document (even if one receives it!) is not efficient, unless its relevance is clear and apparent to the recipient. We just get too many to be able to afford the luxury of searching for the nuggets. A small word in someone's ear that they might find document ABC (paragraphs xyz) interesting makes all the difference. In these parts, documents delivered without this stimulus are said to be "parachuted".
3. Therefore, some sort of human communication is needed. I am rather interested to know why the research aspects referred to by Mark weren't discussed with anyone in his division, as far as we know. Maybe, OED staff is so busy, like everyone else, that they just don't have the time.
4. Maybe you and Shiv Kapur and anyone else you like from OED would like to meet with division chiefs or perhaps a wider group in DED, when we all get back from our vacations.

Attachment

cc: Mr. Stoutjesdijk  
Mr. Selowsky  
DED Division Chiefs  
Mr. S. Kapur

BBKing:gm

## OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery, VPD

DATE: November 20, 1979.

FROM: Bela Balassa, DRC M

SUBJECT: GRAP: Interview with Mr. El-Naggar

1. As could be expected, Mr. El-Naggar was rather forthright in expressing his views on research. In fact, he has gone much beyond research and has questioned the positions taken by Bank management and the World Development Report on major development issues.

2. In El-Naggar's view, the Bank is too timid in the proposals it puts forward as far as developed country policies are concerned. In particular, he criticized WDRI and II for basing projections on assumptions made regarding political feasibility. He would rather like to see the Bank examining the implications for the rate of economic growth of poverty eradication by the year 2000 and indicating the policy conditions for this outcome. In his view, apart from trade policy, particular attention would need to be given to alternative ways of resource transfer from developed to developing countries.

3. El-Naggar considers an important task of research to provide the underpinnings for Bank policy pronouncements on the above issues. He further sees the need to study the development process in its many facets. Finally, he strongly favors efforts made at institution building, whatever form this may take.

cc: Messrs. B.B. King, DED; Acharya, VPD.

BBalassa:nc

## OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery, VPD

FROM: Bela Balassa, DRC *M*

SUBJECT: GRAP: Interview with Mr. Razafindrabe

DATE: November 19, 1979.

1. Mr. Razafindrabe told me that he and his colleagues are reviewing the GRAP report and he has as yet little to say on the report, pending the outcome of this review. As on earlier occasions, he further stated that he will essentially be expressing the views of the governments he represents.

2. Thus, while Razafindrabe personally favors the expansion of the research program, he will be awaiting the instructions of the governments in question on this point. He also favors institution-building and we have agreed that in francophone Africa this could best be done on a regional basis, e.g., in the framework of the West African and the Central African integration projects.

3. Razafindrabe further expressed interest in several research areas, including social profitability, the use of purchasing power parities in estimating GNP (an issue of some importance for Gabon), and indigenous energy sources. As regards social profitability, he has agreed that rates of economic profitability would first need to be estimated. In turn, I have indicated to him that the generalized application of purchasing power parity relationships would have to await the application of short-cut methods. Finally, we have agreed that research on indigenous energy sources offer particular interest in the countries he represents.

cc: Messrs. Waide, VPD; B.B. King, DED; Acharya, VPD. ✓

## OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery

FROM: Benjamin B. King *BBK*

SUBJECT: GRAP: Interview with Mr. Looijen

DATE: November 15, 1979

1. Mr. Looijen, though not as far as I could see ill-disposed towards research, said he was not the sort of person who would feel very comfortable in a research environment. He said he was very impressed with the effort that had been put in by the various panels. His comments on various items in McNamara's memo of November 6, are listed below.

2. He liked the idea of more research based on project experience and project data. I pointed out to him the difficulty, at least for DPS, of culling research-worthy ideas from the mass of PPRs without some human intervention from OED. This conversation took place partly in the presence of Mervyn Weiner, who came in at the tail end of my interview, and with whom I have had this sort of exchange several times.

3. He did not comment on building research capacity in LDCs.

4. He was very critical of the Bank's use of statistics. He felt a lot of the figures put out by the Bank, including income distribution statistics and rates of returns on projects, are extremely dubious. He even went so far as to suggest that all Bank figures should have a margin of error attached to them. Although I sympathized with his general point, I suggested that this was going a little bit far! On the specific study mentioned under Data Collection, I pointed out that this was designed to improve matters at the source from which the Bank inevitably has to draw.

5. His next comment could equally well apply to internal organization or dissemination. He understands that operational staff have very little time to assimilate the Bank's or anybody else's research. He is in favor of the idea of "internal sabbaticals" for operational staff in order to give them time to bone up.

cc: Messrs. Waide  
Balassa  
Acharya ✓

Files

November 19, 1979

Hollis B. Chenery, VPD

Discussion with Messrs. Madinga and Abdulai of GRAP

Most of the discussion was concerned with the orientation of the Research Program, the procedures used, etc. Mr. Madinga was interested in the management response to the proposal to strengthen the Chief Economist's office as a means of promoting dissemination.

The main question discussed was support for LDC research groups. Mr. Madinga was favorable to several of the proposals made by the Panel, including financing of new centers. He felt that the post-doctoral fellowship proposal was not appropriate to Africa, where researchers have typically a lower level of training.

cc - Messrs. Waide  
King  
Balassa  
Acharya

HBC:jm

CPS Reaction

## OFFICE MEMORANDUM

TO: Mr. Warren C. Baum

DATE: November 30, 1979

FROM: Anandarup Ray

SUBJECT: Brief on the GRAP Report for next Tuesday's Board

1. Mr. van der Tak had asked me to prepare a brief for you on the "influence of Bank research on operations and policy." Subsequently, the Research Advisor told me that there might also be some questions on the use of project data and experience in our research (see paragraph 2 of Mr. McNamara's cover memorandum).

Influence of Bank Research  
on operations and policy

2. Please find attached a brief on this topic. It offers some general remarks with references to the reports of GRAP and specialized panels, and provides specific examples prepared by CPS departments. In preparing this brief I have focussed on sectorally-oriented research in Agriculture, Education, EWT, Transport and Urban. Briefs for other areas are being prepared by the Research Advisor for Mr. Chenery.

3. To summarize briefly:

- as noted in the GRAP report, and the reports of the specialized panels, the Bank's sectorally oriented research is intimately linked with its operations and policy work. Research results are often directly incorporated into staff instructions and policy papers,
- the link has been strongest in EWT and Transport, but is also evident in Agriculture. Much of the earlier research in Agriculture involved sector modelling techniques which have had only very limited impact thus far. The research effort in other areas has been either much less extensive or too recent (e.g. urban) to have comparable effects,
- if a few specific examples are needed I suggest
  - . "Pricing and Investment in Electricity Supply" (see Mr. Munasinghe's note).
  - . "Highway Design Study" (see Mr. Harral's note).
  - . "Africa Rural Development Study" (see Mr. Donaldson's note).
  - . "Evaluation Methods" (see Mr. Hultin's note).



More use of project data

4. Mr. McNamara's statement in the cover memorandum responds to the GRAP Report's recommendation that more use should be made of the Bank's project experience and data for research purposes (paragraphs 2.07 (i) and 2.08 in the GRAP Report). The Report does not explain this idea in any detail. Nonetheless a suitable answer to any Board questions might be framed along the following lines:

- much of our sectorally oriented research emanates directly from project experience and data,
- the scope for additional, or more systematic, use of project experience will be explored through the recently created mechanism of research steering groups along functional lines,
- the primary purpose of the monitoring and evaluation components in our projects is to provide quantitative aids to project management decisions. We should explore, through the same mechanism of steering groups, the extent to which such components provide data sets that can be used for research purposes. It would not however be right to impose additional demands on such components purely to serve research interests,
- in "mining" project experience we will give priority to areas where past research has not been extensive, viz. education, urban, population and small-scale industry.

cc with attachment: Messrs. van der Tak, Rajagopalan, Acharya,  
Churchill, Donaldson, Harral, Hultin, Mumasinghe

ARay:uw

Brief on "Influence  
of Bank Research on  
Operations and Policy"

Introduction

1. This topic is discussed in several different places in the reports of GRAP and specialized panels. I try below to integrate their remarks as well as to offer a few observations of my own. Notes from CPS departments citing specific examples are attached.

2. The basic point is that the Bank's research is of various types and they bear on operations and policies in a variety of ways. It is often difficult to define the linkage between a single research project and operations/policy in a straightforward manner. Research creates a relevant "culture," which influences everything we do in one way or another. As the report on Agriculture puts it:

"... it cannot be truthfully said that the Bank's research has no operational significance, for research can exert influence in inconspicuous ways. In giving advice, assistance and comment and when participating in country economic missions, sector work, and project related activities, DPS and CPS most probably rely on their insights from research to carry them through. The influence is, therefore, likely to be more circuitous than straightforward and perhaps never in its particular research purity but in combination with previous knowledge and partly with speculative judgment." (para 2.16).

3. However, the link with operations is especially strong in the case of sectorally oriented Bank research. The relationship is often direct, as can be seen from the examples referred to subsequently. In the simpler cases, research results are often synthesized and incorporated in staff instructions (such as CPNs and Public Utility Notes) and/or policy papers (such as OMSs or PRC policy papers). For example:

- our current policies on cost recovery and irrigation water charges originated with two staff working papers both of which involved considerable in-house research, and synthesis of the earlier research on pricing policies in utilities and transport,
- the research on "Agriculture Prices and Subsidies" led to a PRC policy paper, and is being followed up with operational support from CPS to Regions.

The GRAP Report

4. The most relevant quote from the GRAP report is:

"... has the Bank's research been useful? In part, the answer is clear. The results of Bank research are plainly contributing to the Bank's analytical work, and that of member countries, in such fields as trade policy and sector analyses. There are

also some good examples of the use of research results in project design: The Bank's projects in transportation and in public utilities would not be the same but for the results of Bank research. In some other sectors (education, population, small scale industry) however, research is still in the early stages and its results are only beginning to be seen. It remains true that the Bank's comparative advantage in project-related research has not been fully exploited, but we have proposed measures to remedy this." (para 5.05).

### Agriculture

5. The panel report comments favorably in this context on three research projects, viz. the "African Rural Development Study" the "Agricultural Prices and Subsidies Study" and the study on "Land Reforms in Latin America" (paragraph 2.4). Mr. Donaldson's memorandum comments on the first two. The report also suggests that research in agriculture has "probably contributed to the shift in lending policy toward small farmer and the rural poor" (para 2.15).

### Education

6. Although the GRAP report is right in saying that the research effort in this area has not been as extensive, some of the studies have influenced operations. The study on "Evaluation Methodology" (referred to in Mr. Hultin's note) has contributed to the much increased emphasis on evaluation components in our projects, relating to such aspects as tracer studies, educational achievements of students in project institutions, and the identification of changes needed in curricula and texts.

### EWT

7. The influence of research on operations in this area can only be understated in any brief discussion. Whether the research projects concerned economic issues, such as pricing and investment (the depth and quality of which has been high), or technical or "appropriate technology" issues, such as Water Supply and Waste Disposal technology, their motivations, implementation, and dissemination have been intimately linked with project and sector work.

8. The panel report emphasizes in particular the commendable work on "marginal cost pricing." To quote:

"A number of examples testify to the infiltration of economic analysis into Bank lending to public utility organizations. In the power area, we understand that whereas in only 4 out of 10 projects receiving approval in FY73 was mention made of marginal cost pricing, the

corresponding figure for FY78 was 18 out 18. Similarly, in FY77 all 14 water projects receiving approval embodied these principles..... In short, we can say that EWT has performed the task of translating general pricing principles into forms suitable for incorporation in practical decision-taking and thereby introduced a far more rational base for such operations." (page 6).

9. Mr. Munasinghe's note provides excellent details on "Pricing and Investment in Electricity Supply," and on "Problems and Issues in Village Electrification."

### Transport

10. The panel report recognizes the strong link with operations:

"... most of the research emerged from perceived needs of Bank operational staff and feeds into the process of project analysis inside the Bank and with the countries concerned. For instance, the approaches developed in the Highway Design and in the Labor Capital Substitution studies have already had major impact on several projects approved for Bank financing within the last two years." (para 2.13).

11. In addition to the highway studies referred to above (discussed in Mr. Harral's note), the panel report also notes:

- the PORTSIM (the computer queueing model for ports) has accelerated and improved project preparation and appraisal (Appendix II, para 28),
- the Railway Tariff Costing Study is in wide use (Appendix II, para 37).

12. One could add that the methodology for the evaluation of rural roads is also being increasingly used in project work. Moreover, the recent research on port pricing has now been evaluated and a CPN on the topic is being initiated.

### Urban

13. The research in this area is of relatively recent origin and is in the process of being digested. It would be premature to try to assess linkages with specific operational practices at this time. Dissemination of research results is being actively pursued.

"Non-successes"


14. The sector modelling efforts in agriculture and transport have influenced operations very little (see notes from Messrs. Donaldson and Harral). Such techniques, apart from being controversial, require too much skill and time. Such research must be backed up by strong dissemination units, as suggested by GRAP.

15. Non-successes can also be found in more conventional types of research. The impact of the excellent work of Churchill and Walters on road user charges has been limited thus far. The dissemination of even relatively simple concepts and techniques requires sustained effort. Moreover, no summary guidelines were ever produced to facilitate quick absorption or to indicate what precisely was to be expected from operational staff.

## OFFICE MEMORANDUM

TO: Mr. Anandarup Ray, PAS

DATE: November 28, 1979

FROM: Mats Hultin, EDC SUBJECT: Brief on "Influence of Bank Research on Policies and Operations"

1. With reference to your memorandum of today, I would like to provide the following examples about education research projects which have significantly influenced the Bank's education policies and operations and education research projects which have not.

2. There are a number of research projects which have significantly influenced the Bank's policies and operations in education. These findings are well reflected in the third Education Sector Policy Paper which was approved by the Board last October 23. (Annex 18 of the Paper contains a list of research papers which have constituted a basis for many of the recommendations of the Paper.) Among the many research projects the following could be singled out as particularly relevant:

- (i) "Farmer Education and Farm Efficiency: A Survey" by Marlaine E. Lockheed, Dean T. Jamison and Lawrence J. Lau (RPO 671-49) - It advocates that primary education is economically beneficial for farmers and increases their productivity.
- (ii) The best example is perhaps the research project on Evaluation Methodology carried out by IIEP in Paris which also included seminars in East Africa. The conclusions of this research project have influenced education project contents considerably. Seventy percent of the FY79 education projects have funds allocated for evaluation against only 6% in FY76. (RPO 670-78)
- (iii) "Basic Education and Income Inequality in Brazil: The Long-Term View" by Jean-Pierre Jallade (Staff Working Paper No. 268) (which is part of the study under RPO 670-44 "Education Finance and Income Distribution" - This paper is on the need for basic education to improve equity and opportunities for deprived population groups.
- (iv) The University of Sussex: "Review of the Experiences of Diversified Secondary Education" - This study has shown that the experiences of certain types of diversified secondary education in developing countries are such that caution should be applied when introducing them.
- (v) "Educational Effects of Class Size" by W. Haddad (Staff Working Paper No. 280) - This study has proven that a reduction in class size does not necessarily improve student learning but will certainly increase educational costs. The paper has influenced discussions about school structures and student/teacher ratios.

3. Among the papers which so far have had less influence on the Bank's policies and operations is:

"Teacher Training and Student Achievement in Less Developed Countries" by Saha and Noonan (Staff Working Paper No. 310) -  
The reason for the low impact has primarily been some inconclusiveness of the study and difficulties to transfer it into policies.

✓ cc: Mr. S. Acharya, VPD  
Mr. Aklilu Habte, EDC

MHultin:am

## OFFICE MEMORANDUM

TO: Mr. Anandarup Ray, PAS

DATE: November 30, 1979

FROM: Clell G. Harral, TWT *Cj*SUBJECT: Transport Research Impact on Bank Policies and Operations

1. Pursuant to your memo of November 27, I give here below briefs on two research projects which have significantly influenced Bank work (Highway Design Standards and Labor Substitution in Civil Construction) and one project (Transport Planning Models) which has had limited impact.

Highway Design and Maintenance Standards Study

2. One of the earliest studies to arise from the Bank's concern for appropriate technologies, the HDS study comprises a major program of primary research to provide a fundamentally new data base and methodology for analyzing the economic benefits and costs of alternative highway design and maintenance standards. Commencing in 1969, a project planning model (HDM) was developed, and an extensive program of empirical research to ensure that the basic relationships conform to the real world was completed in Kenya in 1975 for conditions typical of much of Africa; larger studies in Brazil and India to be completed in 1980 and 1982, respectively, will extend the model to conditions typical of most of the world. In the interim the Kenya work has supplanted the earlier literature on road user cost savings coefficients and the HDM Model has been applied in 17 different countries the world over in planning highway projects. Of particular importance have been the applications of the model to maintenance and pavement strengthening programs where for the first time the very high benefits of improved maintenance accruing to road users have been quantified thus contributing to decisions to increase financial allocations for highway maintenance in several cases (e.g., Kenya, Brazil, Bolivia). The research has also shown that time-staging strategies commencing with low strength pavements initially can be misguided when subsequent maintenance, strengthening and user costs are encompassed and the model is increasingly being used to guide pavement design decisions. The model is also being used as a teaching tool in many universities in both LDC and developed countries.

Study of the Substitution of Labor and Equipment in Civil Construction

3. This project (jointly financed with nine bilateral aid agencies) was undertaken to resolve the controversy as to whether and under what circumstances labor-based technologies for civil construction would be technically and economically feasible in the contemporary world, and to develop and demonstrate improved labor and intermediate technologies. Extensive primary research in India and Indonesia on the productivities and costs of different methods showed that labor-intensive methods, when effectively organized and utilizing proper tools and implements, are indeed economically competitive for most civil works activities in those countries, and would potentially be so in at least 20 other labor-abundant low-income countries. Since 1976 pilot labor-intensive civil works programs have been initiated in six countries (Kenya, Lesotho, Chad, Honduras and more recently Benin and Malawi). These pilot programs have generally proved successful, particularly in Honduras, Kenya and Lesotho, and have since been



expanded into substantial civil works programs. Additional labor-intensive programs are being planned in several countries, but many governments are still reluctant to introduce what they perceive as risky, outmoded or socially unacceptable technologies. Possibilities are being explored for extending bi-lateral cooperation for further, larger-scale demonstration projects to assist in furthering the adoption of these technologies in appropriate countries.

#### Transport Sector Planning Models Study

4. At the end of the 1960s there was a major thrust in transport research to extend systems modelling techniques, which had been applied successfully in aerospace research and development, to transport planning. In 1969-70 a substantial effort was made by the Bank to assimilate this work and apply these techniques in transport sector planning to guide Bank lending. Nine technical papers were ultimately published reviewing applications of such models in Sudan, Dahomey, Brazil and particularly Colombia. The transport models developed for Colombia by Harvard University and the Brookings Institution were taken up by the Bank and an effort made jointly with the Colombian Government to apply the models there. The models were applied by the Bank's Operations Evaluation Department in a major re-evaluation of Bank transport lending to Colombia; an application was also made in an ex post evaluation of a railway loan to Thailand and in a strategic planning study of the Central American ports. However, the ultimate conclusion emerging from this effort was that such detailed transport sector planning models are not normally a useful tool; the data requirements in certain areas are unrealistic and the sheer burden of the mechanics of model calibration and manipulation have usually preempted manpower from analysis of multiple alternatives and broader issues. Thus the research effort did not yield the hoped-for planning tools; it did, however, educate Bank staff as to the limitations of such models and has helped the Bank in guiding subsequent planning studies to avoid unrealistic reliance on such models. Further research has been confined to urban transport modelling where the emphasis has been on more simplified sketch planning tools for analysis of multiple alternatives.

CGHarral:phm

cc: Messrs. H. Kaden, P. Fossberg, T. Watanatada

## OFFICE MEMORANDUM

TO: Mr. Anandarup Ray, PAS

DATE: November 29, 1979

FROM: Mohan <sup>MS:91</sup> ~~Munasinghe~~, EGYOPSUBJECT: Brief on "Influence of Bank Research on Policies and Operations"

As requested in your memo of November 27, 1979, this memo summarizes the impact of departmental research on sector policies and operations. The main factors which have led to the successful implementation of departmental research in sector policy and operations (as set out in the Research Review Panel Report) are:

1. Careful selection of research topics based on existing or anticipated operational needs, by staff with substantial operational experience.
2. Ensuring a high quality of research, through appropriate choice of both staff and consultants.
3. Dissemination and practical application of results in sector operations, appraisals etc., through written and oral presentations, discussions with regional staff, and so on.
4. Continued follow-up of original research, to extend and adapt results, and to widen dissemination outside the Bank through publications, regional seminars and so on.

All the major research projects undertaken by the department have generally conformed to these guidelines, and therefore, none can be placed in the category of having had only a weak impact on Bank policies and/or operations. 3 examples of projects which have significantly affected policies/operations are:

1. Pricing and Investment in Electricity Supply (RP0239 completed in 1975)

One of the main objectives of this project was to develop a practical method of incorporating marginal cost pricing principles in electricity tariff analysis in LDC's. As a result of this work, the Bank's pricing and investment policy, originally dominated entirely by financial and technical criteria, now contains a strong element of economics, with increasing attention being paid to tariff structures, economic efficiency and the use of pricing to achieve a range of economic and social objectives. For example, in FY73, only four of the ten power projects approved by the Board made any reference to marginal cost pricing. In contrast, all of the 18 appraisal reports for FY78 discussed the role of price in influencing consumption, and critically evaluated tariff levels and/or structures in terms of their resource allocation implications.

Moreover, while in FY73 one report referred to an ongoing tariff study based on marginal cost pricing principles, in FY78, 15 either referred to such studies or recommended or required the borrower to conduct them. One tangible result of our institution building efforts in this area has been that an increasing number of borrowers are conducting their own tariff studies with Bank guidance, rather than, as hitherto, simply relying upon foreign consultants to do this work for them.

The follow-up to this research has maintained the momentum in pricing through a program of extending the earlier theoretical base to incorporate the Squire-Van der Tak framework for social and efficiency pricing, application of the methodology in operational work, and dissemination of results within the Bank and among borrowers through publications (e.g., books, staff working papers, departmental guidelines etc.) and seminars (e.g., regional power pricing seminars for over 150 persons from 50 LDC's have been organized).

2. Problems and Issues in Village Electrification (RP0238 completed in 1975)

This project was initiated when this was a new area for lending in the sector. The research effort culminated in a Bank policy paper, which has since been used to guide Bank staff in the appraisal of such projects. The research together with recent pricing work (discussed earlier) also led to the development of sector pricing strategies which emphasize both the need to avoid wasteful use by larger consumers and the importance of providing basic supplies to lower income groups. The appropriate tariff structure--typically a "lifeline" rate plus a higher charge for larger volumes of consumption, with the financial surpluses that normally result being used to extend supplies to those currently unserved--has become a cornerstone of Bank policy towards the provision of basic needs not only to the rural but also the urban poor. An indication of the impact on Bank policy of this project is that all power projects containing rural electrification components appraised by the Bank have relied on the methodology developed in the research project, particularly with regard to selecting those areas meriting priority treatment in supplying electric power; emphasizing productive use of electricity; in demand forecasting; pricing; and in use of the internal rate of return criterion. For example all R.E. appraisals in FY78 made specific reference to the Issues Paper that resulted from this research. Rural electrification projects in Egypt; India; Ivory Coast; Morocco; Phillippines; Peoples Democratic Republic of Yemen; Syria and Thailand have benefitted from the research effort.

The R.E. research work is continuing with an ongoing study of "Standards of Rural Electrification" (671-86), which will conso-

validate and extend the operational applicability of the earlier work even further.

3. Oil and Gas Potential of Oil-Importing LDC's (completed in 1976)

This project, stimulated by the 1973 oil price increases, has formed the basis for a major part of a Bank policy paper on minerals and energy in developing countries. By demonstrating the oil and gas potential of oil-importing developing countries, and identifying constraints to development, the project has helped to define a role the World Bank can play in financing petroleum projects. The direct impact of this project on Bank operations can be readily identifiable with the emergence of a new and increasingly significant oil and gas lending program.

MMunasinghe:syk

cc. Messrs. Rovani, Sheehan, Friedmann, Bharier, EGY  
Acharya, VPD

Rural  
+ Water Supply

## OFFICE MEMORANDUM

TO: Mr. Anandarup Ray, PAS

DATE: November 28, 1979

FROM: Graham Donaldson, *GD* Chief, AGREPSUBJECT: Brief on "Influence of Bank Research on Policies and Operations"

1. Before mentioning specific research projects, the point should be made that in several cases Bank operations and policies have been influenced by a number of simultaneous studies (not necessarily RPOs) on similar subjects. Such is, for example, the case of the various studies revolving on the issue of land reform, nutrition and food distribution policies or, in another context, of project evaluation techniques.

Research projects which have significantly influenced policies/operations

2. Country Case Studies of Agricultural Prices and Subsidies (RPO 671-42). The objective of this project, started in 1976, was to determine the use and impact of administered prices, taxes and subsidies in agriculture through a series of case studies in eight countries: Argentina, Egypt, Kenya, Mexico, Pakistan, Portugal, Thailand and Yugoslavia. Partly as a consequence of the study, program and project economists in the Bank have paid increasing attention to the pricing issue in the lending programs and in the project design of the client countries. Increased attention to pricing issues can be seen in many recent economic reports. The AGREP Division has received a large number of requests for assistance in applying the methodology developed in the study to other countries and more specific cases. Extension of the studies sponsored by the region have been undertaken in Greece, Portugal, Burma and are being planned for numerous other countries (e.g. Colombia, Upper Volta).

3. The Africa Rural Development Study (RPO 670-18 begun in 1972). This project, based on a survey of thirteen rural development projects and programs in Sub-Saharan Africa, aimed to review the state of knowledge on rural development, to improve operational decisions and to develop insights into the priorities for further operational research. Its impact on rural development in Bank programs in the study area was pervasive and its results are incorporated in virtually all agricultural projects presently funded in Sub-Saharan Africa. Furthermore, the study provided the empirical underpinning for the rural development policy paper, perhaps one of the most influential Bank documents of the past decade.

Research Projects which have not significantly influenced policies/operations

4. Sector Models and Prototype Models for Economic Analysis. The purpose of these projects was to improve the World Bank's program of country economic analysis by developing a quantitative framework that addressed a broad range of development policy issues. The technique to be used was to be mainly linear programming and the class of models was to include particularly the price endogenous variety. While the projects were responsible for several important

methodological results, they failed to influence Bank practice for various reasons: (i) the lack of consensus of the Bank economists on the importance of complicating the present generation of macro-models (the "minimum standard" variety) by introducing endogenous prices, (ii) the lack of enthusiasm of the same operators on the use of linear programming techniques, and (iii) the high manpower cost of introducing the techniques developed on a systematically experimental base.

<u>Name</u>	<u>No.</u>	<u>Commencement</u>
CHAC	670-16	June 1972
Evaluation of Alternatives in Portugal and Brazil	670-13	May 1971
Prototype	670-86	July 1974
N.E. Brazil	670-73	October 1972

PScandizzo/GDonaldson:mt

## OFFICE MEMORANDUM

URGENT

TO: Messrs. Churchill, Donaldson, Harral, Munasinghe      DATE November 27, 1979

FROM: Anandarup Ray

SUBJECT: Brief on "Influence of Bank Research on Policies and Operations"

1. In preparation for next Tuesday's Board meeting on the General Research Advisory Panel's report, Mr. van der Tak has asked me to prepare a brief on how the Bank's research projects have influenced its operations and policies. I would appreciate it greatly if you kindly prepare a short note on this topic which can be forwarded to Mr. Baum and Mr. Chenery. In view of the short deadline I must receive your notes by c.o.b. on Thursday (please send copies to Mr. Acharya also).

2. Your notes should provide a few examples under each of the following two categories:

- Research projects which have significantly influenced policies/operations

One paragraph on each example, linking the project to specific changes in project selection and designs, sectoral policies (including tariffs and charges), and the Bank's lending policies. The direct influence of the research project on outside agencies and on countries, if any, may also be cited. Preferably two examples.

- Research projects which have not significantly influenced Bank policies/operations

One paragraph on each example, citing specific reasons for the lack of influence, e.g., not enough dissemination, low absorptive capacity (and/or high cost of use) of the technical tools produced (such as sectoral programming models), etc. Preferably only one example.

3. The examples need not explain the nature of the research projects concerned in any detail -- the RPO numbers and the titles will suffice. The year in which the Research Committee funding for the project (or for the relevant phase of the project) was completed should however be indicated as it bears on the dissemination issue.

4. Thank you very much indeed.

cc: Mr. Acharya ✓

URGENT

## OFFICE MEMORANDUM

TO: Mr. Mats G. Hultin

DATE: November 28, 1979

FROM: Anandarup Ray

SUBJECT: Brief on "Influence of Bank Research on Policies and Operations"

1. In preparation for next Tuesday's Board meeting on the General Research Advisory Panel's report, Mr. van der Tak has asked me to prepare a brief on how the Bank's research projects have influenced its operations and policies. I would appreciate it greatly if you kindly prepare a short note on this topic which can be forwarded to Mr. Baum and Mr. Chenery. In view of the short deadline I must receive your notes by c.o.b. on Thursday (please send copies to Mr. Acharya also).

2. Your notes should provide a few examples under each of the following two categories:

- . Research projects which have significantly influenced policies/operations

One paragraph on each example, linking the project to specific changes in project selection and designs, sectoral policies (including tariffs and charges), and the Bank's lending policies. The direct influence of the research project on outside agencies and on countries, if any, may also be cited. Preferably two examples.

- . Research projects which have not significantly influenced Bank policies/operations

One paragraph on each example, citing specific reasons for the lack of influence, e.g., not enough dissemination, low absorptive capacity (and/or high cost of use) of the technical tools produced (such as sectoral programming models), etc. Preferably only one example.

3. The examples need not explain the nature of the research projects concerned in any detail -- the RPO numbers and the titles will suffice. The year in which the Research Committee funding for the project (or for the relevant phase of the project) was completed should however be indicated as it bears on the dissemination issue.

4. Thank you very much indeed.

cc: Mr. Acharya ✓



Gen. Comments

*S. Acharya*

## OFFICE MEMORANDUM

TO: Mr. B. Waide

MAR 1 1980

DATE March 14, 1980

FROM: E. Lerdau

MAR 1 1980

SUBJECT: GRAP Again

1. In my memo I said I was intrigued. You say you are intrigued by my memo. Now I am still intrigued by the original subject matter and, in addition, by your response. Intrigue, in short, is proliferating. Perhaps this is my fault and I should have expected your reaction, i.e. should not have raised the subject. (Your purpose, incidentally, in giving wider distribution to my note to you and to your response than I had chosen to do, is yet another reason for my being intrigued.)

2. Your first paragraph, re Myrdal and the new left, may well be true. But relevant to my subject is only its last sentence: "Outside audiences will soon say if, in their eyes, they find the research less than objective". Perhaps so, and perhaps one should let the matter rest there. I would question the "soon" and replace it by "eventually", and I would go on to ask whether questions like the one I asked should not precisely be raised before the institution is exposed to the embarrassment of outsiders questioning its intellectual honesty and standards.

3. Your second paragraph also strikes me as unresponsive. Am I "... suggesting that the Bank should aim to replicate an academic environment?" Read my note. I said: "How closely can an institution like the Bank - hierarchically stratified and ultimately responsible to political masters - replicate the somewhat dated environment of the individual scholar, doing his own thing and calling the shots as he sees them?" I asked the question because it seemed axiomatic to me that only scholars with complete freedom to design their own experiments and to interpret their own results could be expected to produce work of the highest quality. Do you differ?

4. To answer your rhetoric question: No, I am not suggesting that the Bank replicate an academic environment. I am asking whether it can replicate this one crucial feature of academia: scholars who can publish or remain silent as they please and who can say whatever they think is justified by the evidence, without fear or favor. I am asking whether the Bank can do this in spite of:

- (a) its political ownership and clientele, and
- (b) its hierarchic structure.

Is it really so difficult to understand why these two features might create difficulties? I will be glad to give you my own highly tentative answers to these questions once I am convinced that a genuine dialogue is possible. But my main interest was to elicit yours.

5. You say "... research should quite openly be directed to meet the needs of the institution." This can have two quite different meanings:

- (a) The selection of topics should be guided by operational needs, or
- (b) The findings must not be embarrassing to the institution or go counter to its past pronouncements.

6. If you mean (b), you have, of course, answered my original questions about the possibility of respectable research negatively. If you mean (a), that is fine, although GRAP, as well as Prakash, may then well ask whether we are living up to that standard. ;

7. But in any event this is no answer at all to my original questions which did not deal mainly with the choice of topics except to the extent that I asked whether Prakash's dictum - that Bank research was excessively academic - if true might be related to a desire to escape from the political conundrum by dealing with more neutral topics.

8. My main question - and it was a question, not, as you seem to assume, an answer - was whether research of the same intellectual quality as produced by the best scholars in academia was possible in our type of institution, and if it was, whether this would be so perceived by the outside world. I gave some reasons for wondering about it. I also asked whether in different areas of research perhaps the answers to my main question might differ. (What I had in mind on this was something as unprofound as the proposition that studies in the incidence of taxation, effective protection or marginal cost electricity pricing seemed less obviously loaded than studies on land reform.)

9. I thought that these questions deserved a serious response because they were serious questions.

cc: Messrs. Chenery  
B. B. King  
Acharya ✓  
Duloy  
Pfeffermann

## OFFICE MEMORANDUM

TO: Mr. B. Waide, VPD

DATE: February 29, 1980

FROM: E. Lerda, LC2

SUBJECT: GRAP

1. I refer to Mr. Prakash's note of November 21, which I have only just seen. It strikes me as just right and I hope that it will be heeded.

2. But neither he nor the Panel have raised one basic question which has intrigued me for some time. To what extent can research sponsored by an official - and hence political - institution escape the taint of politics? To what extent are research findings perceived to be as totally unconstrained as are, presumably, those of unaffiliated scholars? How bound are our researchers - or how bound are they thought to be - by party lines on particular subjects? How closely can an institution like the Bank - hierarchically stratified and ultimately responsible to political masters - replicate the - somewhat dated - environment of the individual scholar, doing his own thing and calling the shots as he sees them?

3. The question is two-fold, inasmuch as it concerns both external perceptions and internal reality. But GRAP has dealt with neither aspect. Has it thereby debarred itself from looking at one fundamental issue regarding any research - how free, how honest is it or is it thought to be? - and is an evaluation along these lines perhaps a pre-requisite for the rest? Are there perhaps different areas of research in which the answers to the above might differ? Is the "excessively academic" nature of the Bank's research noted by Prakash in part a response to - or an escape from - the issues raised above?

4. I repeat: I have been intrigued about all this for some time. Are these things worth talking about?

cc: Messrs. Prakash  
Pfeffermann, o/r

## OFFICE MEMORANDUM

TO: See Distribution

FROM: E. Bevan Waide, VPD *B W*

SUBJECT: GRAP

DATE January 17, 1980

I have just come across the attached commentary on GRAP by Vinod Prakash. I think he hits a number of nails on the head and the views expressed may be worth considering as we finalize our views on the GRAP follow up.

Attachment/-

DistributionVPD

Mr. H.B. Chenery  
Mr. E.P. Wright  
✓Mr. S. Acharya  
Mr. G. Nankani

DED

Mr. B.B. King  
Messrs. Stoutjesdijk/Selowsky

DRC

Messrs. Duloy/Pyatt

EPD

Mr. Cheetham

PPR

Mr. M. Haq

EBWaide/ko

SOME REFLECTIONS ON THE GRAP (LEWIS) REPORT 1/

In this note I have focused mainly on one issue: whether the GRAP report fully gripped the major issue in Bank's research activity, namely, the extent to which its output has been useful to the development practitioners in and outside the Bank, and how this research can be made more relevant to Bank's operational and policy advisory roles. Bank management's response to GRAP's recommendations is commendable. But it falls short of achieving the objectives, perhaps because GRAP did not fully comprehend the issues involved in the production of Bank's research output and its use to the development practitioners. The first point implies the necessity of modifying Bank's personnel management policy, particularly regarding the career development, and the second point obligates the Bank to attach greater importance to the empirical validity of its research output.

1. Relevance/Utility to the Development Practitioners:

The GRAP report does not adequately address to many important issues, for instance:

To what extent Bank's research portfolio, costing roughly \$75 million (including staff time) over the last decade, has been useful to the Bank in its operational and policy work? Whether the Bank got a "reasonable" return on its investment in research?

It will be useful to have a statement on the use of Bank's research projects to its operational staff and LDCs' policy makers. (Such a statement should also show a cost breakdown by projects.)

To what extent the Bank has exploited its comparative advantage to meet the needs of its operational and policy advisory role in developing countries? Whether the Bank has evolved a suitable criterion to determine "what constitutes the most appropriate research" for it?

Bank's research portfolio seems to be excessively academic and geared to suit the expertise of its principal researchers who are mainly drawn from the academics. <sup>2/</sup> Numerous research projects may be essentially serving the intellectual curiosity of academicians (both inside and outside the Bank), may be enhancing the "frontiers of knowledge," may be leading to journal articles and research monographs, but may be of very limited use to the development practitioners in and outside the Bank. If only such research is considered "creative" or "analytically rigorous" by many Bank researchers, and the research that may be directly useful to its operational staff and public administrators around the Third World is considered "pedestrian" or "verbose," then the Bank should straighten out its "priorities" in research.

---

1/ Report of the General Research Advisory Panel, August 1979.

2/ The research staff essentially consists of economists only, perhaps to the detriment of its capability to fully comprehend and resolve the Third World development problems which are imbedded in the multitude of socioeconomic - political - cultural - institutional complex

## 2. Priorities in Research:

An effective exploitation of Bank's comparative advantage to its own benefit should lead to essentially empirical (and some methodological) research whose output can be used by its operational staff and other development practitioners. Such research may often obligate the Bank to take steps to improve the empirical basis of its analytical work.

The ever increasing gap between the theoretical "frontiers of knowledge" and empirically valid research has been recognized by some leading economists, including Nobel Laureates Kuznets and Leontief.<sup>1/</sup> The Report of the Research Advisory Panel on Income Distribution and Employment (which is written by, inter alia, Nobel Laureates Kuznets and Lewis) goes even a step further in recognizing the need to blend the theoretical soundness with empirical validity, the latter being lagging considerably.

Where does the Bank stand? It is not obvious, especially since the President's Memorandum to the Executive Directors (November 6, 1979) does not highlight this issues.

## 3. Long-Range View of a Research Program

There is a common feeling that the Bank does not have an articulated long-range view of its research activity. The "guidelines" issued by the Research Committee hardly provide an adequate basis for assigning priorities for the multi-million dollar research program. The Bank should articulate a long-range research program which should lead to a series of research projects, consistent with its priorities. It may thus deemphasize "esoteric model building" which seems to have become an end in itself. It should endeavor to embrace "down to earth" and "real life" problems faced daily by Bank's operational staff and other development practitioners.

Such a program, being problem-oriented, is likely to have greater scope for inter-disciplinary approaches and lesser for formal mathematical or econometric modeling. It will also tend to reduce the "technological gap" between the "state of the art" and Bank's economic work (country/sectoral reports) as well as to reduce the "communications gap" between Bank's research and operational staff. The setting up of the "Research Steering Groups" (see President's aforesaid memo) is a step in the right direction to resolve these and other related issues.

## 4. Data Management at the Bank:

The GRAP report suggests an annual increase in Bank's research budget by \$3,550,000, out of which it allocates \$150,000 to the better management of the

---

<sup>1/</sup> In fact, Professor Leontief's Presidential Address to the American Economic Association delivered in December 1970 ("Theoretical Assumptions and Non-observed Facts," American Economic Review, March 1971) highlights the necessity to place a higher priority on the improvement of statistical basis of applied socio-economic research. (Copy is available from me.)

Bank's own data and retrieval systems. Allocation for the data systems seems to be grossly underestimated.

Many Bank research projects have unique data set, including data on bench mark surveys which can't be repeated. The Bank might have spent so far 10 to 15 million dollars in data collection, yet it is known to have no institutional memory.<sup>1/</sup> The Bank does not seem to be taking full advantage of this large investment, since the data are almost exclusively handled by the concerned researchers who may be primarily concerned only with their immediate analytical objectives.

It is also doubtful if Bank's present working environment is conducive to a systematic compilation, evaluation and management of data. For instance, many researchers might be primarily interested in the results of economic analysis with only limited concern for the quality of the data base. Or, they may be excessively relying on secondary sources of data and may be reluctant to assemble data from primary sources thereby perpetuating the status quo in the inadequate empirical base.

A thorough review of the status and development of statistical activity in the Bank, if conducted, should be quite useful.

#### 5. Dissemination Inside the Bank:

The GRAP report has made several useful suggestions on research application, dissemination and training, and the Bank management has already taken steps to implement some of them. It should be emphasized that the problem of dissemination inside the Bank is not merely because Bank's research is very often not perceived to be terribly relevant by the operational staff, but also because the operational staff (say, country or project economists) may not be able to spare the time needed to assimilate the applications of research done at the Bank or elsewhere.<sup>2/</sup> The continuously intensive pressure under which most operational staff might be working, has probably led to its serious "decapitalization!"<sup>3/</sup>

In order to reduce the "technological obsolescence" of its staff, EDI may be asked to organize the necessary refresher and training courses, which should encompass dissemination of not only the Bank research but also of the relevant research done elsewhere. But those courses and the workshops/seminars recently initiated at the Bank may not be enough to break the "barriers" between the

---

<sup>1/</sup> Besides the research projects, Bank's investment projects are known to possess unique statistics which have hardly been analyzed to date.

<sup>2/</sup> The apparent inability to spare the time may be partly due to the perceived lack of relevance of the research output.

<sup>3/</sup> Mr. Bell (Chairman, Advisory Panel on Education, and member of the GRAP) has probably communicated his serious concern regarding the "decapitalization" to Mr. McNamara.



operational and research staff. These initiatives should be complemented by an effective "reassignment" policy which should ensure a continual two-way mobility of staff at all professional levels from operations to DPS/CPS and vice versa. 1/ Such a policy will also help in redirecting the Bank research program to be more relevant to its needs. 2/ Moreover, Bank's "sabbatical" leave policy should be liberalized, in particular, it should apply to all professional staff and should be allowed more frequently than the present ten-year period (though maybe with somewhat less benefits).

6. Dissemination in Developing Countries:

Bank research publications/reports are often not readily available in developing countries. Some publications "for sale" may be too expensive for LDC's libraries (which are not in Bank's mailing list) and more so for individual scholars. The Bank should explore the possibilities of making its publications/reports easily available at a lower price in developing countries. (Some commercial publications, such as International Student Edition, in developing countries are available at a fairly low price.) In any case, the Bank may consider providing a "limited" subsidy on its publications distributed in developing countries. 3/

7. Building Research Capacity in Developing Countries:

The suggestions made in President's aforesaid Memorandum regarding building the research capacity in developing countries are most welcomed. The extremely valuable task of enhancing the research capacity is likely to be less arduous if, as anticipated, Bank's research portfolio becomes more "applied" and less "esoteric." Bank's effort will no doubt be commendable, provided it is low keyed and it avoids any semblance of "brain drain" from LDCs to the World Bank (or other international institutions). It may, however, imply a need for more Bank resources per project in the short run, although the increased costs are likely to be over-compensated in the long run.

In certain cases, the collaboration between the LDC institutions and the Bank might be more cost effective and the output might be more useful if the Bank researchers are assigned to them for a limited period. This will provide an opportunity to Bank's researchers to be fully exposed to the development problems and learn from the experience of the Third World.

- 1/ There seems to be a widespread feeling that Bank's present "reassignment" policy has not been satisfactorily working. As far as economists are concerned, the policy can be more effective if it classified those considered for reassignment into two categories: (i) Those who want to pursue a career only as a researcher, and (ii) those who want to pursue a career as a regular staff member at the Bank. Economists of the first category should be appointed on a fixed term only, essentially to work on a specific research project; and those of the second category should be encouraged to alternate work in both the research and operational wings of the Bank.
- 2/ It is implied that DPS should then function as an integral part of the Bank and the bureaucratic discrimination between operations and DPS will be eliminated.
- 3/ The Bank may also explore the possibilities of publishing its printed reports from a developing country provided the cost of production and distribution can be reduced. But this is a wider issue and is not specifically related to the GRAP Report discussion.

cc: To: DPS Director

PINK

THE FORD FOUNDATION  
320 EAST 43<sup>RD</sup> STREET  
NEW YORK, NEW YORK 10017

(Consulted to P.C.)  
12/27/78

DAVID E. BELL  
EXECUTIVE VICE PRESIDENT

November 7, 1978

Mr. Robert S. McNamara  
President, The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Bob:

I have written to you separately to report formally the completion of the work of the External Advisory Panel on Education. May I add in this letter a personal suggestion on a subject that is touched on only lightly in the Panel's report.

As I have learned more about the Bank over the months of the Panel's work, I have gradually concluded, to my surprise, that the Bank's personnel policies do not support strongly the growth and enrichment of its professional staff. I have made no detailed study of the subject, but my understanding is that initial training for junior professionals is limited almost exclusively to a few short rotational work assignments. Training assignments, and rotational assignments, for career development purposes are very limited. "Sabbaticals" are extremely few. Professional staff are not regularly encouraged to join in activities which will advance their professional knowledge, unless the activities are directly and narrowly in line with the Bank's operational objectives.

The result is a process under which professional staff members in the Bank gradually use up their capital of professional knowledge, and with rare exceptions must leave the Bank if they wish to replenish it. This is a regrettable circumstance, it seems to me, for an organization which is seeking so admirably to address many of the world's most difficult problems - problems which require for their solution first-class professional skills.

If my observations are correct, these limitations in the Bank's personnel policies will hamper the strengthening of the Bank's professional staff in education and training, which was one of the important recommendations of the External Advisory

November 7, 1973

Panel. The Panel should, in retrospect, have emphasized these problems in our report more than we did, and I feel some chagrin that I did not appreciate the situation soon enough to stress it more in our report.

In any event, the problem is a general one in the Bank, and the purpose of this letter is to suggest that it be considered seriously and soon. The care and nurture of professional staff members is always a complex matter, especially in a large operating organization like the Bank. But it is crucial to the quality of the Bank's impact. Unless I am misinformed on the facts, I believe the Bank at present is "de-capitalizing" its staff to an unwise and harmful degree. To rectify this should be a matter, I would expect, of a series of modest changes in degree, rather than a wholesale and major upheaval. But my own guess is that the matter is highly important, and hence worth bringing to your personal attention.

With many thanks again for inviting me to undertake the challenging assignment on education.

Sincerely yours,



David E. Bell

- send Tolbert/Morse Issues Note  
" Wire (for info),

1. cc. Memo. C 510  
Chenery  
Ward  
Wankam  
2. Ref to memo

Mr. Luis de Azcarate, Chief Economist, WAN

September 12, 1979

Richard Westebbe, Senior Economist, WA2DR

Report of General Research Advisory Panel

1. The report seems somewhat unbalanced in that it recommends 15 man-years of new staff time (\$1.8 million plus travel) to aid in dissemination and application of research, but says virtually nothing about strengthening the capacity of the Regions to undertake and follow through with applied research of their own.
2. In this respect the central staffs already are producing far more reports of various kinds than country economists can absorb. Adding intermediaries and seminars to facilitate dissemination can only be useful if the country economists have the time and encouragement to respond. I found the Income Distribution Seminar in Annapolis to be a good example of how to bring together research, related country economic work and staff from the central and regional staffs for a fruitful series of discussions.
3. Related to the first point, the report does not give sufficient weight, in my opinion, to the desirability of doing applied research in the regions in order to take advantage of the Bank's comparative advantage and entrée in many countries, to facilitate the use of such research in the policy dialogue and in making better use of project experience for research purposes. In the past we have done pathbreaking work often with DPS and other agency support, for example, in African enterprise development, employment and the informal sector, and effective protection amongst others, sometimes with little or no acknowledgement by central staffs. We could do more of this kind of work if we had assured support for the basic work we are trying to carry out in several countries. By appearing to define research as something done mainly by central staffs, the report runs the risk of perpetuating the gap between "research" as defined and its application. (The report in para. 2.22 does note that studies are being carried out in connection with country economic work which in the view of the authors constitute suitable topics for collaboration with local institutions).
4. The report recognizes the need to strengthen the chief economist's office. However, it may be more useful to do this, as we suggested last year, with someone who does research on regional problems and works with our country economists rather than someone who supervises the process of applying and disseminating research done by others. A senior economist with a research title could easily be isolated in an organization with a high pressure operational orientation.
5. The report endorses the work of the Research Committee. It does not mention Helen Hughes' suggestion that a portion of the research budget be turned over to the regions in order to elicit a demand for more relevant research.
6. Finally, the report suggests a number of topics for an increased research effort. The list contains many good ideas, with no basis for judging their relative merits. It would also be useful to ask the regions for their views as

to how the existing and proposed increased research budget should be allocated and specifically how research projects could be directly integrated into country and region wide economic and sector work. The report excludes monetary and fiscal topics which are supposed to be studied by the IMF. While this may be a matter of definition, I suggest that the entire issue of financial deepening, and intermediation in development is a legitimate subject for Bank analysis and is indeed the subject of a major series of research reports by Mr. Bhatt's Division and at least two reports in this Department (Ivory Coast and Senegal).

cc: Messrs. Payson  
de Leede  
Sonmez

RWestebbe:llb

7. cc Chetty  
Ward  
Nankani  
2. Refun to me

## OFFICE MEMORANDUM

TO: Mr. Michael H. Wiehen

DATE: September 18, 1979

FROM: Cornelis J. Jansen

SUBJECT: GRAP Report

I generally agree with Harold's comments on this paper. I would like to add the following of my own. These are presented in the order of Mr. Acharya's issues paper.

1. 2.07 (ii) Acharya's suggestion that researchers should make inputs at the design stage of projects for the purpose of generating data for research could unduly increase the administrative load on the project entity. The danger may not be too large in the case of well-staffed, well-established project entities, but generally I would fear that too many cooks at the project design stage might spoil the broth.

2. 2.13-2.22. I agree with Harold that cooperation with developing country research institutions can be extremely costly in terms of staff time. Budgets of operational departments for economic and sector work therefore should make allowance for the high cost of supervision and management of research cooperation. There is also a danger that these cooperative efforts create a sort of internal brain drain towards the Bank-sponsored research and that this would warp the country's research program. It is, therefore, important for the Bank to avoid setting fees higher than the local market level, even if it is attractive to have "our" research completed on schedule and with the best available talent. Having said this I still consider cooperation with local research institutions extremely useful and something which needs to be expanded.

4. 2.24. I am somewhat skeptical about the post-doctoral fellowships. The Bank's economists may be too busy to give the fellows the sustained guidance that they can obtain in some of the best universities and development institutions. I am afraid that too many of the fellows would in fact be sitting by themselves in a corner.

8. 4.06. I agree with the report's recommendation for the appointment of a senior economist to work with the Chief Economist on the promotion and dissemination of research. Regional economists are usually overburdened with day-to-day obligations which are more pressing than research and find it difficult to provide sustained supervision to Bank-sponsored research in their countries. And unless such supervision is provided research is likely to veer from the intended course and findings are likely to remain relatively unknown. The proposed creation of a special senior economist position could go a long way in establishing a research program which is responsive to the Region's needs and in helping ensure its implementation.

CJJansen:ccs

Received. Sept 26  
cc Cheney  
Waide  
Nankani

## OFFICE MEMORANDUM

TO: Files

FROM: Clell G. Harral *CPH*

SUBJECT: Discussion Meeting on the General Research  
Advisory Panel (GRAP) Report, September 17, 1979

DATE: September 17, 1979

1. Mr. Acharya's Issues Note (attached) served as an agenda for this meeting which was chaired by Mr. Chenery and encompassed about twenty department directors, chief economists, etc; a similar meeting is planned tomorrow for a similar group. Mr. Chenery had called the meetings to give Bank managers an opportunity to comment on the recommendation of the Lewis Panel in formulating a response by Mr. McNamara to the Board. The discussion was low-key and too brief to go into any depth on the very large number of issues. Every issue in Mr. Acharya's note was, however, touched upon, and I record very briefly below some of what seemed to me the most interesting points.

Recommendation (Paras. 2.07 and 2.08)

Since this was the first item on the agenda it received comments from several speakers. Generally it was concluded by both Ben King and David Knox that there was little point in inventorying the vast information and Bank experience on its lending operations without a well defined set of questions and hypotheses to be answered; the GRAP report did not in fact identify what types of questions should be addressed under this heading. I commented that one very important set of such questions had to do with evaluating the impact of rural development projects and feeder roads; that existing monitoring and evaluation exercises were not at all adequate to the serious needs for better information to guide planning of projects in this vast new area of lending and that a well designed research program could strengthen rather than burden the current monitoring and evaluation efforts which had limited success so far.

Mr. Vergin commented at one point that the GRAP report does not distinguish very clearly what role the Bank can best play whether as (i) funder of research (ii) manager of (external) research, or (iii) executor of research. Mr. Chenery discouraged discussion of those issues explaining that the GRAP panel felt those were issues for internal Bank management rather than GRAP. My view from our own experience in transportation (which I did not express), is of course that the Bank's own limited research effort is often best focussed on (i) and (ii); by managing external research we have had a much multiplied effect.

Recommendation (Paras. 2.13 to 2.23 and 2.25)

Various speakers conveyed the view that the Bank had had limited success in its admittedly limited efforts to collaborate with, and assist in developing, local research institutions. Greater reliance on local research institutions was seen as indeed being rather more risky in terms of

getting the Bank's research needs met but most agreed that at least some efforts should be continued to collaborate with local institutions and probably these efforts should be expanded somewhat. Mr. Habte went further than anyone else to argue that the Bank should be prepared to finance (grants or loan components) for development of local research institutions even where Bank staff were not active collaborators.

Recommendation (Para 2.24)

There was quite a bit of pro and con discussion of the idea of Bank post-doctoral fellowships for researchers from developing countries. Most speakers felt that these needs were best met by hiring such people as consultants or fixed-term staff to work on specific matters, rather than "fellows." Mr. Chenery, however, seemed inclined to try out such a program, although probably on a very small scale (say 3 or 4 rather than the 12 or so previously suggested).

Recommendation (Paras 3.12-3.19)

There was almost no discussion of the idea of internal Steering Groups for the different sectors to guide the overall Research Committee. Again, Mr. Chenery concluded it would be a good idea to try this out at least for one or two sectors initially. (My own view, which I did not voice at the meeting, is in fact somewhat positive to this idea for our own sector(s) if we can get a Steering Committee comprised of members with some knowledge of the sector (e.g. Thalwitz, Knox, Adler etc.) and who would continue with the Committee over the years. The existing arrangements with the Research Committee, which has delegated detailed review of transport projects to ad hoc panels sometimes comprised of people with limited knowledge of the sector, has not always served our interest or those of the Research Committee to maximum advantage, and we have had to spend quite a lot of time on background to educate newcomers.

Recommendation (Paras. 4.04-4.05 and 5.08-5.09)

There was widespread agreement that the first priority claim for additional research resources is indeed for staff "to cope with pent-up demand from operational departments for research applications," although Mr. Vergin did comment that he was curious how the figure of 9 man-years/year was arrived at, and that he would hope or expect to see specific indents from the operational department concerned to support this claim when it came time to make specific decisions.

Recommendation (Para 4.06)

There was less enthusiasm generally for the idea of positioning one person in each of the Regional Chief Economists offices as a promoter of research dissemination and application. Mr. Knox in fact strongly questioned whether this was a sensible use of staff, although Mr. Fuchs was rather more favorably disposed to the idea. (I myself certainly do not see how this could help in implementing any of our research products which are all project oriented-see Recommendation Paras. 4.07-4.10 below.)



Recommendation (Paras. 4.07-4.10)

Seminars within the Bank (and outside) are useful and probably we should do slightly more than we have done so far in transportation. However, as I pointed out to the meeting, our own experience has been that we made little real headway in implementing our research products until we were able to provide the manpower to the operational departments; there seemed to be general concensus on this point.

CGHarral:phm

cc: Messrs. C. Willoughby  
P. Fossberg  
H. Kaden  
C. Carnemark  
M. Nanjundiah  
A. Carmichael  
J. Kalbermatten  
R. Saunders  
C. Vasudevan  
S. Acharya ✓  
G. Donaldson  
C. MacNealy  
T. Davis  
D. Turnham

1. cc Chavaz  
Wande  
Narkani  
2. Ref to me

# OFFICE MEMORANDUM

TO: Mr. Michael H. Wiehen

DATE: September 17, 1979

FROM: Harold Pilvin

SUBJECT: Report of General Research Advisory Panel (GRAP)

This is a thoughtful report which offers a number of useful recommendations to guide the scale, focus, and organization of future Bank socio-economic research. The report gives generally high marks to past and present Bank research and endorses a considerable expansion of research, as well as some reorientation of research content, organization and dissemination. If you cannot read the entire paper, you may want to glance at the Summary/Recommendations and Chapter I ("Introduction"). I attach my observations on the Recommendations/Issues enumerated in Acharya's note of September 11, which was prepared as a guide to the meeting on September 18. I have followed the same notation. Finally, for our own Region, it might be worth considering the creation of a research advisory panel or group chaired by the Chief Economist, to (i) systematically review periodically research opportunities and needs, (ii) review (quarterly?) and disseminate within the Region the results of the Bank's research program in a suitably digested form.

Att.

cc: Messrs. Holsen  
Jansen

HPilvin:ccs

I agree with your  
views.  
PS we present our  
Department at the  
meeting  
HPW  
9/17

Comments on September 11 Note on Issues in the GRAP Report

1. 2.07 (i) A "pilot" search through a sample of PPAR's in, say, one subsector might be attempted as a source for operationally relevant research ideas. The approach could then be expanded (with appropriate modifications) to other sectors, if the initial effort proves worthwhile.

(ii) On a selective basis, it might be useful to involve experienced empirical researchers/statisticians/sample survey experts from DPS in advising on developing data bases for project monitoring/evaluation.

2. 2.13-2.22 (i) In South Asia we have been collaborating intensively with several local research institutions, with good results to date. The approach was worth attempting in these cases because of the clear advantages in using local knowhow to undertake (and later analyze) sample surveys. There is considerable cost involved in time of our own staff. It may well be that the overall financial cost of these studies will in fact be less than had we not made extensive use of local researchers. One lesson from this experience is that the preparatory work by Bank staff in mounting a study that makes use of local institutes is very substantial, and probably inevitable in order to reduce the risks of failure.

3. 2.23 (i) It is questionable whether as a general proposition the Bank should be in the business of funding local research institutes in a substantial way, though there could be exceptions. In any case, I feel that this recommendation deserves more serious study than can be undertaken in the current GRAP exercise. One suggestion would be to set up a panel (of senior Bank staff?) to consider further the nature of the role the Bank should play in the strengthening of local research institutions.

(ii) Agreed, although a caveat is that there should be minimal sacrifice of quality standards.

4. 2.24 (i) This fellowship idea is worth a try for a few years. Why limit it to "post-doctoral" candidates?

(ii) It could encourage brain drain, but if brains are determined to drain, they usually will, in any case.

5. 2.25. The two "issue statements" clearly indicate a negative judgment. I am also skeptical and for the same reasons.

6. 3.12-3.19. This is a fine idea. Provided that the regions draw rather widely on country economic and project staff to staff the "steering groups" an excessive burden on one or two staff in each region can be avoided.

7. 4.04-4.05. It is impossible for the observer outside DPS and without detailed knowledge of the backlog situation to offer a judgment on the costs/benefits of an increment to the present research staff.

8. 4.06. This recommendation goes overboard. Alternatives might be (a) assign one DPS staff as the Region's research liaison person to do this job; (b) assign a regional economist to do the job, on a part-time basis, for a year, on a rotating basis; (c) both of the above.

9. 4.07-4.10. This recommendation, clearly a desirable one, is already under fairly active planning and/or implementation at present. The quarterly bulletin idea seems sensible. If the summary material is prepared by the researchers themselves, the editorial work to compile the final product should not require much staff time.

10. 4.11. Please, no more external reviewers! We have repeatedly argued previously against further extension of the review system. A continual additional review by DPS/CPS staff makes little sense; the review process is already institutionalized in the yellow/green cover distribution/discussion machinery. Suggestion: every few years, a region might initiate this sort of exercise, perhaps in a seminar format, as South Asia did a couple of years ago.

11. 5.08-5.09. (i) This is a "judgment call"; it is hardly possible for the outside observer to weigh the relative merits to the Bank of increments to research per se, vs. support by researchers to operational work. The direct value to the regions of more operational support seems apparent.

(ii) There is clearly a problem in research assimilation, but hopefully the various ideas now under consideration will improve this situation. Assuming this improvement occurs, the issues posed in (i) above remains.

Attachments: GRAF report; "Issues" note.

## OFFICE MEMORANDUM

File → GRAP  
(B&H file)

TO: Mr. Hollis Chenery, VPD

DATE: Nov. 30, 1979

FROM: A. Stoutjesdijk, <sup>W.C.</sup> W. CandlerSUBJECT: Dissemination and Applications (D&A)

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

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

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

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

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

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

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

Attach.

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

WCandler:mcc

So where should this be allocated?

✓

→ or 9?

Dissemination Instruments

Printed

Monographs

Journal Articles

Working Papers (particular subject)

" " (state-of-the-art)

Manuals

Finance and Development articles

Functional reviews

Consulting

Missions supplying manpower

Joint Missions

Special Missions (all DED)

Demonstration Missions (methodological)

Direct advice to LDC institutions

Oral

Seminars (In-house); open and directed

" (in LDC's)

" (in DC universities)

Workshops(Training)

Personnel interchange

Regular transfers

"Outreach": DED to Regions

Internal Sabbaticals: Regions to DED



**ROUTING SLIP**

DATE:

**February 29, 1980**

NAME

ROOM NO.

**Mr. Hollis B. Chenery o/r**

**Mr. B.B. King**

**18 115**

**Mr. S. Acharya o/r**

APPROPRIATE DISPOSITION

NOTE AND RETURN

APPROVAL

NOTE AND SEND ON

CLEARANCE

PER OUR CONVERSATION

COMMENT

PER YOUR REQUEST

FOR ACTION

PREPARE REPLY

INFORMATION

RECOMMENDATION

INITIAL

SIGNATURE

NOTE AND FILE

**URGENT**

REMARKS:

FROM:

**Bevan Waide**

ROOM NO.:

EXTENSION:

**69004**

GRAP Preparation

December 3, 1979

Attendance at Board Discussion of Research, Dec. 4

Necessary Attendance

1. Mr. Acharya )  
Ind. - 2. Mr. Balassa ) At table  
3. Mr. Waide  
4. Mr. Nankani  
Ag ← 5. Mr. Donaldson  
EWT ← 6. Mr. Munasinghe  
Transp ← 7. Mr. Harral  
8. Mr. B. King  
In Dist ← 9. Mr. J. Duloy  
C ← 10. Mr. S. Singh  
CP ← 11. Mr. A. Ray

Have Requested Attendance (optional)

- ~~1. Ms. Hughes~~  
2. Mr. Yudelman  
3. Mr. Willoughby  
4. Mr. Rovani  
5. Mr. Tolbert/Mr. Gordon  
6. Mr. Hultin  
~~7. Mr. Haq~~  
8. Mr. Stoutjesdijk  
9. Mr. T. King  
10. Mr. Wright  
11. Mr. Westphal  
12. Mr. Colaco  
13. Mr. Burki  
14. Mr. Linn  
15. Mr. Haddad  
16. Mr. Carter  
17. Mr. Lee

## OFFICE MEMORANDUM

TO: Mr. Shankar Acharya

DATE: December 3, 1979

FROM: Gobind Nankani

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

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

2. Research collaboration with LDCs is of three kinds:

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

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

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

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

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

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

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

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

cc: Messrs. H. Chenery  
B. Waide

GN:lt

FY74 through 79 - RPO Authorizations

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

FY74-79 Authorizations

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

List of Research Projects Involving LDC Collaboration(A) LDC Research Institute InvolvementRPO No.

670-76	Pricing and Investment in Telecommunications
-80	Land Reform in Latin America
-89	Development Strategies for Smallholder Agriculture in Yugoslavia
-91	Benefits of Schooling for Workers
-98	Urban Land Use Policies: Taxation and Control
-99	Economic Aspects of Household Fertility Behavior and Labor Supply in Northeast Brazil
671-04	Rural Saving and Investment
-07	CAMS
-20	Urban Traffic Restraint
-25	Commercial Bank Behavior
-30	Structure of Rural Employment Income and Labour Markets
-32	A Comparative Study of the Sources of Industrial Growth and Structural Change
-35	Export Incentives in Developing Countries
-49	Education and Rural Development in Nepal
-55	Retention of Literacy/Numeracy Skills Among School Leavers
-56	Marketing Manufactured Exports
-57	Distribution of Income through the Extended Family System
-59	Small-Scale Enterprise Development
-60	Textbook Availability and Educational Quality
-62	India - Impact of Agricultural Development on Employment and Poverty: Phase I

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

(B) Ministerial Organs Involvement

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



(C) Individual LDC Researchers Involvement

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

## OFFICE MEMORANDUM

TO: Mr. S. Acharya

DATE: December 3, 1979

FROM: Gobind Nankani

SUBJECT: Dissemination of Research: Documents  
Distribution among Part I and Part II  
Country Research Institutions

1. The table below summaries the present geographical status of distribution of (a) World Bank Staff Working Papers (distribution: 302) and (b) Documents distributed under the 'Research Institutions Documents Exchange Program' (RIDEP), (distribution: 104). These latter documents are: (i) World Bank Atlas; (ii) World Bank Research Program - Abstracts of Current Studies; (iii) Catalog of Publications; (iv) Staff Working Papers and most recently (v) Reprint Series.

2. Reassuringly, 94 percent of the Staff Working Paper (automatic, not ad hoc) distribution list comprises Part II countries. The corresponding figure for RIDEP, 67.6 percent, is significantly lower but is expected to be increased following the ongoing effort to identify other LDC research institutions not already included in RIDEP. Also, an increase in the RIDEP list is envisaged when the Staff Working Paper distribution list is used to actively seek membership in RIDEP. At present, only 30 of the 284 LDC recipients of the Working Papers are included in RIDEP, and it should be possible to include those recipients among the remaining 254 which are research institutes.

Percentage Distribution of WB Member  
Countries in the following categories

<u>Countries</u>	<u>WP</u>		<u>RIDEP</u>	
	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>
Part I	1.7	5	29.5	31
Part II	94.0	284	67.6	70
Non-Bank Members	4.3	13	2.9	3
	<u>100.0</u>	<u>302</u>	<u>100.0</u>	<u>104</u>

GN:lt

cc: Messrs. H. Chenery  
B. Waide

## OFFICE MEMORANDUM

TO: Mr. S. Acharya

DATE: December 3, 1979

FROM: Gobind Nankani

SUBJECT: Classification and Trends in Manpower  
Use in Bank Research (FY76-79)

1. The attached table indicates the levels and trends in the three sub-categories of manpower use in Bank research, separating out DPS, CPS and the Regions. The following observations are in order:

- (i) Manpower on "External" research, after hovering around 50 percent between FY76 and FY78, rose to 59.2 percent in FY79. Conversely, "in-house" research (i.e. 'departmental' and 'other') fell, over the same period, from about 50 percent to 40.8 percent.
- (ii) Since most of the manpower allocated to the 'other' category is used for research preparation for ultimate 'external' funding there is a sense in which it should be added to the 'external' category. If this is done, 'external' research is seen to have accounted for between 70 and 80 percent of total manpower use between FY76 and FY78. (For FY79, 'Departmental' and 'Other' are not presently available separately.)
- (iii) The 'departmental' studies which account for between 20 and 30 percent of manpower used on research are authorized differently between the DPS and the CPS. In the DPS, these studies are undertaken by the Department after each Division's annual work program is discussed with and, in effect, approved by Mr. Chenery. In the CPS, these studies are also selected within the context of each Department's work program, but on a departmental basis. However, even in the CPS there are various informal mechanisms through which each Division's work program receives comments from the regions and from the Projects Advisory Staff. It is noteworthy that each sector department (i.e. AGR, EDC, IDF and IPD) has a monthly meeting with Regional counterparts to discuss those details of their work programs that are of common interest. In addition, CPS is presently instituting a new device - the Sector Support Strategy Paper - which, on a triennial

basis, will take a long term view and formulate a work program that addresses the research and other needs of the Regions. This is to be done for each of the CPS departments (i.e. in addition to those listed above, for EGY, TWT, PNH and URB).

cc: Messrs. Chenery  
Waide

GN:lt

Bank Research: Professional Manpower Use  
(FY76-FY79)

	Manyears							
	FY76		FY77		FY78		FY79	
	No.	%	No.	%	No.	%	No.	%
<u>RC Projects</u>								
DPS	22.1	41.1	23.3	33.9	25.5	38.5	29.0	45.4
CPS	5.9	11.0	12.5	18.2	7.5	11.3	7.0	11.0
Regions	0.1	<u>0.2</u>	0.2	<u>0.3</u>	0.3	<u>0.5</u>	1.8	<u>2.8</u>
		52.3		52.4		50.3		59.2
<u>Dept'l Studies</u>								
DPS	9.4	17.5	6.3	9.2	3.6	5.4	12.7	19.9
CPS	5.3	9.9	7.3	10.6	14.6	22.0	12.1	19.0
Regions	0	<u>-</u>	0	<u>-</u>	0	<u>-</u>	1.2	<u>1.9</u>
		27.4		19.8		27.4		40.8
<u>Other</u>								
DPS	5.1	9.5	12.8	18.6	10.3	15.5	)	
CPS	3.7	6.9	4.5	6.6	3.1	4.7	)	
Regions	2.1	<u>3.9</u>	1.8	<u>2.6</u>	1.4	<u>2.1</u>	)	
		20.3		27.8		22.3	)	
Total	53.7	100	68.7	100	66.3	100	63.8	100

Note: Professional Manpower includes the time of YPs and Consultants not financed from the External Research Budget, and averaged out support staff (research assistants, secretaries, etc.).

1/ Included in Departmental Studies category

## OFFICE MEMORANDUM

TO: General Research Advisory Panel

DATE: June 7, 1979.

FROM: Bela Balassa, VPD

SUBJECT: Budgetary Considerations

1. As the data of Enclosure 1 indicate, the share of research in the Bank's administrative budget has declined continuously since FY75. This share was 4.7 percent in FY75, it fell to 4.0 percent in FY78, to an estimated 3.5 percent in FY79, and to a budgeted 3.3 percent in FY80. If the proportions observed in FY75 were to be re-established, the FY80 research budget would have to be increased by \$3.5 million, from \$9.8 million to \$13.3 million. The same figure is obtained if we relate research expenditures to Bank lending commitments that are also expected to increase by 34 percent between FY75 and FY80 (Enclosure 2).

2. An additional increase of approximately 20 percent may be envisaged over the next five years, bringing the total to \$5.9 million in FY79 prices, if the share of research were to remain 4.7 percent of the Bank's total budget that may increase by about one-fifth between FY80 and FY84. Figures derived under this assumption are shown in parenthesis.

3. It may be assumed that one-third of the total expansion, \$1.2 (2.0) million would be added to the external research budget (\$2.5 million in FY79) and, two-thirds of the total, \$2.3 (3.9) million, to the staff budget (\$6.7 million in FY79) in FY79 dollars. The latter figure would mean adding 20 (35) professionals to the research staff.

4. Research applications and dissemination would have additional costs in terms of staff time as well as external expenditures (consultants, travel, and computer). An indication of possible magnitudes is provided below:

<u>Personnel Costs</u>	<u>\$ millions</u>
Regional "research adviser" (one person in each of six regions)	0.7
Senior economist in Project Director's office (one person in each of six regions)	0.7
Central unit on sectoral programming (three man-years)	0.4
DPS-CPS staff on application and dissemination within the Bank (six man-years)	0.7
DPS-CPS staff on application and dissemination outside the Bank (three man-years)	0.4
	—
	\$2.9

External Expenditures

Regional budget for research applications (equal to one-third of revised external research budget)	\$1.2 (\$1.4)
--	---------------

5. A summary of the described increases in staff and external expenditures on research application and dissemination follows. It should be emphasized that these figures do not include the staff and financial requirements of institution-building in developing countries (Para. 2.18), the establishment of documentation, archiving, and retrieval of data in the Bank (Paras. 2.29-2.30); and data allocation on income distribution (Paras. 2.35-2.36).

<u>Summary of Proposed Increases</u>	<u>Man-Years</u>	<u>Staff</u> \$ million	<u>External Expenditures</u> \$ million
Research	20 (35)	2.3 (3.9)	1.2 (2.0)
Application and Dissemination	<u>24</u>	<u>2.9</u>	<u>1.2</u> (1.4)
	44 (59)	5.2 (6.8)	2.4 (3.4)

I further enclose memos received from three members of the Steering Group, Robert Picciotto, Herman van der Tak, and Bevan Waide (Enclosure 3). The memos focus on the question of size and priorities of the research program.

Enclosures  
BBalassa:nc

Enclosure 1

PROGRAM COSTS FY75-80 a/  
(FY79 \$000 and %)

Program Cost Category	Actual								Est.		Budget	
	FY75		FY76		FY77		FY78		FY79		FY80 b/	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Lending	63825	29	69040	29	70777	28	82089	31	84725	31	92511	31
Country Economic & Sector Work	24787	11	24676	10	27170	11	27995	10	26910	10	28403	10
Project Supervision	26988	12	32990	14	38371	15	38630	15	43338	16	45349	16
Tech. Asst. & Other Country Work	10584	5	8622	4	9643	4	8887	4	8409	3	9164	3
Operations Evaluation	1787	1	1896	1	2188	1	2300	1	2664	1	2764	1
Financial Activities	13890	6	15029	6	16250	6	16684	6	17682	6	19530	7
Legal Activities	3535	2	3705	2	4045	2	4132	2	4154	2	4595	2
Special Programs	984	0	1111	0	1205	0	930	0	726	0	808	0
External Relations	8161	4	8555	4	8250	3	8216	3	8984	3	9347	3
General Support	28828	13	30232	13	31406	13	32295	12	33810	12	36486	12
Operational Review & Policy	10985	5	13102	6	13835	6	16147	6	18735	7	17848	6
Research	10356	5	10304	4	10576	4	10329	4	9527	4	9767	3
EDI	5345	3	5987	3	6442	3	6419	3	6405	2	7309	3
Boards	8767	4	8656	4	9806	4	8017	3	8931	3	9064	3
<b>TOTAL</b>	<b>218822</b>	<b>100</b>	<b>233905</b>	<b>100</b>	<b>249964</b>	<b>100</b>	<b>263070</b>	<b>100</b>	<b>275000</b>	<b>100</b>	<b>293945</b>	<b>100</b>
Percentage share of increase	4.7		4.4		4.2		3.9		3.5		3.3	

a/ Costs are net of reimbursements.

b/ Annex Table 3 shows the same data allocated by organizational unit and program category.

8. The table shows that, with the exception of lending and supervision, the shares in total administrative expenses of the Bank's major activities have changed little over the years. Together, lending and supervision are expected to absorb approximately half of the FY80 resources; economic and sector work, and technical assistance and other country work are expected to add another 13%, bringing the total for the Bank's operational activities to about two thirds of all FY80 resources.



Enclosure 2

Bank Expenditure on Research Related to Bank, IDA and  
IFC Lending Commitments  
(in millions of constant FY79 \$)

	<u>FY75</u>	<u>FY76</u>	<u>FY77</u>	<u>FY78</u>	<u>FY79</u> <sup>1/</sup>	<u>FY80</u> <sup>2/</sup>
Research	10.36	10.30	10.58	10.33	9.53	9.78
Commitments	8243	8459	8238	9273	10160	(11000)
Ratio (%)	0.125	0.122	0.128	0.111	0.094	0.089

---

1/ Estimate

2/ Approximate forecast

## OFFICE MEMORANDUM

Enclosure 3

File - GRAP  
SUMAN  
Capstone

TO: Mr. Bela Balassa, VPD

DATE April 19, 1979

FROM: R. Picciotto, ASP

SUBJECT: GRAP Report

1. Specific findings and recommendation about the size and direction of the research program are expected from GRAP.
2. Regarding size, it seems to me that the following conclusions should emerge:
  - (a) considering the tight overall budget of the Bank (and the heavy demands for increased resources for most phases of Bank activity), the present size of the research budget is about where it should be. To be sure, certain research areas are underfunded but there are marginal areas of research which could be de-emphasized or phased out without great loss;
  - (b) looking ahead, it would not be wise to continue the present policy of freezing the research budget in real terms. Rather, the research budget should grow in proportion to the resources allocated for economic, sector and lending work: these activities should rest on a sound research foundation -- particularly in innovative areas of lending and policy advice;
  - (c) growth in the research budget should be contingent on implementation of the organizational recommendations of the Panel report. First claim on incremental budget resources allocation to research should therefore be given to the strengthening of the Research Coordinator Office, the set up of Steering Committees and the establishment of Regional applied research and monitoring units.
3. Regarding the direction and the priorities of the research program, I have the following suggestions:
  - (a) instead of letting the research program emerge from the interests of individual researchers, there should be a more deliberate effort to gear the research organization to meet the needs of the Bank as lender and adviser;
  - (b) there should be a definite reorientation of priorities towards applied research. The discipline of dealing with a specific client is known to enhance the quality and relevance of research work. The dissemination and training benefits of applied research are considerable. Fundamentally, the Bank has a comparative advantage in applied research;

- (c) user surveys should be used to define the direction of future research. In my view the following areas of research have been relatively neglected in relation to the needs of the organization:
- (i) agriculture and rural development: the rapid growth of lending in this sector has generated a large number of priority research topics. Agriculture economists make up the largest single professional group in the Bank and they need the guidance which a sound research program can provide. Improvements in agriculture policy may well have the highest marginal impact of the lot of the world's poor;
  - (ii) energy and industrial technology: the impact of Bank Group financing would be much enhanced by a better understanding of the economic impact of energy policies and technological transfers;
  - (iii) project monitoring and evaluation: in all sectors, feedback of project experience into project design and policy formulation is a complex but rewarding process requiring considerably more research support than it has been getting. The economic and social impact of Bank lending remains a mystery not only outside but also inside the Bank.
- (d) Certain areas of research deserve less emphasis:
- (i) large-scale macro and sector models: we have already gone beyond the constraints of available data and of actual users' needs;
  - (ii) household surveys: the theory of the household is a basic research area which should be left to other institutions to probe;
  - (iii) income distribution and employment: this should not be treated as a distinct sector of research. It should form part of ongoing research in macro-economic management, agriculture policy, urban policy, etc.

RPicciotto:saf

cc: Messrs. Chenery, van der Tak, Holsen, Bery, Waide

# OFFICE MEMORANDUM

TO: Mr. Bela Balassa

DATE: March 22, 1979

FROM: H. G. van der Tak

SUBJECT: Research Priorities

As promised over lunch, here are my research priorities, in descending order

1. Social sectors (education and population, etc.)
2. Employment problems
3. Urban and rural problems
4. Agriculture, industry and trade
5. Public utilities, in particular water and sewerage, rural energy
6. Transportation

With priority, I mean that those areas of research should be expanded relatively to the others and not, of course, that they should be the largest areas of research.

More broadly, in the total area of research and research-related activities, i.e. economic and sector work, monitoring and evaluation, dissemination, training, applications, I would give relative priority to training and dissemination, applications, monitoring and evaluation, economic and sector work, and last research. In my view, we should expand research, desirable as such an expansion undoubtedly would be, only if we can reasonably provide for those other activities. Unfortunately, the total increase in resources that will be forthcoming for all those activities combined, is likely to be quite small. It would be unfortunate if the work of the Research Advisory Panel would result in expansion of research at the expense of those other activities.

Two final points. First, I attach great importance to the design of coherent research programs on priority topics within, as well as among, major sectors and problem areas, and strongly support the idea of establishing steering groups. We need to consider further what are the most effective groupings for this purpose. Secondly, we should exploit to the full the research potential of our project data and experience which is likely to expand rapidly when, and to the extent that, our efforts to build monitoring and evaluation into our projects begin to bear fruit.

Attachment (marked-up copies of (i) draft GRAP report, and (ii) HBC/BB commentary)

HGvanderTak:lfb

cc: Mr. Holsen (w/o attachment)

## OFFICE MEMORANDUM

TO: Mr. S. Bery, VPD

DATE: May 11, 1979

FROM: E. Bevan Waide, ASNVP *EBW*SUBJECT: Report of the General Research Advisory Panel

Here are a few comments on the draft, for onward transmission if it is not too late. In general, I agree with the findings and the points below relate only to possible differences of view.

1. The report notes that the Bank has a wealth of data of various kinds collected through its various operational activities and it goes on to suggest that better use should be made of this. While it is clear that the Bank will have a comparative advantage in undertaking research that requires access to such data, it is not clear to me that such research should be regarded as having high priority unless the end product of the research is also of high priority. Nor is it clear that high priority should be attached to data dissemination (para. 2.26 et seq). In short, the existence of data, like any raw material, is not of value in itself.
2. In para. 3.07 et seq it is somehow conveyed that researchers have to fight off other demands on their time; para. 3.07 talks about "obligations imposed on researchers". Para. 3.10(ii) notes that the Bank has a number of researchers who devote too little time to research to be effective. The general point here, that researchers have to spend substantial and continuous periods doing research if they are to be efficient, is quite fair. However, the Development Policy staff have genuine functions other than research and, indeed, research is after all only a means to the Bank's various operational ends. ] !
3. The idea of Steering Groups seems to me to be sensible, although I would question the recommendation in para. 3.16 that outside researchers be involved. Certainly it is useful, from time to time, to have outsiders evaluate not only the utility of research but the methods used by operational staff so as to produce ideas on what research needs to be done. But to have outside researchers on the steering groups would lead to the risk that research will become (or remain) producer oriented. If the experience of the Industry and Trade Steering Group is any guide, users have the utmost difficulty in formulating their research needs and if anyone needs support it is they.
4. Chapter 4 in various places (e.g. paras. 4.01 and 4.08) refers to economic and project work: I suggest that sector work be included as well.
5. In para. 4.08, I fully agree that the idea of establishing the post of research advisor in the Chief Economist's office. The multitude of demands on a typical Chief Economist is such that he cannot devote enough time to this topic and it could well take a full-time advisor. The research advisor should, however, be concerned not only with dissemination but also with origination of research needs. I doubt, however, whether the Chief Economist's office should

contain "leading specialists"; rather, they would best be located in the respective DPS divisions such as population, industry, trade, etc., where they can keep their professional skills up-to-date yet be available as specialists to help the operational departments who may not themselves be able to justify having such a specialist on their staff at all times. Incidentally, if, as Chapter 5 suggests and I agree, the real resources devoted to research rise by 5% a year, then the dissemination function will rapidly increase in importance not least because the rate of completion of research projects is, at present, still accelerating.

6. In para. 4.09 I take it that "central units" refers here to DPS as well as to CPS. The point about "operational usefulness of research would be strengthened by having the researchers associated with applications" is worth repeating, e.g. in para. 3.07.

7. In paras. 4.16 to 4.19 it could be mentioned that research dissemination is facilitated if operational economists know that the professional content of their work is going to be judged by top researchers in their fields. Unfortunately, the review function has separated the researchers from the doers and I hope they can be brought together again.

8. Lastly, it is suggested in para. 5.04 that the gap between research and its use by operational staff "relates only to some part of the project-related research". This is not so -- country and sector analysts have equal difficulty in using research results.

cc: Messrs. Chenery  
Balassa (o/r)  
Picciotto

## OFFICE MEMORANDUM

TO: General Research Advisory Panel

DATE: March 6, 1979.

FROM: Bela Balassa, VPD

SUBJECT: The Size of the Bank's Research Program

1. In the following I provide a short summary of the recommendations made by the specialized panels as regards the size of the Bank's research program in particular areas. As is apparent, some of the recommendations have been formulated in numerical terms; others call for expansion without providing specific figures; and again others have been inferred from the statements made on research priorities.

2. The panels on Public Utilities (Energy, Water and Telecommunications) and on Transportation recommend a substantial increase in the Bank's research effort in the areas they have reviewed. The Public Utilities panel suggests an immediate increase in staff time devoted to research from 97 to 250 manweeks (p. 23). The Transportation panel recommends gradual increases in staff time devoted to research from 68 man-months to 110 man-months and in consultant time from 60 man-months to 94 man-months between FY78 to FY83 (p. 41).

3. Substantial increases in Bank research are proposed also by the panels on Education and on Population. The former "urge/s/" a steady increase over several years in the scale of Bank-supported research on education ..." (p. 29). And, according to the latter, "the research support for population is disproportionately low -- especially in comparison with the Bank's disbursements to the Consultative Group for International Agricultural Research averaging \$2.8 million annually in the past few years. If that sort of funding can be made available for that important field, the Panel considers that the Bank should be able to do better by this important field."

4. In the remaining areas, the Industrialization and Trade panel proposes "to increase the number of scholars of the Bank in this field with at least a handful of competent persons" (p. 28), further stating the need for increased research applications. In turn, although the Agriculture and Rural Development panel has not made recommendations as regards the size of the research effort, the listing of "possible topics of new and expanded areas of research" (p. 38) point to a potentially large expansion. Finally, the RAPIDE panel speaks of the need to "better concentrate the efforts of the small number of staff in the Division, and better to coordinate the research under way in other divisions" in employment (p. 17) while its recommendations for four research areas in income distribution (pp. 12-14) would necessitate increased research efforts in this general area.

cc: Messrs. Baum, Chenery, Duloy, Holsen, van der Tak, Vergin, Bery

BBalassa:nc

Mr. S.H. Choi, SEC

November 14, 1979

Shankar Acharya, Research Adviser, VPD

Board Discussion of External Panel Reports  
on Research on November 27

Mr. Damry asked me to convey the gist of my conversation with him to you. At the Board, Mr. Chenery will deliver an introductory statement. Aside from him, Mr. Nankani (Secretary to the Research Committee) and I will be on hand to answer questions on the Report of the General Research Advisory Panel and issues related to Bank research, in general. In addition, the following staff will be present to respond to questions regarding the various Specialized Research Advisory Panel Reports:

Mr. G. Donaldson - Report of the Research Advisory Panel on Agriculture and Rural Development.

Mr. J. de Vries - Report of the World Bank Advisory Panel on Commodities

Mr. M. Munasinghe - Report of the Research Review Panel: Energy, Water and Telecommunications

*Balassa* / Mr. B. Waide - Report of the Research Advisory Panel on Industrial Development and Trade

Mr. C. Harral - Report of Transport Research Review Panel

*Dwight* / ~~Mr. M. Leiserson~~ - Report of the Research Advisory Panel on Income Distribution and Employment

cc: Messrs. H. Chenery  
P. Damry  
Mrs. S. Clarke  
and all those cited in the memorandum



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

A79-52

FROM: The Deputy Secretary

November 28, 1979

NOTICE OF MEETING

A meeting of the Executive Directors of the Bank and IDA will be held on Tuesday, December 4, 1979 at 10:00 a.m. in the Board Room. The agenda is as follows:

AGENDA

1. Report of General Research Advisory Panel (R79-221, R79-271)
2. Proposed Loan - Philippines (Samar Island Rural Development Project)  
President's Report and Recommendation (R79-277, R79-277-L  
and 2674-PH)
3. Proposed Credit - Kenya (Second Integrated Agricultural  
Development Project)  
President's Report and Recommendation (IDA/R79-124,  
IDA/R79-124-L and 2441-KE)
4. Other Business
5. Date of Next Meeting

Distribution:

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

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

# OFFICE MEMORANDUM

TO: Mr. Shankar Acharya

DATE: October 4, 1979

FROM: Gobind Nankani

SUBJECT: Extent and Quality of Research  
Collaboration with LDCs, FY77-79

1. Research collaboration with LDCs is of three kinds:

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

Between FY77 and FY79 the total number of initiated research projects that involved some form of research collaboration with LDCs was 25 out of a grand total of 47, i.e. 53 percent.

Of these 25 projects, 12 involved LDC research institutes, 8 involved ministerial organs, and 5 involved individual researchers in LDCs (see Annex).

The percentage shares of these research projects in the total number and value of research projects initiated over the FY77 to FY79 period is as follows:

	<u>Number</u>	<u>Value</u>	<u>Percent</u>
<u>All Research Projects</u>	47	5,454.9	100
<u>Research Collaboration with LDCs</u>	25	3,879.1	71
of which with:			
a) Research Institutes	12	1,875.2	34
b) Ministerial Organs	8	1,624.8	30
c) Individuals	5	378.1	7

2.. Some judgements regarding the "quality" of collaboration may be gleaned from the description of research projects. Of the 25 projects that have some research association with the LDCs, 10 would seem to involve collaboration of a significant sort, i.e. not restricted to data collection and compilation. These 10 projects account for 54 percent of the total value of authorizations for the 25 LDC-related research projects or 38 percent of the same figure for all research projects initiated over the FY77-79 period.

cc: Mr. B. Waide

GNankani:lt

G What time-trend?  
P What about "City Study"?

List of Research Projects Involving LDC Collaboration

(a) LDC Research Institute Involvement

<u>RPO No.</u>	<u>Title</u>
671-49	Education and Rural Development in Nepal
-55	Retention of Literacy/Numeracy Skills Among School Leavers
-56	Marketing Manufactured Exports
-57	Distribution of Income through the Extended Family System
-59	Small-Scale Enterprise Development
-60	Textbook Availability and Educational Quality
-62	India - Impact of Agricultural Development on Employment and Poverty: Phase I
-65	Small Enterprise Financing: Role of Informal Credit Market
-71	Public Manufacturing Enterprises
-72	Growth, Poverty and Basic Needs
-80	Evaluation of Food Distribution Schemes
-83	Export of Manpower from Pakistan and Bangladesh to the Middle East
—	
12	Sub-total
—	

(b) Ministerial Organs Involvement

671-47	Strategic Planning to Accommodate Rapid Growth in LDC
-53	El Salvador Health Study
-61	Socio-Economic Aspects of Fertility Behavior in Rural Botswana
-65	Small Enterprise Financing: Role of Informal Credit Market
-73	Kenya - Health, Nutrition and Worker Productivity Studies
-76	Household Incomes and Expenditures in Mexico

RPO No.

671-81	Determinants of Fertility in Egypt
-85	The Industrial Incentive System in Morocco
<u>8</u>	<u>Sub-total</u>

(c) Individual LDC Researchers Involvement

671-48	Urban Markets in Latin America
-49	Education and Rural Development in Nepal
-69	Capital Market Imperfections and Economic Development
-72	Growth, Poverty and Basic Needs
-84	Wage and Employment Trends and Structures
<u>5</u>	<u>Sub-total</u>
<u>25</u>	<u>Total</u>

Research Projects with 'High Quality' LDC Research  
Collaboration

RPO No.

- |        |  |
|--------|--|
| 671-47 | Strategic Planning to Accommodate Rapid Growth in LDC              |
| -55    | Retention of Literacy/Numeracy Skills Among School Leavers         |
| -56    | Marketing Manufactured Exports                                     |
| -59    | Small Scale Enterprise Development                                 |
| -60    | Textbook Availability and Educational Quality                      |
| -65    | Small Enterprise Financing: Role of Informal Credit Market         |
| -71    | Public Manufacturing Enterprises                                   |
| -72    | Growth, Poverty and Basic Needs                                    |
| -80    | Evaluation of Food Distribution Schemes                            |
| -83    | Export of Manpower from Pakistan and Bangladesh to the Middle East |

Allocation of Resources to Research<sup>1/</sup>  
 (\$10<sup>3</sup>; FY79 Prices)\*

<u>FY</u>	<u>Joint Research</u>	<u>In-House Research</u>	<u>Total</u>	<u>% age of Total Administrative Budget</u>
73	6230	3492	9722	5
74	6566	4177	10743	5
75	5574	4805	10379	5
76	6254	4075	10329	4
77	6643	3921	10564	4
78	6239	4086	10325	4
79	7148	2383	9531	4
80	6790	2977	9767	3

---

1/ External Research Budget plus value of manpower.

\* Ed Rodriguez telephone conversation 10/9/79.

94. Based on the current CPS and DPS work programs for the use of available resources, the FY80 program for operational review and policy work is projected to increase by 13% over the FY79 budget, although it will be somewhat below the FY79 estimate. Reductions in the work on policy papers is expected to be offset by increased involvement of CPS in operational review and advice, particularly in the energy sector. Increased efforts will be made in the area of country economic data management in support of the expanded economic and sector work.

OPERATIONAL REVIEW AND POLICY: COSTS

	Actual				Est. FY79	Prog. FY80
	FY75	FY76	FY77	FY78		
Costs in FY79 \$000						
Policy Papers, Guidelines, Analytical Tools <sup>a/</sup>	4597	5759	5779	7009	10371	7911
Data and Monitoring Systems	1931	2088	3011	3293	3118	3638
CPS Operational Review & Advice	1872	2775	3088	4369	3674	4728
DPS Operational Review & Advice	2585	2480	1957	1476	1572	1571
Total	<u>10985</u>	<u>13102</u>	<u>13835</u>	<u>16147</u>	<u>18735</u>	<u>17848</u>
% Increase over previous year		+19%	+6%	+17%	+16%	-5%
% Total Administrative Expenses	5%	6%	6%	6%	7%	6%

<sup>a/</sup> Includes the incremental costs of processing, printing, and distributing the World Development Report, but does not include the policy input of the Development Policy Staff.

RESEARCH

95. The proposed expenditures on the Bank Group's research program total about \$9.8 million. Of this total, about \$2.5 million is for external expenditures on specific "joint" research projects, authorized by the Research Committee and involving outside parties. The remainder, which is mainly Bank staff time, is divided between "joint" research projects and in-house research activities. Research is conducted mainly by the Development Policy Staff (DPS), which accounts for about 70% of Bank research time, and the Central Project Staff (CPS), which accounts

for about 30%. As explained above, the decline in in-house research activities in FY79 was the result of a realignment of work programs to include less research and more operational review and advisory work, and policy papers in new areas of Bank activity on the part of CPS, and work on Basic Needs and the World Development Report by DPS. The slight decrease in funds provided for external research shown in FY80 is due to the completion of work by the external research advisory panels.

96. The table below shows the costs of the various research activities:

RESEARCH: COSTS

	Actual				Est. FY79	Prog. FY80
	FY75	FY76	FY77	FY78		
Costs in FY79 \$000						
In-House Research	4794	4065	3929	4089	2384	2977
"Joint" Research						
- External	2515	2585	2387	2389	2838	a/ 2524
- Bank Staff	3047	3654	4260	3851	4305	4266
Total Research Costs	<u>10356</u>	<u>10304</u>	<u>10576</u>	<u>10329</u>	<u>9527</u>	<u>9767</u>
% Increase over previous year		-1%	+3%	-2%	-8%	+3%
% Total Administrative Expenses	5%	4%	4%	4%	4%	3%
No. "Joint" Research Projects <u>b/</u>	61	63	61	67	70	70

a/ Includes \$300,000 for the Research Advisory Panels.

b/ Number of "joint" research projects in process at end of fiscal year.

97. In last year's budget memorandum, we noted the establishment of six Advisory Panels to review the present status and future direction of the research program. The final reports of the five panels which focused on specific research areas--industry and trade, public utilities, transportation, agriculture and rural development, and commodities--are expected by the end of FY79. The report of the sixth panel, which is preparing an overall review of the "joint" research program, is expected to be available in the early fall. As soon as possible after receipt of the report, a Board discussion of the findings and recommendations will be scheduled.

Ext. Research Panels

FY77 2163 1.167 2203 2361  
 FY78 2431 1.032 2289 = 2420.4  
 FY79 2524 1.00

2532 FY79



## OFFICE MEMORANDUM

TO: Research Committee Members

DATE: September 13, 1979

FROM: Gobind Nankani, VPD

SUBJECT: Minutes of the Meeting on September 6

Present at the meeting were Messrs. Chenery (Chairman), Acharya, Balassa, de Azcarate, Gulhati, Holsen, Kavalsky, Selowsky, van der Tak, Waide and Nankani

1. This meeting was convened to solicit the Committee's reactions to the final version of the General Research Advisory Panel (GRAP) report and related documents. In commencing the meeting, the Chairman drew attention to the importance of the meeting as a major input into the memorandum scheduled to be sent to Mr. McNamara regarding the staff's reactions to GRAP. He also indicated that two other meetings with selected Directors, Chief Economists and other staff members would be held as part of the same process.

2. It was agreed that the structure of the discussion be guided by the agenda which had been distributed earlier. The Chairman, in addition, suggested that since the Committee was familiar with the details of the report, it would be preferable if the discussion were to be limited to recommendations that were to be either strongly endorsed or rejected by the Committee.

More Research Stemming from and Exploiting Project Experience and Data from Bank Lending Operations

3. The recommendation that particular attention be given to making use of the Bank's projects was generally endorsed by the Committee, although this was preceded by a long discussion regarding the correct interpretation of the recommendation. In the course of this discussion, a number of points were made. Some members felt that this proposal implied that more research use would have to be made of the studies undertaken by the Operations Evaluation Department. A second view saw the proposal as implying, in addition, that more use be made of

researchers in designing the monitoring and evaluation components of projects. One member drew attention to the difficulties associated with introducing experimental-design considerations in the design of projects, noting that without the latter, project-related data would be of little research value. The possibility of using data from sets of projects, rather than from one project at a time, was offered by another member as the more desirable procedure. Finally, most members agreed with the observation made by one member, that the use of project data for research purposes be quite selective, and be guided by issues arising in the Bank's work program.

#### Relations with Developing Country Institutions and Researchers

4. There was no disagreement with the general view that collaborative research with developing country institutions ought to be increased to the extent feasible. In this regard, one member pointed out that the problem was not only one of the level of such collaboration, but also its concentration in a few countries or institutions. To the extent that there was a vicious circle, it was suggested that perhaps the Bank ought to play a role in breaking it. One way of doing so, it was suggested, would be through the other main proposals in this area, namely Bank funding of regional research institutes and/or initiation of a program of post-doctoral fellowships for researchers.

5. Most members of the Committee were agreed on the undesirability of funding LDC regional institutions on a non-project basis. However, it was suggested that in view of the need to increase research collaboration with LDCs, the Committee endorse this proposal as being in line with the broader aims of Bank objectives, but requiring to be implemented through a part of the Bank other than the present research establishment, and as part of the Bank's technical assistance and training activities in member countries.

6. The proposal related to post-doctoral fellowships for developing country researchers was also contested by many members of the Committee, although two members strongly supported it. The former felt that the administrative and brain-drain implications of such a program were severe enough to

warrant jettisoning it, while the latter two members felt these objections were not compelling given the laudatory aims of the proposed program. They felt that with due care being given to keeping the administrative demands of this task under control, granting up to 10 or 12 such fellowships would probably be feasible, if as GRAP emphasizes, they are awarded to researchers firmly associated with institutions in developing countries. It was agreed that the proposal merited further elaboration and appraisal prior to any efforts at implementation.

7. In the general discussion of collaboration, one member referred to paragraph 2.11 of the Report which recommended that the Bank "move toward other methods of research collaboration in addition to hiring outside consultants, and toward greater involvement of outside researchers in the assessment and guidance of Bank research". It was felt by this member that if this implied having outsiders either on the Research Committee or on the proposed Steering Groups, then it would be unacceptable. However the Committee conceded that it would be difficult to resist such a recommendation, and that its vagueness permitted arrangements that would be acceptable. Thus, it would be acceptable to have outsiders represented on the Steering Group say, once a year, to assess the general goals of research in some areas and the success in achieving them.

#### Data Collection

8. Although some members felt that there was no clear recommendation with respect to data collection, the Research Committee agreed that reference to this proposal ought to be made in the memorandum to Mr. McNamara presenting staff reactions to the Report. In particular, it would have to be noted that further work on data collection had already been initiated in the income-distribution area. It was also pointed out that the earlier discussion on the selectivity of effort on data collection and analysis was relevant here.

#### Steering Groups

9. The recommendation that the Bank create 'Steering Groups' for its major areas of research received the support of all members of the Research Committee. Although questions

were raised by some members regarding the appropriate terms of reference for such Steering Groups, it was decided that this issue be taken up at the October 18th meeting (or at a separate meeting, if necessary) after the Research Adviser had circulated a draft on the subject.

#### Other Social Scientists

10. One member of the Committee expressed the opinion that the proposal to increase the role of social scientists (other than economists) in the research and operational departments was of paramount importance, and that the Research Committee ought to express a view on it. Most members agreed that it was difficult to object to the view that other social scientists be brought into the Bank's research and operational work, but equally difficult to suggest the subsequent step. It was felt that in view of this dilemma, the recommended approach ought to be to judge each project on its own terms, rather than to endorse a programmatic view. It was also agreed that in the relevant fields, Steering Groups might consider participation by non-economists, whether Bank staff or consultants.

#### Research Application and Dissemination

11. The Research Committee agreed that in view of its contribution to the content of the proposals on research application and dissemination, that the proposals in question be endorsed in the manner in which they appear in GRAP, with one qualification. This qualification being that the advisory panel, having addressed itself only to research-related and not program- and sector-related economic work, had ended up offering only a partial solution to the research application and dissemination problems that are known to exist. A major constraint to research application and dissemination, amply recognised in the recent Report on Country Economic and Sector work, is the lack of time at the disposal of regional economists to assimilate the results of research. It was agreed that in endorsing GRAP's proposal in this area, attention be drawn to the time-constraint in question, if necessary, by quoting from the above-mentioned report.

Size and Priorities

12. There was agreement that since the Panel had itself been reluctant to indicate research priorities for the Bank, the memorandum to Mr. McNamara ought not to elaborate on these, except to indicate that the Steering Groups provided a mechanism for assisting the Research Committee in choosing among and modifying the recommended priorities.

13. On the size of the Research Budget recommended by the Panel, it was agreed that the proposals on research application and dissemination, if accepted in full, implied acceptance of substantial increases in research expenditures for such activities. It was felt that the \$3.5 million a year figure in GRAP was indicative of the order of magnitude of increases involved, and it was noted that further disaggregation and refinement of the increase would have to be supplied on the occasion of normal budget application.

14. The second element of the recommended expansion in research funds, that for greater research activity (as opposed to applications and dissemination), was welcomed. However, it was regarded as essentially a recommendation that the research budget not remain frozen. It was agreed that there was nothing mandatory either about the recommended 10% increase or about any proportionality (past or present) with the Bank's overall administrative budget.

Memorandum to Mr. McNamara

15. It was agreed that a draft of the memorandum to Mr. McNamara summarizing staff views on GRAP would be circulated to the Committee for comment after the Annual Meetings.

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

Annex

Dissemination Instruments

Printed

Monographs

Journal Articles

Working Papers (particular subject)

" " (state-of-the-art)

Manuals

Finance and Development articles

Functional reviews

Consulting

Missions supplying manpower

Joint Missions

Special Missions (all DED)

Demonstration Missions (methodological)

Direct advice to LDC institutions

Oral

Seminars (In-house); open and directed

" (in LDC's)

" (in DC universities)

Workshops (Training)

Personnel interchange

Regular transfers

"Outreach": DED to Regions

Internal Sabbaticals: Regions to DED

President's Council: Oct 22

Skem.

- collaborative research, — OK; but will this build institutions?
- Building research institutions is a separate function. Should we do it? Like Brookings?

Mac. - Fave of collaborative research

(agree with Emu)

- But need to build separately institutions (outside the Research Committee). DPs might want to do it.
- Need for self-conscious deliberate effort here?

Should.

- Should we think of a CGIAR type effort?

Mac.

- need for staff
- collaborative research capability would be sufficient
- Need to do more.

Emu

← weak on "Relations with Other Inst". Tactically not  
mistake. Must give stronger tone (to leave out)

\* — Hollis : - Take out para. as a whole (Mac agrees)

\* — Mac - Strengthen elements of dissemination.



Emre.

- \* - Distinguish sharply between (a) dissemination (b) application
- Dissemination is v. important.
- Application is a different animal;
- \* but maybe \$200,000 ~~is~~ should be clearly aimed at applicants' trial applications.

Barletta

- Can learn by (a) doing (b) studying

Agrees with p. 6.

Country economists learn a great deal through (a).  
 Not enough interaction between CSW chap and researchers.  
 Hollis agrees.

Quirchi.

- Argues against additional people in Regions.
- Favors seminars (in Bank) on research.

Hogye.

- Wants to scratch the paragraph on p. 6 (Rogal/18)

Hollis how to involve regional is the main issue.

Munir: Scratching paragraph is not a good idea. There is a real problem. ~~No~~ No need for mechanistic applications. Need for greater contact between researchers and operators.

Urban points to p. 6

Emre.

- Applications of research: Target is <sup>mainly use</sup> world not Banks. Link here is tenuous.

Ferre - Disagrees that turn around between research and intra-Bank quite ~~etc~~ fast. But applications outside is v. weak; and not enough money either in LDCs or in the Bank.

Hopper - Not enough distinction between:  
(a) Countries with institutions (Brazil/India)  
(b) " without " (Chad/Bangladesh)

Mac/Holli - But do want to support more assimilation  
(200,000)

Mac - Par Par on p. 7 should be about trial applications.

Hopper - Need for EDI type seminars

Moran - Take out mention of budget figure.

\*Mac { (a) pilot applications } Should do both. But distinct  
(b) continue / seminar

Balish = Everyone in favor of more personal contact. Mac - Conferences can also be great waste of time.

Cabuel - Decisions v. difficult. So let Board make its views known.

Bans - Opposite view, need to focus on issues Board likes this.

Mac - Disappointed in lack of boldness in Lewis Report.

Mac

- Need for subsidiary (Brookings type funded out of profits). That is what we need not "just" an expansion at 10% a year. World needs it on "development process". Should JBK do it?
- Have a JOKC type approach.
- For now let us increase at 10% a year seems OK.
- Report recommends expansion of 10% a year. Perhaps even larger effort needed (40/50 Board million a year in 3-5 years) for out of net income for inst. on development process. (Brookings 8-9 million these days).
- Paper needs redrafting.
- Board discussion on Nov. 20.

# OFFICE MEMORANDUM

TO: Research Committee Members

DATE: September 5, 1979

FROM: Gobind Nankani, WPD

SUBJECT: Agenda for the Discussion of  
Principal GRAP Recommendations

The attached agenda provides a structure for the discussion of the principal recommendations contained in the General Research Advisory Panel report, which is scheduled for discussion at the meeting of the Research Committee on September 6 at 3 p.m. in Room E-1208.

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

Agenda - Discussion of Principal GRAP  
Recommendations

The Bank's Role in Research

1. More research stemming from and exploiting data from Bank lending operations.
2. (a) More collaborative research with developing country institutions.  
(b) Initiatives for Bank funding of LDC regional research institutions.  
(c) Initiation of a program of post-doctoral fellowships for LDC researchers.

Organization of Research Within the Bank

3. Formation of Steering Groups in broad research areas to monitor, guide, evaluate and disseminate research.

Research Application and Dissemination

4. Expansion of each Regional Chief Economist office by one senior economist, who is to be primarily concerned with research promotion, application and dissemination.
5. Expansion of CPS/DPS staff by 6 man-years to undertake research application (plus 3 man years' of specialized modelling applications).
6. Enhance research dissemination through seminars, state-of-art papers, research project summaries, etc. (Perhaps a

brief, quarterly, Research Bulletin for better research dissemination, within and outside the Bank?).

7. Institute more frequent and regular review of output of Bank operational economists by researchers.

#### Size and Priorities

8. Initial increases in Bank research resources must be devoted to extending applications and improving dissemination (a rough estimate for such recommended increases is \$3.5 million a year in current prices).
9. In addition, the Bank research program should be expanded at the rate of about 10 percent per year in real terms.
10. Priorities (?)

<b>ROUTING SLIP</b>		DATE: <b>Oct. 12, 1979</b>	
NAME		ROOM NO.	
Mr. Acharya		K3504	
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE		PER OUR CONVERSATION	
COMMENT		<input checked="" type="checkbox"/> PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
INFORMATION		RECOMMENDATION	
INITIAL		SIGNATURE	
NOTE AND FILE		URGENT	
REMARKS:			
Re: <u>Income Distribution</u>			
Per your 10/11 request.			
FROM: <b>G. Pyatt</b>		ROOM NO.:	EXTENSION:

## OFFICE MEMORANDUM

cc: *leave*  
*1 Aug 1979*  
*(Pyatt)*  
*E. P. W. (dr)*  
*Waits*

TO: Mr. Robert S. McNamara

DATE: July 11, 1979

FROM: Peter Nichols, *PN* Acting Director, P & BSUBJECT: DPS Contingency Requests for Income Distribution Data Improvement

I understand that, during a recent President's Council meeting, you approved Mr. Chenery's proposals for "An Approach to Improve Primary Data on Incomes and Living Standards." Mr. Chenery has provided us with a financing plan in the attached memorandum. In summary, his proposals would require additions to his budget totalling \$400,000 in FY80, consisting of:

1. Income Distribution work in EPD	1 professional	\$70,000
2. Concepts and Methods Study	2 professionals (Jan 1, 1980)	58,000
	1 secretary (Jan 1, 1980)	12,000
	Computing	10,000
	Travel, Meetings & Consultants	150,000
3. UNNHSCP: Second Annual Contribution		<u>100,000</u>
	Total	<u>\$400,000</u>

The staff positions would be approved for periods of 2 years. Annual costs for FY81 and FY82 would amount to about \$.1 million and \$500,000 respectively.

We support Mr. Chenery's proposals and believe his costing estimates to be reasonable. Consistent with his request, we would establish the staff positions for 2 year fixed term periods, one professional position starting immediately and two professionals and one secretary starting January 1, 1980.

Recommendation: Authorization of a new budgetary account for Income Distribution Data and approval of Contingency Transfers for FY80 totalling \$400,000, comprised of \$140,000 for 1 professional position effective *- Kishana* immediately, 2 professional and 1 secretary positions effective January 1, 1980, \$160,000 for costs of computing, travel, meetings and consultants and \$100,000 for the second annual contribution to UNNHSCP. These approvals will result in a FY80 Contingency balance of 14 professional positions, 28 non professional positions and \$2,195,000.

Attachment

665-99 (100.)

cc: Mr. Qureshi  
 Mr. Stern  
 Mr. Chenery ✓

PNichols:ajw



Res. Subsidiary

Some Preliminary Reactions on the Research Subsidiary

1. Given the receptivity of Bank management to the idea of a Research Subsidiary, I think it is incumbent on DPS to take a position as to whether such an institution is needed. I find this missing from existing DPS documents.

2. Shankar Acharya comments, "If ... the main purpose is to help build research capacity in developing countries ....". I would suggest that the real need is to build analytical capacity, and to "institution build" to the point where improved analysis results in improved policy. Now if that is the aim, then the Cooperative Studies Program, which I allude to in the attached memo has much to commend it:

- i) It is seen as an adjunct to EDI activity, i.e., not only would we teach analytical methods, but we would have the resources to facilitate their use, once a cooperating institution had decided to conduct a study;
- ii) It focusses on in-house capacity of government institutions, i.e., the institutions directly responsible for policy formation;
- iii) It gives the Bank the ability to "reinforce success", whenever a "line" (or even hopeful) group is found within a governmental structure.

- iv) It is veritable institution-building, since we would be building their capacity to make analyses. (i.e., we would give them the tools, and some advice, but not do it for them.)
- v) Aid to a particular group would be "self-liquidating", since it would be given on a project (or study) basis. Once the study was completed, the Cooperative Studies Program involvement would cease.

3. Let me make some brief comments on Acharya's ideas for supporting developing country research capability:

- i) "Program finance", suggests that a long term commitment to an institution or group would be made. Is this intended? Would provision be made for terminating such assistance, or would the subsidiary be locked into support of a limited number of groups? (This is not to argue that such long-term relationship would necessarily be unwise, since the Ford alternative of many institutes started with seed money with varying growth records thereafter, also has disadvantages.)
- ii) Any post-doctoral fellowships would be much better held at LDC Universities, that would be "institution building".

4. Shankar Acharya rightly points to an uneasy relationship between any subsidiary research program, and the Bank's in-house research. I would finesse this whole issue by advocating a Cooperative Studies Program, but if this is unacceptable, feel that the issues raised in his memo would have to be faced. I would argue:

- i) That expansion of centralized research should be within the Bank's research program, not in a new institution;
- ii) That it is impossible to identify ex-ante the projects which will take 3 to 5 years to complete, and will not yield immediate gains. Moreover, a long-term project may yield immediate gains, in the course of the research.
- iii) This would not rule out a large "External Research, for External Use", budget under the control of the subsidiary, if so desired.

ROUTING SLIP		DATE: November 20, 1979	
NAME		ROOM NO.	
Mr. Chenery		-	
cc: DPS Directors		.	
Mr. P. Wright		.	
Mr. B. Balassa			
APPROPRIATE DISPOSITION	NOTE AND RETURN		
APPROVAL	NOTE AND SEND ON		
CLEARANCE	PER OUR CONVERSATION		
COMMENT	PER YOUR REQUEST		
FOR ACTION	PREPARE REPLY		
INFORMATION	RECOMMENDATION		
INITIAL	SIGNATURE		
NOTE AND FILE	URGENT		
REMARKS:			
<p>Attached are some very preliminary thoughts on the Research Subsidiary mooted in Mr. McNamara's memorandum on GRAP.</p>			
FROM:	ROOM NO.:	EXTENSION:	
S. Acharya	K-3501	60001	

Some Preliminary Thoughts on the Research  
Subsidiary

1. Three major questions occur to me in beginning to think about the suggestion of establishing a research subsidiary:

- (1) What should be the objectives/functions of the subsidiary?
- (2) What should be the relationship between the subsidiary and the Bank's in-house research program?
- (3) Could one attain the objectives sought through the subsidiary more efficiently through other means, without establishing a new institution?

I offer a few remarks on each of these issues:

Functions of the Research Subsidiary

2. While a wide variety of functions can be conceived, it is important to identify the principal objective(s) of the Subsidiary. On that will depend the nature and staffing of the institution to be set up. For instance, will the main function of the subsidiary be to do research on development or, alternatively, will it be to help build the capacity of research institutions in developing countries to conduct analytical work? If the main purpose of institution is to do research, then

Brookings may be the model one has in mind. If, on the other hand, the main purpose is to help build research capacity in developing countries, then a Ford Foundation or C.G.I.A.R. paradigm is much more relevant.

3. It is my understanding that the Bank's senior management associates the idea of the research subsidiary principally with the objective of strengthening analytical capacity in developing country institutions. I would also hazard that our Board of Directors is likely to be more receptive to the idea of a Ford Foundation or C.G.I.A.R. type subsidiary than a Brookings one. Whatever their opinions, I would personally counsel against the Brookings version for the following reasons. First, it is well to recognize that if one is talking about a \$30-40 million year program (by 1985?), then the appellation of "Super-Brookings" may be merited, since it would be four or five times the size of Brookings, whose annual budget is a little less than the Bank's present \$10 million-a-year research program. The main argument against the establishment of such a "Super-Brookings" stem from dangers of a research monopoly. Already the Bank, as a development research institution, marshalls far more resources than any other single entity concerned with development research in the world. A Super-Brookings could, too easily,

- soak up research talent from all over the world, especially the developing world, thus reducing indigenous research/analytical capability in these countries;

- impose a particular view of research priorities and methods through its gigantic (certainly in relation to other centers) program. This would be a pity since research, above all activities, should benefit from pluralism and competition;
- be justifiably charged with "research imperialism".

4. Of course, rejecting the Super-Brookings model would not be equivalent to saying that the subsidiary should do no research of its own. If the 1985 scale of operation is about \$40 million-a-year, it would be quite possible to accommodate a \$5-10 million a year in-house research capability, while three-quarters of the subsidiary's budget is spent on the primary objective of supporting developing country research capability through measures such as:

- program finance to developing country research institutions (this would presumably be the main expenditure item);
- finance for a program of post-doctoral fellowships for LDC researchers to be held at the (Washington-based?) subsidiary;
- funding of a centralized library, records and data-retrieval facility;



Relationship between the Bank's in-house research  
and the Research Subsidiary

5. If a research subsidiary with functions outlined in the previous paragraph is created, what should be its relationship to the Bank's research activities? How much of the latter should continue to be done in the Bank proper? The range of options is enormous. Let me offer some personal preferences:

- (a) It would be a pity if one shifted all of the Bank's present research program to the new subsidiary. This would undermine the benefits from interactions between research and operational activities - a perhaps unique potential to be reaped from doing research in the Bank (rather than in universities). Such a compartmentalization of research and operations would also go against the letter and spirit of the GRAP Report.
- (b) On the other hand, if the new subsidiary is to do about \$5-10 million a year of research, it would be rather odd if such activity were wholly additional (in scope and focus) to the research being done in the Bank proper.
- (c) A viable middle ground might be to transfer to the new subsidiary large and lumpy research endeavours, which take 3-5 years to complete. These do not yield immediate gains to

operational activities, and are usually not especially enriched by being in close contact with operational concerns of the Bank. Indeed some have argued that proper conduct of some of these large, long-lived projects, would be aided by greater "distancing" from operational concerns.

Smaller, shorter-term research activities (usually responding more closely to problems and demands arising from operational activity) could and should continue to be done in the Bank proper. This is the sort of research which (a) benefits most from proximity to operations and (b) yields the greatest returns (in the short-run) to the operational side of the Bank.

6. For illustrative purposes, the following rough profile of research spending could be envisaged for circa 1985:

	<u>(\$ million)</u>
(i) Bank in-house research:	7.5
(ii) In-house research in the Subsidiary:	7.5
(iii) Total "Washington-based" research [(i) + (ii)]:	15.0
(iv) Support for Research in Developing Countries via the Subsidiary:	30.0
(v) Total spending by the Subsidiary [(ii) + (iv)]:	37.5
(vi) Total Bank spending on Research [(i) + (v)]:	45.0



The Need for a Research Subsidiary?

7. If a Super-Brookings is the intended model for the research subsidiary, then it is not obvious to me that a separate research subsidiary is really needed. A Super-Brookings would essentially involve a major expansion in the Bank's research program. If this were deemed desirable and possible, there does not seem to be any serious constraint to achieving the expansion within the present structure - unless the main reason for having a subsidiary is to protect the research program from any vagaries affecting the Administrative budget and its allocation.

8. If, however, the principal objective/function of the Subsidiary is to build research capacity in developing countries, then the arguments for creating the subsidiary grow stronger. The nature of the functions entailed would then be markedly different from the Bank's present research activities - different enough to perhaps warrant institutional innovation. However, once one gets a clearer and detailed idea of the prospective functions of the Subsidiary, one should review the list to determine the proportion that can be grafted on to existing (non-research) arms of the Bank, e.g. EDI programs, lending activities in education, training, agricultural extension etc.

Concluding Remarks

9. Let me conclude with some obvious points:
- If building research capacity in LDCs is to be the main objective of the Subsidiary, we (the Bank) should make a serious effort to solicit the views of developing country research

17

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

of the ...

institutions and governments regarding measures which might be launched to strengthen their capabilities.

- If we were to conduct such an enquiry, I suspect that we would find that bottlenecks to the development of indigenous research capacity vary significantly across countries - indicating the need for a corresponding diversity in the support functions of the Subsidiary to be created. In some countries the principal need may be for finance for "research infrastructure" (computers, libraries, xerox machines etc.). In others the need may be for programs to build a nucleus of trained and motivated researchers (these are much harder to design and sustain - and much more sensitive to political/ideological connotations).
- One might also discover that the absorptive capacity in developing countries for research supporting activities of the Subsidiary is such as to argue in favor of an incremental approach to the whole enterprise.

→ New G. I. A.R. inst. called

I. S. N. A. R. (Netherlands)

↓

Inter-KI Service for

National Agricultural Research,

→ Spell out policy program  
rather than Project finance.

- academic imperialism

- weaving policy:

building vs. supporting.

- Shouldn't shift any restrictions from  
the Bank → Subsid., if in-house  
Subsid. research is on project basis.

Will → pressure for LOC support to  
be on project (rather than program).

- Not sure that large/long-lived  
are least operationally-related.

