

Knowledge for Change Program

Program Evaluation Report

by

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Executive Summary

When the Knowledge for Change Program (KCP) became operational in 2002 it had two members, Finland and the United Kingdom. Since then several new partners have joined. These are ABN AMRO Bank, Australia, Canada, Denmark, European Commission, France, International Fund for Agricultural Development (IFAD), Japan, Netherlands, Norway, Sweden, and Switzerland. By June 2007, the partners had together contributed and pledged US\$22 million.

Before that there were many trust funds for research, which were poorly coordinated. The KCP was set up to rationalize the system and to bring about a better and fairer allocation of research funds. The idea was to pool various funds and have a transparent process where applications were reviewed and compared. Projects that were on interesting topics and had a methodology to perform the task were to be selected. The KCP has been extended to 2010 to allow ongoing projects to complete and to use up allocated funds.

The Knowledge for Change Program (KCP) is organized around three trust funds that finance research. The overall aim, as stated in the KCP Charter is “to act as an effective, transparent and efficient vehicle for the pooling of intellectual and financial resources for data collection, analysis, and research supporting poverty reduction and sustainable development.” Moreover, KCP wants to “encourage and improve dialogue with partner agencies, developing country clients, and other interested parties.” There is also a subsidiary objective, capacity building through assistance in “the development of data collection, analysis, and research capacity in client countries”.

The purpose of this program evaluation was to assess how the KCP has been meeting its objectives as stated in the KCP Charter. As stated in the Terms of Reference, “Building on the findings of the recent Bank research evaluation, it will aim to judge the overall value-added and contribution of the KCP in supporting Bank's research, policy guidance for lending operations, and dissemination of results and involvement of researchers and institutions from the developing countries. It will also assess if the KCP's has been cost efficient and cost effective in its selection and allocation process. In this evaluation we also seek lessons learned, alternative approaches, and improvements in the business processes of managing the KCP, including the ex-ante review process and project design and management.”

Our overall view is that the KCP has worked well. All the completed and ongoing research projects are in line with the thematic areas specified in the Charter. Moreover, many of the projects have achieved very good results, and some are outstanding. Apart from substantial contributions with regard to analysis and publications, there have also been major achievements with regard to data collection and the development of policy analysis tools. There is a broad consensus that there is a shortage of research funds, which KCP has helped to alleviate.

Funding from the KCP has produced value added over and above what regular research funding gives. First, the KCP governance structure ensures that there is little research for purely academic reasons, i.e. with little policy relevance. Second, there are scale effects both because of the critical mass of researchers at the Bank – by far the largest research group in development economics – and since researchers can draw on World Bank resources. One example of the latter is the advantage World Bank researchers have when doing policy impact evaluations, since these can benefit a lot if researchers are involved in the policy

projects from the beginning. Third, the research activities of the Bank also have positive external effects on the wider research community by providing access to data and other resources, as well as extensive direct collaboration. Fourth, dissemination of results is taken much more seriously than usually is the case among researchers, where it often is limited to presentations at purely academic conference and publication in scientific journals.

Dissemination of research findings appears to be in line with the Charter. In fact, a reading of the completion reports indicates that a real effort is made to spread information about the research to clients through seminars and participation in workshops. Moreover, the projects have produced many reports, articles and books, including the World Development Reports, which are widely read and sometimes very influential. Many projects also mention that their results have had an influence on policy formulation and strategies in client countries and elsewhere. The dissemination of results is also facilitated by the requirement that DEC personnel must spend at least 30% of their time in operations, where their ideas may be tested. However, it is very difficult to evaluate how strong the influence is and what impact it has on economic growth, poverty, investments, etc.

Several of the projects have data collection as an important objective. The databases are considered to be public goods that can be used by other researchers. Many of the datasets collected by KCP-funded projects are available on the World Bank webpage, but not all. And some are difficult to find, let alone know about without information from other sources. A suggestion, which was made also by the Deaton report, is to construct one webpage with information about new databases and links to existing ones. This would probably increase the number of users in the academic community substantially.

There is a perception among several donors that the KCP has not been strong enough on capacity building. Yet, it is not clear that the KCP has failed to meet this objective. Capacity building is a subsidiary objective, which means that it does not have to be included in all projects. And many of the projects have involved researchers and consultants from client countries and in some cases training has been the aim of the project. Still, it seems clear that capacity building is treated as a secondary objective. On the other hand, there is clearly a lack of information about the amount of capacity building there is in the projects. Even though a close reading of completion reports might be informative, the reporting could be improved a great deal. Often it is not even possible to know where the non-Bank team members are based. Summary information about capacity building could be included in the annual report.

However, there is a trade-off between research and capacity building, which should be recognized, and trying to do both in one project might not be the best solution. One option is to sharpen the focus on high-quality research and downplay capacity building, explicitly by altering the Charter or by a consensus agreement. If this is not possible, capacity building, in particular, and maybe networking with institutions, should be taken seriously and projects should be required to include them explicitly. This would most likely imply higher costs for each project.

There is thus a dilemma and a trade-off between the donors desire to have more extensive involvement of developing country researchers in the work and the desire to only let quality concerns decide on the output. The Deaton report talked a bit about the need to involve client-country researchers, but it did not argue that this should be done even if there is a cost in terms of research quality. In the evaluation of research quality such considerations did not come up.

A common complaint made by the KCP-donors is that there is a lack of communication in-between the annual meetings. There is little contact during the year and many donors feel that they are not kept in the loop. The way we interpret this is a desire to receive easily digestible information about the research projects and dissemination, progress reports, etc. on maybe a quarterly basis. Furthermore, the current structure does not facilitate for the donor representatives to communicate about KCP to others in their agency: the previous annual reports were not something you would send around for general information, though the one for 2007 seems more useful for this purpose.

Our view is that the governance structure functions as intended, with the exception of the Consultative Group meetings. However, there is a shortage of information on certain aspects, which some interpret as a lack of transparency in the KCP process. This is particularly the case for the selection of research projects, involvement of researchers and institutes in client countries, and the final results of the projects. A suggestion is to compile and report indicators that summarize these activities. It would be uncomplicated to make easy-to-read lists of the names of all the project proposals and summary information from ex-ante evaluations, list people and institutes in client countries involved in the projects, and report cases when research findings have been useful for World Bank operations, donors or for client country policies. For this to work, ex-ante reviewers have to do the grading properly, and project proposals must specify clearly where non-Bank team members are based. Proper reporting on the influence of research finding is of course a major task that cannot be handled on a routine basis, but there is some information in completion reports and researchers could be urged to send information even after the project is completed.

Several donors expressed some dissatisfaction with the Consultative Group meetings. There seem to be little pooling of intellectual resources. The meetings could be used better to establish a dialogue on research issues between donors and the World Bank, which could be useful for the Bank and the donors, as well as a source of information for donors about current World Bank research. However, then it would be desirable that the donors also send their chief economists or other people with a research background. One option is to have separate sessions on management and research. The involvement of representatives for client countries in the consultative Group meetings has been very small, so the pooling of resources does not seem to extend effectively to this group.

The process of selecting and evaluating research projects seem to be efficient and cost effective, particularly after the recent changes where researchers first submit conceptual notes instead of complete project descriptions, and where peer ex-ante reviewers have been replaced by external reviewers. To better address one of the criticisms of the Deaton report, about World Bank research sometimes being weak on methods and interpretation, evaluators should be asked to comment more explicitly on methods, and, in the case of ex-post evaluations, interpretation.

The very recent report from the World Bank *Meeting the Challenges of Global Development* (World Bank, 2007) outlines global changes and sketches the implications for future World Bank activities. It points particularly to the investment climate, empowerment of people and global public goods (p. 4), precisely the three themes of KCP. It also argues that knowledge services will be one of the future services of the World Bank, and that it has a unique position in terms of global learning since it can put the insights from one country to use in another. The themes of the KCP certainly seem to fit this agenda very well.

1. Objectives of the Evaluation

The Knowledge for Change Program was started in 2002 by the World Bank (DEC)¹, Finland and the United Kingdom. Before that there were many trust funds for research, which were poorly coordinated. The KCP was set up to rationalize the system and to bring about a better and fairer allocation of research funds. The idea was to pool various funds and have a transparent process where applications were reviewed and compared. Projects that were on interesting topics and had a methodology to perform the task were to be selected. The KCP has been extended to 2010 to allow ongoing projects to complete and to use up allocated funds.

The purpose of this program evaluation is to assess how the KCP has been meeting its objectives as stated in the KCP Charter (see Appendix 2). To put this into context we first cite from the Terms of Reference;

“The World Bank’s research program has four fundamental goals:

- to support Bank lending operations, including the assessment of development progress in member countries;
- to broaden understanding of the development process, i.e. generation and dissemination of knowledge;
- to improve the Bank’s capacity to give policy advice to its members; and
- to assist in developing indigenous research capacity in member countries.

Research at the World Bank is funded from four sources:

1. Departmental budgets
2. The central Research Support Budget, through peer-review by non-Bank experts and Bank staff, and decision by a Bank-wide Research Committee (RC)
3. Knowledge for Change Program (KCP) and other Bank managed trust funds
4. External agencies”

The Bank allocates 2-2.5 % of its regular administrative funds to research and that share has been rather constant over the years. If anything, there has been a slight decline in DEC allocations in recent years. Much of those funds are used for the staff costs of researchers in the Research Group. Then there is the Research Support Budget (RSB), where DEC and other Bank staff can apply for funds. Outsiders can get funding only if they collaborate with Bank personnel. The RSB allocates about US\$6 million per year. The KCP is another major fund, but somewhat smaller. The RSB process is more formal and slower than the KCP process. The KCP is thus only one of several vehicles of support for research at the World Bank.

The recent evaluation of World Bank research, the so-called Deaton report (World Bank, 2006a), finds allocations for research to be too low for a bank wanting to be a Knowledge Bank. One way of increasing the research intensity of the Bank would of course be to allocate more of the administrative budget to research, but an alternative way to beef up the research activity in the Bank is to attract money to trust funds for research from other sources. The resources channeled through the KCP are by far the most important ones coming via this route, and this money contributes very significantly to World Bank research activities. What this evaluation will discuss is whether the money is well spent. The evaluation is complicated

¹ DEC stands for Development Economics, which is the research arm of the World Bank.

somewhat by the fact that it is sometimes not self-evident how one shall relate research outputs specifically to KCP inputs, but it is clear to what activities the KCP has contributed. It is those that we will discuss.

The aims of this evaluation are given in the ToRs:

“Building on the findings of the recent Bank research evaluation, it will aim to judge the overall value-added and contribution of the KCP in supporting Bank's research, policy guidance for lending operations, and dissemination of results and involvement of researchers and institutions from the developing countries. It will also assess if the KCP has been cost efficient and cost effective in its selection and allocation process. In this evaluation we also seek lessons learned, alternative approaches, and improvements in the business processes of managing the KCP, including the ex-ante review process and project design and management.”

The evaluation is also expected to respond to the following questions:

- “Are funded research projects relevant, especially from the point of view of the KCP purpose?
- What is the value-added and how has the KCP managed to improve the dialogue with partner agencies, developing country clients, and other parties?
- How efficiently has the KCP managed to assist in the development of data collection, analysis and research in the client countries?
- Is the dissemination of results done in an efficient and effective way?
- How efficiently and effectively has the KCP managed to pool intellectual and financial resources in research?
- Is the governance structure functioning, as it was intended?”

The report is structured as follows: In Section 2 we describe briefly the way this evaluation is done. Section 3 describes the main features of the KCP. In Section 4 we evaluate the research contribution of the KCP, which is a key area. The governance structure is discussed in Section 5. Section 6 deals with dissemination and Section 7 with the involvement of developing country researchers. We discuss the donors' views throughout the report, but in Section 8 we provide a more comprehensive survey. Section 9 draws conclusions.

2. Evaluation Approach

The main purpose of this evaluation is to assess whether the KCP has met its objectives. To do this evaluation we rely on two types of information, namely written material and interviews with various stakeholders.

The written sources that have been used are those listed in the ToR:

1. The KCP Charter
2. A selected sample of research proposals including; a) Ex-ante reviews for each proposal; b) Project Completion Report and list of outputs; c) Published and unpublished outputs; and d) Ex-post project evaluations.
3. Internal Management Committee minutes
4. Donor agreements
5. Donor meeting notes
6. Bank Research Evaluation (i.e., the Deaton Report)

We have interviewed representatives of most of the donor agencies supporting the KCP, to solicit their views on the issues of the evaluation. We have also interviewed key persons in the World Bank involved in the research activities sponsored by the KCP as well as the management of the program. The information obtained in these interviews is brought into the various sections where appropriate. We have also interviewed one of the external referees.

The KCP has several objectives but the main one is to support World Bank research. It is not feasible to do a complete evaluation of this vast amount of research within the framework of this investigation, so we build on the findings of the recent Bank research evaluation (the Deaton report). Thus, we start from this when we evaluate how the KCP has contributed to the research activities of the Bank. We also rely on the specific evaluations done by external reviewers of the KCP projects, plus our own reading of research outputs. Since we are working within development economics and often come across World Bank research, we feel that we are able to form a well-grounded opinion on the quality of the research output.

We will also discuss the governing structure of the KCP including the involvement of donors and other partners. In this context we will at least attempt to assess whether the KCP has been cost effective in its selection and allocation process, although the information here is limited. In the conclusions we will discuss whether there is a need for improvements in the business process of managing the KCP.

When it comes to dissemination there is quite extensive evidence in most of the project completion reports. Combining this with the information about the dissemination of the research outputs, we get a reasonable picture of dissemination activities. To judge the importance of the KCP for policy guidance there is some information in the completion reports, but much of the insights from the research activities of the Bank have broad indirect effects on how the Bank (and other aid practitioners) operates. It is hard to measure this effect, but we will at least discuss it on a more general level.

3. Main Features of the KCP

The Knowledge for Change Program (KCP) is organized around three trust funds that finance research. The overall aim, as stated in the KCP Charter is “to act as an effective, transparent and efficient vehicle for the pooling of intellectual and financial resources for data collection, analysis, and research supporting poverty reduction and sustainable development.” Moreover, KCP wants to “encourage and improve dialogue with partner agencies, developing country clients, and other interested parties.” There is also a subsidiary objective, capacity building through assistance in “the development of data collection, analysis, and research capacity in client countries”.

When the KCP became operational in 2002 it had two members, Finland and the United Kingdom. Since then several new partners have joined. These are ABN AMRO Bank, Australia, Canada, Denmark, European Commission, France, International Fund for Agricultural Development (IFAD), Japan, Netherlands, Norway, Sweden, and Switzerland. By June 2007, the partners had together contributed and pledged US\$22 million.

Governance

KCP is governed by three bodies. It is headed by the Consultative Group, which has representatives from the partners, the World Bank, developing country policy makers, and other interested parties (which seems to be some of the project evaluators). It is chaired by the Senior Vice President and Chief Economist of DEC. The Consultative Group meets once a year to discuss long-term strategies of KCP, to approve annual work programs and the financial plan, and to review KCP’s performance over the preceding 12 months.

The Bank is responsible for the administration of the KCP. Daily tasks are managed by the Program Administration Committee (PAU), and the processing of proposals is handled by the Internal Management Committee (IMC). The IMC is chaired by the Senior Vice President and Chief Economist of DEC. The other members are directors from DEC’s main departments, representatives from regional offices and networks. However, it is not obvious to what extent representatives from networks participate, since IMC Decision Meeting Minutes contain participation lists without affiliations. IMC meets several times per year.

It is clearly stated in the Charter that research topics financed by the KCP should support poverty reduction and sustainable development. Currently there are three thematic areas, (i) poverty dynamics and delivery of basic services, (ii) investment climate and trade and integration, (iii) global public goods, which was initiated in 2006. Each thematic area has a number of subthemes: 20 altogether during 2002-2006 and 10 during 2006-2008.

There is a trust fund for each thematic area and member donors can choose how to allocate resources among them. However, since the Bank does not do commissioned studies, a member cannot decide to support a specific project. In reality the KCP still tries to allocate resources according to the wishes of the donors, but this is only possible when relevant research projects already are in the pipeline or when donors wish to support the World Development Report (WDR), which is an annual publication.

Projects

The formal procedure for selecting research projects is that the IMC invites proposals from researchers in DEC or from other parts of the Bank in collaboration with DEC researchers.

Until a couple of years ago, proposals were first reviewed by the relevant team research manager in DECRG (Development Economics Research Group) before they reached the IMC. The DECRG management team ensured the proposed projects were in line with the overall research program and ranked the proposals according to certain criteria. This routine has been changed somewhat and there are now two levels of pre-screening. The first one is done by each director of the DEC units. After that, the researchers are asked by each director to prepare a concept note which is screened by the directors and Alan Gelb, the Director of Development Policy. After this a selection of researchers are asked to write project proposals and, and if adequate, submit it to IMC. The proposals are then exposed to an ex-ante review by an external evaluator. The external ex-ante reviews are carried out by researchers who are internationally-known experts in their fields. Previously the reviews were done by peers within the Bank, but these were considered to be of an uneven quality. The reviewers base their evaluation on the criteria listed in the Charter (see Section 6).

Projects are required to provide annual progress reports, and a detailed completion report. When completed, large projects are evaluated by external experts. All in all 18 projects have been evaluated so far. There is also a peer review process within and outside the Bank, when reports from the project are published. Since several of the completion reports list publications, these reviews are important as well, although they are based on the quality of research in general, not on the KCP criteria.

The final stage of the process is the Consultative Group's review of KCP's performance at its annual meeting on the basis of progress and completion reports and external evaluations.

Funding

The amount of KCP funds allocated to research, on average US\$3.8 million per year during 2003 to 2006, is not a large sum when compared to the total research budget of the Bank. Nevertheless, since the KCP does not pay salaries of World Bank personnel and other overheads, it provides a sizeable addition to research resources. To put it in perspective, the Research Committee allocates about one-quarter of all research funds, which amounted to US\$6.5 million in 2005 from the Research Support Budget (World Bank, 2006a, p. 25). During the same year the KCP allocated US\$6.3 million to projects (see Table 1). Hence, the KCP provided a substantial top-up to the research resources of the Bank. In total, trust funds provided 27% of the total research budget in 2005, where the contribution by KCP was by far the largest (World Bank, 2006a, p. 26).² Although the numbers for 2005 exaggerate the role of KCP, both because it only allocated US\$1.5 million in 2004 and US\$4 million in 2006 and because all the money is not used within the budget year, the financial contribution to World Bank research is no doubt considerable.

Table 1: Total allocations to projects during fiscal year as of June 2007, in US dollars

FY	2002	2003	2004	2005	2006	2007
Allocations	582,837	3, 673,246	1,473, 900	6, 311,444	3, 970,500	5,066,000

Research and influence

KCP money is niche money that is used for data collection, or when there is need for technical support, to hire in people. It could be hiring in someone from the outside to provide technical support to, for example, impact evaluation, or for the development of software data

² The actual percentage is lower than 27% because the research budget does not include all costs associated with research activities.

tools. In some instances people are brought in to implement state-of-the-art econometrics to speed up the implementation of needed techniques.

The research projects completed so far cover a number of topics, mainly within the first two thematic areas, (i) poverty dynamics and delivery of basic services, and (ii) investment climate and trade and integration. Many of them have been highly successful, in the sense that they have resulted in articles in prestigious journals - which only to a limited extent is visible in the completion reports due to the time lag involved in publication- and have become well known in academic circles (The quality of research is discussed in Section 4).

It is more difficult to evaluate the influence of research findings on policymaking, and only in unusual cases is it possible to track the impact on an economy, i.e., the well-being of its people. Moreover, it is important to remember that a research project carried out in one or several countries primarily aims at generating knowledge that is relevant for developing countries in general, or a subset of them, and not only for the country studied. Furthermore, it takes time before research findings result in policy changes, even in the best of cases. Nevertheless, when judging from the completion reports, many projects have had an influence on donors or policymaking in client countries. We end this section by giving a couple of illustrative examples of projects financed by the KCP. The project “Improving Educational Outcomes” made USAID redirect resources towards government schools; a report from the “Forests, Livelihoods, and the Environment” project was an important input to the Stern Review of climate change, and it was cited in a European Commission paper on “Limiting Global Climate Change to 2 Degrees Celsius”; and results from the “Kenya Diagnostic Trade Integrations Study” have been used in the preparation of government policy strategies. And, of course, the influence of many World Development Reports has been substantial.

4. Contribution to World Bank Research

It is not completely straightforward to evaluate the contribution of the KCP to World Bank research. It finances some of the costs related to some of the projects that are in the Bank portfolio of research projects. The KCP covers direct research costs including costs of external consultants, while for example salaries of Bank staff involved in the projects or staff travel are not covered by the KCP.

We have also the fungibility problem that makes it hard to determine exactly whether donors de facto fund the projects that absorbs the money from the trust fund, since the Bank can reallocate its own money to achieve the distribution across projects that it desires. So in a way one might say that the contributors to KCP buy into the whole World Bank research portfolio. Still, as with aid, fungibility is not 100%, so the donors can to some extent shift the research orientation towards the three themes covered by the KCP. Since we cannot investigate the fungibility issue here, we will just discuss the quality of the projects (partially) funded by the KCP trust fund.

We structure our discussion of research quality in the following way. We take our starting point in the major evaluation of all World Bank research, the Deaton report from 2006. This was a very thorough exercise that involved close to 30 leading development economists, and it produced a very credible report. Since this covered all research, it also covered the KCP component of research, although it never explicitly separated that out from research financed from other sources. So we start our discussion from the Deaton report and seek to indicate what parts of the overall package was financed by KCP money. We will at least be able to identify the projects to which the KCP has contributed and thus say something about the quality of that work on the basis of the Deaton report. We will also base our discussion on the specific evaluations of completed projects done within the framework of the KCP. We have read most completion reports as well as all external evaluations. We will also draw on our own reading of the literature.³ After that we will draw conclusions about the quality of the work funded by the KCP.

According to the Deaton report, the World Bank produced nearly 4,000 books, papers, and reports between 1998 and 2005. Bank staff produced more than 2,000 peer reviewed articles 1998-2005 and about 330 working papers per year. A considerable fraction of the output entered leading economics journals and even more so leading field journals. In spite of some critical remarks, the Deaton report notes that the World Bank has “the biggest single group of high-quality researchers in development economics” (p. 11). The total research budget 2005 was US\$25.3 million, but this does not include basic costs such as salaries for many of DEC’s staff (p. 26).

The research support of KCP has three themes, which we will now discuss. The seven ex-post reviewers have generally been very positive, and they find that the topics of all projects evaluated were in line with KCP’s objectives (except maybe the WDR).

³ We may note that some projects have been recently completed, and it takes a considerable time before the outputs reach the journals.

Theme 1: Poverty Dynamics and Delivery of Basic Services

Deaton et al. praise particularly the work done on poverty and inequality measurement and basic service delivery, where the influence of the work has changed our way of thinking about it. This is also the most important part of KCP constituting 52% of the KCP portfolio (KCP Annual Report 2007, p. 23). The total amount allocated up to mid-2007 was \$11 million, and as Table 2 reports, so far 19 projects have been completed in this category.

The KCP has funded extensive work done by Martin Ravallion and associates, and this research has largely shaped the debate on poverty in recent years. There are several other completed projects that have generated high quality research which has found its way into high-quality journals, such as the work by Klaus Deininger et al. on land issues and poverty.

The KCP has also funded much research on civil wars and conflicts. The Deaton group is more critical with regard to both conceptual and empirical framework of this project. However, we feel that this work opened up an area that had been neglected and made worthwhile contributions. Moreover, this was a research project that had extensive involvement of researchers from developing countries. Related to the KCP Charter and the wishes of several of the donors, this sub-project is more in line with the objective of client-country involvement than many of the other ones.

Also the work done by Reinikka and others on service provision in the health and education sectors has had a strong impact on the economics profession, and it is clearly highly policy relevant. The Deaton report is full of praise. "It is an impressive research project. It combines original data collection and high policy relevance. It also deals with issues that have been relatively neglected. It blends in-house and outside expertise, is distinctive and makes a lot of sense for the Bank to be engaged in it. Moreover, one can see it leading to a larger-scale set of research in the area." (Besley, 2006, p. 8).

World Bank research is predominantly econometric and empirical. The Deaton report thinks that there should be more use of randomized experiments. Some of the KCP projects have at least contributed to work in this area. One example is the recently completed study headed by de Walque on cash transfers in Burkina Faso.

Theme 2; Investment Climate and Trade and Integration

This theme is the second largest representing 40% of KCP project finance or US\$8.3 million. So far 15 projects have been completed. They are listed in Table 2

The Deaton report acknowledges the Investment Climate Survey as one of the most influential research initiatives undertaken by the World Bank. It has ignited a vigorous discussion about the role of government policy and contributed to a new emphasis in macroeconomic research. In this area, the World Bank is not only abreast but is providing leadership according to Deaton et al. (p. 49). The projects using ICA (Investment Climate Assessment) data have generated many journal publications.

There are also three ex-post KCP evaluations of the Investment Climate Survey, one in 2005 and two in 2007, and they are generally positive to the project. They mention, however, that it is hard to access data on the web, and complain about the representativeness of data over time and across countries. As noted in Section 6, the webpage, and access to data, is now excellent.

Another evaluator has made three evaluations in Theme 2, and he is very positive to the database on WTO conflicts and the Caribbean project. He is critical of the Kenya project, though. This is the only really critical evaluation of KCP projects. It is noteworthy that this project was done outside of DEC.

Theme 3: Global Public Goods

This is the most recent addition to the portfolio of KCP. Since it is new it has not received more than US\$1.7 million or 8% of allocations, and only one project has been completed. The research here is therefore difficult to evaluate at this point. Still, we may note that Deaton et al. find that there is generally important work on environmental issues done within the Bank.

Support for Data Collection by the KCP

The Bank is clearly a world leader in data collection in several areas, starting from the Living Standard Measurement Surveys (LSMS). This is an area where the World Bank has a comparative advantage, but still data collection, archiving and dissemination are sometimes poorly organized, according to Deaton et al. It may be hard to access the World Bank home pages and in particular to get access to the data. Access is often undermined by technical constraints such as lack of software or bureaucratic constraints. The old LSMS is seen as an example that the World Bank has not been able to follow, although there is considerable data on poverty available on the World Bank home page. Yet, as mentioned, Investment Climate and Doing Business have excellent websites.

The Deaton report also argued that there is no coherent policy for data releases, although the DECRG Director has pointed out to us that there is a general principle that the World Bank financed data shall be made available to others six months after the publication of the first working paper.

What we may note here is that the KCP has contributed very significantly to the data collection efforts of the Bank, and this has had major positive external effect on the whole research community. And the Bank has improved data access recently, but there is still work to do to make data a truly public good (see Section 6 for more details).

The KCP has played a major role for Investment Climate and Doing Business Surveys by funding data collection in several countries. As the surveys continue they become more and more standardized, and one may consider whether the funding should be shifted from the research budget.

Support to World Development Reports

There was also criticism from Deaton et al. against some of the WDRs in so far as they had become too much of consensus products emphasizing win-win situation and ignoring conflicts and trade-offs. There was sometimes a lack of sharpness and focus. They had a feeling that the WDRs sometimes pull political punches and do not want to offend important countries. It seeks to achieve a level of political correctness and avoid confronting trade-offs. The trade-offs between equity and efficiency should, for example, be discussed more openly. Still, over the years some WDRs have been important influences on our thinking and policy agendas. On the whole the Deaton report thinks the WDRs serves an important purpose, while it argues that there are maybe too many other flagship reports in the Bank.

The donors are happy with the WDRs, since they are highly visible and generally considered to be policy relevant and useful. We agree that the WDRs are an important part of the World Bank's activities, and it is probably fair to say that this product is the most important vehicle with which the various KCP projects disseminate knowledge. The WDRs are not strictly research, but they are effective tools of research dissemination.

The Impact of KCP on Research

On the basis of this review it seems clear that the best research financed by the KCP is of top quality, most of the rest is good research, while only one project is reported to be of mediocre quality. The Deaton report, which at least implicitly acknowledges its existence, notes that "the panel recognizes that Bank research attracts a certain amount of funding from outside donors and that could continue, provided these funds do not excessively distort the Bank's mission" (p.149). They thus make the point that it is basically the Bank that should control the research agenda of the Bank. It is noted (p. 155), critically, that a high level officer in a donor country argued that "his government had succeeded in influencing the research agenda through its use of trust funds." At present the DECRG has seven themes, namely Finance and Private Sector Development, Growth and Investment, Human Development and Public Services, Climate Change and the Environment, Poverty, Sustainable Rural and Urban Development, and Trade and International Integration. It is not clear that projects from any of these areas would fall outside the three broad themes of KCP. So the risk that KCP members would steer World Bank research towards areas not on the Bank's agenda seems small.

Overall, we find that the KCP contributes significantly to worthwhile research within the Bank. One should also note that the Bank's research activities have major positive external effects on the rest of the research community. Almost everyone involved in development economics research draws on Bank resources in the form of data and otherwise, and very many have collaborated with World Bank researchers in one form or another. A decline in World Bank research activity would therefore be serious for development research generally.

It is likely that the KCP produces value added when comparing what the output would have been had the funding been channeled to university research or other research institutes. First the KCP governance structure ensures that there is little research for purely academic reason, i.e. with little policy relevance. Second, there are scale effects both since researchers can use World Bank resources and because of the critical mass of researchers at the Bank; it is by far the largest research group in development economics. Third, dissemination of results is taken much more seriously than usually is the case among researchers, where it often is limited to presentations at purely academic conference and publication in scientific journals.

Table 2: Completed projects

	Project Name	TF #	Team Leader
A. Poverty Dynamics and Delivery of Basic Services			
1.	A Micro Survey Approach to Health Care Provisions in Poor Countries	TF051009	Ritva Reinikka
2.	The Economics of Civil War, Crime and Violence	TF051166	Ibrahim Elbadawi
3.	Background Studies for WDR 2004	TF051183	Ritva Reinikka
4.	Perspectives on Making Services Work for Poor People	TF051186	Stephen Commins
5.	Increasing Access to Land by the Rural Poor in India	TF051294	Klaus Deininger
6.	The Long-Run Impacts of Health Shocks in Africa	TF051295	Kathleen Beegle
7.	China: Enhancing the Poverty Impact of the New Land Law	TF051296	Klaus Deininger
8.	The Human Cost of Indoor Air Pollution: New Estimates for Africa and Southern Asia	TF051297	David Wheeler
9.	User Fees in Health Care: An Evaluation of Two Near Natural Experiments of Abolition of User Fees in Africa	TF051762	Ritva Reinikka
10.	Incentives, Choice and Accountability in Basic Education Services: Piloting a Micro Survey Approach	TF051764	Ritva Reinikka/ Deon Filmer
11.	M&E Capacity Building in National Statistical Offices: Accountability and Governance in Africa	TF051793	Vilas Mandlekar
12.	Evaluating Frontline Service Delivery: Management and Analysis	TF052376	Ritva Reinikka
13.	Evaluating Long-Run Welfare Impacts: Two Case Studies for East Asia	TF053492	Jed Friedman
14.	Evaluating the Impact of AIDS Prevention and Treatment Service	TF053517	Damien de Walque
15.	World Development Report 2006: Equity and Development	TF053864	Francisco Ferreira
16.	Dynamics of Slum Formation and Strategies to Improve Lives of Slum Dwellers	TF055550	Somik Lall
17.	Impact Evaluations of interventions aiming to improve education outcomes of vulnerable children	TF055581	Damien de Walque
18.	Improving Educational Outcomes through Choice and Decentralized Management	TF055582	Jishnu Das
19.	Developing a Methodology for Aggregating Poverty-Specific PPPs	TF055692	Yonas Biru

B. Investment Climate and Trade and Integration			
20.	Surveys and Assessments in Low Income Countries and Regions	TF050718	Giuseppe Iarossi
21.	Agricultural Trade Policy	TF051758	Bernard Hoekman
22.	Impact of Liberalization in Textiles and Apparel on Developing Countries	TF051759	Bernard Hoekman
23.	Investment Climate Surveys	TF051760	Giuseppe Iarossi
24.	Emerging Trends in Industrial Competitiveness in East Asia	TF051761	Shahid Yusuf
25.	Micro Indicators of Financial Development	TF051763	Asli Demirguc—Kunt
26.	Migration: Development Problems and Opportunities	TF051860	Ian Goldin
27.	Ramping Up Investment Climate Surveys	TF051944	Giuseppe Iarossi
28.	Developing Countries and WTO Dispute Settlement, Assessment and Lessons from the Experience to Date	TF052672	Bernard Hoekman
29.	World Development Report 2005: Investment Climate, Growth and Poverty	TF052955	Warrick Smith/ Mary Hallward Driemeier
30.	Caribbean Growth and Competitiveness Study	TF053477	Mustapha Rouis/ Sanjay Kathuria
31.	Agricultural WTO Trade Reforms & Their Impact on Poverty: Consumption & Income Effects	TF053519	Guido Porto
32.	Investment Climate Extension	TF053568	Giuseppe Iarossi
33.	Kenya – Diagnostic Trade Integration Study	TF053882	Christiane Kraus
34.	Facilitating Trade and Tariff data Access and Analyses	TF055693	Abdolreza Farivari
C. Global Public Goods			
35	Policy Research Report: Forests, Livelihoods, and the Environment	TF055586	Kenneth M. Chomitz

5. Governance

One can view KCP governance as a process, going from invitations to researchers to send in research proposals to the final evaluation of the completed projects and Consultative Group meeting where KCP's performance during the previous twelve months is reviewed. At its annual meetings, the Consultative Group is also supposed to consider long-term strategies and provide general guidance on the operation of the trust fund, so there should be a feedback effect from the Consultative Group into the process. Although this seems straightforward, several donors are concerned with some of the stages of the process. Lack of transparency and communication and adherence to the Charter were the main issues raised. In this section we discuss these questions as well as some of the comments made in the Deaton report about monitoring and evaluations of World Bank research.

One concern of the process is the stage where research projects are screened and selected. Why are certain projects selected and not others? And what criteria are really used? As described in Section 3, there are now two levels of pre-screening before researchers are asked to submit project proposals to IMC. It is thus clear that a great deal of work is done by DEC. This is in line with the Charter which states "The IMC will invite proposals from DEC (or from DEC in conjunction with other parts of the Bank)". Hence, it is not the individual researchers who apply directly to the IMC.

The change of the pre-screening process might have reduced the work load, as well as the influence, of the IMC. However, this cannot be seen from the IMC minutes: the ratio between available and requested funds has fluctuated for different reasons. It is clear though that the change has made the selection process more efficient and more cost effective. The fact that conceptual notes are considered at an early stage of the selection process saves time and effort since writing full project proposals is very time consuming.

The pre-screening process and the IMC, in particular, should base their assessments of project proposals on the Charter. It is made explicit in the Charter that the criteria used "could include the degree to which proposals

- are innovative, provide new knowledge and/or pilot/demonstration impact,
- address the objective of the Trust Fund (poverty dynamics and basic service delivery, and investment climate and trade and integration, and global public goods),
- demonstrate country participation and ownership,
- incorporate developing country capacity building,
- can apply to a different country or region,
- achieve results while remaining cost effective, and
- demonstrate cooperation between different parts of the Bank and/or between the Bank and other donors/agencies."

There is no mention of how the criteria should be measured or of their relative importance; although it can be assumed that most importance is related to the main objectives. Thus, the first two criteria are likely to weigh heavily.

All project proposals are evaluated by external ex-ante reviewers. They fill in a form with six criteria, and a heading that gives the reviewer the opportunity to provide an overall evaluation of the project and comment on the budget. The criteria are:

- Criteria 1 Proposal is innovative, provides new knowledge and/or pilot/demonstration of impact
- Criteria 2 Proposal demonstrates country participation and ownership
- Criteria 3 Proposal incorporates developing country capacity building
- Criteria 4 Proposal can apply to other countries or regions
- Criteria 5 Proposal achieves results while remaining cost effective
- Criteria 6 Proposal demonstrates cooperation between different parts of the Bank and/or between the Bank and other donors/agencies

The use of these criteria in the screening process indicates that the Charter is important in selecting project proposals. Moreover, since the criteria are not binding – note the words ‘could include’ in the Charter – it is difficult to claim that the projects selected do not meet the requirements.

The ex-ante reviewer is supposed to both give a rating and a comment to each criterion. The grades are poor, average, good. By going through all ex-ante evaluations and the IMC minutes, it should in principle be possible to analyze the importance of each criterion. However, some evaluators only give comments making it necessary to use the qualitative judgments, which of course is more difficult.

In our view, the project selection process seems to be working well. The major problem with this part of the governance structure is the lack of information to the donors about how the projects are selected and the criteria used. One suggestion is to improve the transparency by making available easy-to-read lists of the names of all the project proposals and summary information from ex-ante evaluations, for instance in the annual report. Of course, the ex-ante evaluations are not straightforward to appraise because they are partly qualitative, but it would be simple to require the reviewers to do the grading properly. All the marks, some averages, or a selection of them, could be included in the list.

One of the main criticisms of the Deaton report (p. 8) is that monitoring and evaluation of World Bank research have not worked very well. Bad projects have been going on for too long and there are several projects that do not have either academic or policy relevance. Moreover, sometimes weaknesses in methods and interpretation of results have been a problem.

Is the assessment that some projects, which should have been stopped because they obviously were on the wrong track, have been allowed to continue for several years relevant for KCP-funded projects? And is the suggestion to improve monitoring to prevent this from happening in the future applicable to the KCP? We do not think so. First, the projects are funded for fairly short periods, usually less than three years, so there is little scope for stopping projects unless there are substantial deviations from the project plans. Second, no project has been criticized by the external evaluators for going off the track.⁴ Only one of the projects

⁴ It should be noted that several projects have not been exposed to ex-post evaluation.

evaluated receives serious criticism, and this is partly because it is incomplete and only partly due to the interpretations of the results. Third, the ex-ante review with external reviewers provides some guarantee that projects are viable.

There is a caveat to these arguments, however. The KCP only provides part of the financing of some projects, and therefore they can run for much longer than what it appears from the reports to the KCP. Moreover, on a few occasions the KCP has funded projects in tranches (e.g. the international migration project and the World Development Reports have received separate allocations for different phases of the projects). Nevertheless, the fact that there are both ex-ante and ex-post evaluations reduce the risk considerably of letting bad projects go on for too long.

The other part of the critique that came out of the Deaton report is that there were weaknesses in the execution and interpretations of the research projects. In the KCP, this is addressed by the use of the ex-post reviews. So far seven different people have evaluated KCP research projects. Of course, an ex-post evaluation does not alter the quality of the projects as such, but it can provide information relevant for the selection of future project proposals.

A reviewer needs to be an expert to detect deficiencies in the methods used or interpretations of the results during an evaluation of a project. Hence, if the reviewer is more of a generalist than an expert on the methods used (micro-econometrics, CGE modeling, collection of survey data, etc.) there is a risk that some weaknesses go undetected. In other words, questions included in the Research Quality Indicator Form about empirical applications, statistical methods, survey design, the extent to which conclusions are based on analytical evidence, etc., might not be answered adequately.

Rapid checks of the evaluators' publication lists indicate that not all of them seem to have the technical expertise required, though they might of course have it in spite of their publication record. It should be emphasized that an evaluator cannot be expected to do as a meticulous a review of a whole project as a referee would do on an individual paper. Nevertheless, the evaluator should be able to critically examine the empirical parts of the projects.

A related question is how thorough the ex-post evaluations have been. Do they say anything about method or raise doubts about conclusions drawn? Below in Table 3 is a list of the evaluators with brief comments. In most cases the focus is on questions and results. There are not many insightful comments on method or interpretations: usually everything is fine. Note that we do not claim that the evaluators have overlooked important weaknesses of the studies (we have not checked this), just that the choice of evaluators have some bearing on how the evaluations are done and on whether the issues raised in the Deaton report are addressed or not.

Table 3: Brief summary of ex-post evaluations (reviewers)

Name	Evaluations	Comments
Rollo,	1 (2005)	Very positive. General comments that the method was good
Burgess	1 (2005)	Generally positive to the project. Mention that data are hard to get on the web, complain about representativeness of data over time and across countries, no sampling frame used. Give good and useful suggestions.
Gunnarsson	5 (2005)	Generally very positive to the projects, but complain that some have not advanced as far as expected. Complain about lack of background material.
Gunnarson	4 (2007)	All topics in line with KCP, WDR maybe a bit outside KCP. Lack of capacity building mentioned. No critical comments about method, it is all is praise.
De Melo	3 (2007)	Two projects are good, one is classified as weak. Comment on method, good in one project. The weak project has problems with omissions and interpretation
Hansson	3 (2007)	Largely positive, but a few critical remarks. Methods standard, and interpretation not discussed since aim of projects was to compile data
Schneider	1(2007)	Generally positive, but points out weaknesses in method and interpretation

The completion reports and ex-post evaluations are reviewed at the annual Consultative Group meetings. This is also the meeting when World Bank researchers and donors meet to discuss research and future strategies, presumably contributing to the pooling of intellectual resources, mentioned in the Charter. However, several donors (but definitely not all) expressed dissatisfaction with the meetings; as one said, the donors are bulldozed at the meetings.

As evident from the agendas for the 2004-2006 meetings, most of the time has been allocated to presentations of key research findings financed by the KCP, and very little time has been set aside for discussions about the KCP where donors can express their views (about one hour in 2006). Although presenting the output of the KCP at the meeting seems natural, it partly fails to do the job. First, donors have different backgrounds, which is not an ideal situation for discussions about research findings. Second, the meetings do not seem to be informative enough about how the KCP works, which is relevant for several of the donors.

So a problem with the design of the meetings is that they do not allow for enough two-way communication. This is partly due to the small amount of time allocated to general discussions. However, it is also due to its ambition of presenting research and discussing practical issues in one day, when many of the attendees are interested in one or the other. The Consultative Group meetings could be used to establish a dialogue on research issues between donors and the World Bank, but the donors would then probably have to send their chief economists or other people with similar knowledge. The meeting should probably have two extended sessions, one focused on research and one on management issues.

A comment made by many of the donors related to the governance is the communication of progress and results. They feel that it is not enough to have an annual meeting and little contact during the year; the donors are not kept in the loop. The way we interpret this is a desire to receive easily digestible information about the research projects and dissemination, progress reports, etc., on maybe a quarterly basis. Now the KCP is largely forgotten during the time between the meetings, giving a sense of distance. Moreover, the current structure does not create a natural way for the donor representatives to communicate to others in their organization about the KCP: the previous annual reports were not something you would send around for general information, though the one for 2007 seems more useful for this purpose.

6. Dissemination

As evident from the KCP Charter, dissemination is an important component of the KCP. The Charter says “Information gained from activities financed through the KCP will be widely disseminated both to donors and client countries either in report form, or through the web, complemented where appropriate with workshops and conferences. Such dissemination will be subject to and made in accordance with the Bank’s policies on disclosure of information.”

It would have been useful to thoroughly investigate how well the KCP meets this objective, as well as if it has any influence on policy discussions and policy making. However, this would require searches in data bases, local newspapers, policy documents, etc, which is beyond the scope of this report. Hence, in this section we mainly rely on completion reports, the opinions of the donors and other stakeholders interviewed, and the Bank’s webpage.

As evident from the completion reports, the projects have produced a number of articles, book-chapters, books and working papers, both in the World Bank series and other working paper series such as the NBER Working Papers, which reach most of the academic community. Several projects have also provided extensive inputs to World Development Reports in various forms, which is a very visible publication. Moreover, the results from studies have been presented at international conferences, seminars and workshops for policymakers and civil servants in client countries and within the Bank, and in one case at the UN. Hence, if we take the self-reported dissemination efforts described in the completion reports at face value, the KCP funded research is very widely disseminated, particularly compared to research produced in academic institutions, where there are few incentives to engage in activities other than article publication or presentations at international research conferences.

It is more difficult to measure to what extent research findings influence policy making in client countries or contribute to policy guidance for lending operations, but since the World Bank is involved in extensive policy dialogues with its client countries insights gained from research is likely to be channeled to recipient countries in these contacts. It is not easy to uncover the relative weight of KCP-specific insights, but since researchers within DEC are supposed to spend a third of their time in operations, one would expect that they bring along research insights into operations in a very substantive way. Because of this type of links within the World Bank, the distance from research insights to practical applications is much smaller than for research at universities and many research institutes. Many of the projects also report that their findings have fed into government policy strategies and documents. They have also influenced the World Bank’s operational agenda in areas such as health care provision, economic aspects of conflicts, etc.

One form of dissemination that is particularly extensive at the World Bank relates to the dissemination of data, computer programs and other tools developed within the projects. An example is the survey tools developed in the Health Service Project, which has been widely used. The Annual Report 2006 (p. 7) mentions the use of other tools; CGE models, Development Data Platforms and new micro-level data of service providers.

Several of the KCP projects have data collection as an important objective. A great deal of the data made available on the Bank’s webpage is from national surveys, i.e. income and household surveys carried out in collaboration with the national statistical offices. However, the data collected in the KCP projects are in many cases primarily inputs to a research

project. This is a potential problem when the data is supposed to be a public good. It must be recognized that there is a conflict between the interest of the researchers who have collected data and other researchers. Those who have made an effort to collect it most certainly wish to write as many papers as possible before releasing the data to the public. Hence, they have an incentive to delay the release and make it hard for others to use the data when it has been released. Evaluating the issue is beyond the scope of this report, but we did some searches for data of completed projects. Of course, some data cannot be posted for confidentiality reasons.

We looked at the projects listed as completed in the 2005 KCP Progress and Accomplishment Report, containing data collection as an objective. Since the Bank has a policy that data should be made public six months after the finalization of the report, enough time should have passed. Several projects were completed late 2006, and we did not expect many of these to have posted their datasets yet.

The first one on the list is ‘Piloting a Micro Survey Approach to Health Care Provision in Poor Countries’, completed in 2004. We first used the link provided in the completion report, (Annual Report 2005, p. 64) but it did not exist. But a closer reading indicated that the page in any case was restricted to World Bank staff. Then after spending some time searching, we found the dataset from the Nigeria survey. The question is then why the datasets from the other four countries covered by the project have not been posted.

On the same webpage ‘Data sets: Human Development and Public Services Research’ we also found one dataset from the project ‘Incentive Choice and Accountability in Basic Education Services, Piloting a Micro Survey Approach’, completed by June 2006. It was from the Papua New Guinea survey. But the project carried out surveys in three more countries.

Next we looked for data from the project ‘The Economics of Civil War, Crime and Violence’ completed in 2005. The dataset was easy to find. It is available on the project homepage.

The next project was ‘The Long-Run Impacts of Health Shocks in Africa’. The data was not easy to find, but it is available online on the LSMS (Living Standard Measurement Survey) webpage.

The project “Human Cost of Indoor Pollution: New Estimates for Africa and South Asia” encountered problems with the data collection and reduced the project to a case study of Bangladesh. We could not find the survey data collected in Bangladesh, but it might not be considered of a general interest.

Next we looked at “User Fees in Health Care: An evaluation of two near natural experiment of abolition of user fees in Africa” The project put together a panel for Madagascar and Uganda. No data seems to be available.

The project ‘Evaluating Frontline Service Delivery Management and Analysis’ aimed at collecting datasets. According to the completion report, “The results of all the surveys are available as a simple database and stored on the PETS (Poverty and Expenditure Tracking Survey) drive.” But we cannot find the data on the PETS’ webpage or on Participatory Monitoring & Evaluation (PM&E) webpage.

The project ‘Developing Countries and WTO Disputes Settlement, Assessment and Lessons from Experience’ had data collection as a primary objective. The data base was easy to find.

Compilation of data was an important objective of “KCP-Agricultural WTO Trade Reforms and their Impact on Poverty”. We could not find any database.

Finally, we have “Investment Climate Surveys (TF050718, TF051760)”. One external evaluation complained about the Investment Climate Survey webpage: it is messy and access to firm-level data is complex, and this is not only due to confidentiality questions. Nevertheless, now the homepage is fine and firm-level data can be obtained by agreeing to some confidentiality provisions. We filled in the form and quickly got access to documentation and data, which seem to be easy to use.

To conclude, dissemination in the form of reports and presentations seems to work well, but dissemination of data can be improved. Some of the datasets we could not find might be available through the researchers, other might be confidential, we do not know. In any case, the Bank does not seem to make sufficient effort to make the datasets easily accessible and known to outside parties. A simple way would be to construct one webpage with information about new data bases and links to existing ones. This would probably increase the number of users in the academic community substantially.

7. Involvement of Developing Country Researchers

One objective of the KCP, although secondary, is to assist the development of data collection, analysis, and research capacity in client countries. In most cases this amounts to involving researchers in the projects or collaborating with research institutes from client countries. However, a project can also directly aim at capacity building.

It is not as straightforward to meet the objective of capacity building as the other objectives. This is because there is a shortage of experienced researchers and well-functioning institutions in client countries that can contribute to the research effort. Training of individuals has not been an explicit component of the projects plans, and capacity building at the institutional level is usually long term and it does not fit within KCP projects that run for two and a half years at the longest.

Since research capacity is a problem in client countries, there is often a great demand for the services of the qualified researchers. For research collaboration to work properly one must make sure client-country researchers really can deliver. In countries where there is a demand for local researchers, it is not unusual that the good ones have a tendency to participate in many projects, relying on the partners to do most of the work. This is of course very tempting considering the high pay consultancies get compared to local salaries.

Still, Alan Gelb reported last year to the board that individuals from 93 countries had been involved in World Bank research (including KCP). This is much more than what other organizations like the IMF can report. But collaboration is always with individuals. There has been critique against the Bank for not collaborating with institutions, but this has not changed its position. A Bank argument is that if training is the goal it is better to provide support for this via other channels such as the GDN or the African Economic Research Consortium (AERC). This seems to make sense to us.

To investigate to what extent the critique against the lack of involvement of researchers based in developing countries in research projects is valid for the KCP projects, we checked the participants in the completed projects. These participants can be divided up into World Bank and non-Bank team members and consultants, where consultants who are not non-Bank team members presumably play a minor role. In some cases it was not indicated where the participants were based, so the numbers are just rough indicators. Out of the 26 completed projects, 13 did not indicate that they had participants from developing countries. Out of these, two were WDR projects and the information was unclear. This means that roughly half of the projects included researchers based in developing countries. Two projects had as many as 14 and 11 non-Bank participants, but these projects are typically those that involve extensive data collection such as the Investment Climate Study. When it comes to the actual analysis of the data the degree of involvement shrinks.⁵

⁵ The Deaton report notes that there is very little work co-authored work with researchers from developing countries (p. 39). We have only looked at team membership, which accounts for the finding that about half of the projects include developing country researchers.

As evident from the minutes of the Consultative Group meetings and our interviews, capacity building and networking in client countries are major concerns for most donors, and they believe there are too little of these activities. Some acknowledge the trade-off between research and capacity building, but think that the cost is acceptable. Others point to the objectives specified in the Charter.

It is possible that currently there is a satisfactory amount of capacity building and networking, but that the information is not getting through to the donors. However, if this is not the case, there are two solutions to this problem in our view. One is to sharpen the focus on top-research and to downplay capacity building and networking, explicitly by altering the Charter or by a consensus agreement: research projects would sometimes do both of these activities, but only when they contribute to the quality of the research. If this is not possible, capacity building, in particular, should be taken seriously and projects should be required to include them explicitly.

8. Donor Views

A major part of this evaluation exercise has been interviews with donors to get their evaluation of how the KCP is working and ideas about what may need to be changed. We have interviewed representatives of ten major contributors to the program (see the list of interviews in Appendix 1), and we have drawn on their inputs already in earlier sections of this report. Here we will pull together the main points made by the donors. We do not identify specifically what each donor has said, but try to summarize their views while also showing the variation in views within the group. We summarize the responses under ten different headings:

Reasons for contributing to the KCP

One reason given by several respondents was that they felt it was important to support World Bank research.

- One respondent felt that the Bank is one of the main producers of development economics research in the world, but that the research in the World Bank is under stress and needs support.
- Another respondent said that they contribute to the KCP because World Bank research is a public good that has an important role to play. It was felt that particularly the WDRs are important, since they influence the policy agenda of donors. It was also noted that since the donor uses World Bank research findings a lot in their own work, it was natural that they should contribute.
- Yet another respondent said they supported the KCP because they want to see more research in poor countries, where too little research is done otherwise. It was felt that the Bank has resources to collect data in these countries, which is important because data is scarce there.
- Another agency sees it as a strategic way of supporting very useful research. They want to help the Bank become a Knowledge Bank, and worries little about the secondary objectives. They also see the contribution to the KCP as a small investment with good returns for themselves in terms of information sharing.
- One donor noted that their reason for providing resources to the KCP is the lack of knowledge about factors that hamper private sector development. It was hoped that the Bank research would produce relevant knowledge on this issue.
- Another donor had contributed in the hope that the KCP would be a more innovative program that would add new aspects to the Bank research program, but felt that it essentially just produced more of the same.
- One donor wanted to contribute to a WDR, and unknowingly ended up in the KCP.

Another set of main goals relates to the needs of their own agencies and development research in their own countries. Several donors were keen to link up themselves and scholars in their own country with World Bank work, and contributing to the KCP was considered to be one way of achieving this. Several donors expected to get contacts and a dialogue with the Chief Economist and Bank researchers and thereby strengthen the donors' own knowledge and development research in their own countries.

Another goal was to influence the research agenda of the World Bank.

- Several had hoped that this could be achieved by being able to participate in the discussion of the direction of the program.

- One donor supports the KCP because it fits well into the strategy of the country. It provides funds to several World Bank trust funds; the only trust fund focused on research is KCP. It supports the notion of Knowledge for Change generally, and research is then important. One goal for this support is that World Bank research should eventually lead to changes in Bank policies. Since Bank policy is evidence based, research should be influential. It was believed that research on poverty etc. should push the Bank in the right direction.

Influence on the research funded by the KCP

Most respondents did not think they had much direct influence on the direction of research. The general view was that the World Bank did take the major decisions, and that donors only can influence in a modest way via their influence on the formulation of the Charter or via participation in the Consultative Group meetings. It was noted that since the agenda spelled out in the Charter is very broad, there is ample scope for the World Bank to direct research more or less in the direction that it thinks is most appropriate.

Several of the respondents, on the other hand, said that they are not interested in steering World Bank research, but prefer a hands-off approach. One noted that it is good that money is handled in a trust fund with many donors to avoid too much interference, although he thought that the original spirit of the KCP has been somewhat eroded. The original spirit was one of hands-off, while now too many people want to have a say. He argued that the main idea of the KCP is just to facilitate research, and that it now has become too constrained

There were some who felt that their country could achieve some influence indirectly if nationals got more directly involved in the research process of the Bank.

One donor said they wanted to increase research in a certain region. They acknowledge that they cannot earmark money for certain projects, but think that they still can have some influence and move the research focus a little.

There was a widespread feeling that the partner countries have little influence on the agenda setting or direction of research. This was a concern for several of the interviewed agencies.

There was a concern about the character of the Consultative Group meetings making it difficult for the donors to get involved in a serious discussion of the direction of research. It was noted that the the meetings have consisted too much of power-point presentations of research and that there has been too little scope for dialogue. There was a variety of views as to whether the donors should be involved in the details of the program, but there was broad agreement that they at present have little influence on details.

One donor said that they had found it hard to influence the research agenda, but that this was less of a concern when they had a Chief Economist (Bourguignon) in which they had a lot of confidence.

Some acknowledged that to be influential the donors would have to be more active. At the same time another donor felt that the trust fund set-up implied too much work for the donors, and he would prefer that the World Bank gets on with things without demanding inputs from the donors.

Relevance of the projects from the point of view of the KCP Charter

No one thought that the projects undertaken were outside the scope of the Charter (and it is of course very broad).

One respondent argued that research should be done in the poorest countries to a higher degree, even if it does not as easily lead to publishable academic papers. He had the feeling that World Bank staff only used existing data, and did not want to get their hands dirty.

Direct benefits of the research findings

Most donors noted that it was hard to identify direct benefits for themselves as donors, but most argued that their main concern was that the research should benefit developing countries. Still, there are instances where there have been direct effects. One example is the research about forest carbon. Japan announced its contribution to FCPF (Forest Carbon Partnership Facility) after the Japanese partner picked up the initial idea by attending an annual Consultative Group meeting.

One respondent was disappointed that they had not been able to use information from the KCP. They expected to be able to use ideas from the program, and argued that it was hard to make sense of the information.

Pooling of intellectual and financial resources for data collection, analysis, and research

There were different views as to how one would interpret this part of the KCP Charter. Clearly the KCP pools financial resources, but what about intellectual resources?

Several respondents were uncertain about the meaning of this.

- Some thought that maybe the idea was that the CG meetings would be the pooling, and if so they might have contributed a bit.
- Another view was that it meant reaching out to scholars outside the World Bank and to let them participate in the research or comment on it.
- Yet another one said that the main thing was not that they as donors got influence but that client countries got influence.
- Pooling of intellectual resources is really about including client country networks according to another respondent.
- There was also the view that it meant participation of researchers based in the member countries. To achieve this they had for example pushed for the participation of nationals in the WDR work. It was suggested that this was a particular concern for the countries that did not have English as their official language.

Capacity building

This is given as a secondary objective in the KCP Charter, but several donors were very concerned about it. This obviously has been discussed in previous Consultative Group meetings. There was a general feeling that the KCP did not contribute enough to building research capacity in developing countries, although donors were somewhat unclear about how the KCP was in fact doing on the capacity building. One respondent felt that it is probably better to amend the mandate and remove capacity building from the Charter, and use other means to support capacity building. This area seems to be one of the most contentious ones among the donors.

Dialogue between the World Bank and the partner agencies

- Several respondents felt that recent annual meetings had contained too much information about current research and too little discussion about future directions, strategies, etc.
- There was also some critique against the Annual Report being too thick. One view was that the annual report should be much shorter and have more information in the form of performance indicators.
- Another respondent, however, was satisfied with the Annual Report, and found it to be very interesting reading.
- One respondent thought that the emails and the Bulletin were of some use, but felt that overall there is a lack of information. Essentially the donors only think about the KCP once a year. It would be better to have something like a donor-update every quarter. It could have some information about new results, how the projects are doing, or if there are problems etc. Such an update would help to spread information about the KCP in the agencies. The information is now often limited to very few people.
- At the same time there was another donor who thought that there are too many trust funds and that they require too much donor work and input. It was felt that the process was too labor intensive for donors. This donor essentially wanted the World Bank to get on with their things themselves.
- Another donor was involved in another trust fund that clearly implied too much donor work, but he still felt that donors should be more involved in the KCP processes. It was argued that there needed to be better reporting by the KCP about use of resources. This seems to be pertinent particularly with regard to who is involved in the projects. The feeling was that there is too little information about the networking in client countries.

Governance structure and process

There were no general complaints about the governance structure as such, but several of the donors felt that the communication with the donors was insufficient (as we just noted). One respondent felt that at last meeting, donors were bulldozed with information on research, and never got the chance to sit down and talk business. One idea suggested was to split the Consultative Group meeting into two parts, one on management and research.

There was a concern as to why certain research proposals are rejected. One person wanted to know how the criteria in the Charter are applied in practice.

Reviews

Most of the donors thought reviews of the activities of the KCP are essential and are interested in these.

There was a feeling that evaluations seem to work, but that it is hard to strike a balance between doing detailed monitoring and evaluation and the cost in terms of money and time.

One person thought that the change from staff to external ex-ante evaluators was due to lack of staff and willingness to do the job.

There was also a question about the need for external ex post evaluations?

It was noted that progress reports are part of the process of self evaluation, but that it is hard to stop a project based on such a report. It was argued that the incentive structure in the Bank is not conducive to internal criticisms. It is really up to DEC to check progress reports.

Dissemination of results from the projects

One respondent argued that dissemination is too simplistic. The Bank formulates a research program, undertakes the research, and then disseminates. They would like to have a system which involves people in partner countries more. Research could to a higher degree be done together and there might be more interaction with the users as well. There should be a more open process where the clients are more involved as well as the end users of the data.

Several respondents thought that dissemination is a problem, and that it is unclear if the project results reach the client countries or the Bank's local offices. It was argued that there is a need for more networking, collaboration with local partners, researchers and institutions, to get ideas across to policymakers in client countries. Local actors are needed for this.

There was a feeling, though, that the KCP was successful in disseminating via the WDRs. These are widely used.

It was argued that managers in regional offices don't want to be involved in the selection process. Does it mean that the research is of no use for them?

Some donors were concerned about the impact of the research on the operational level? Some acknowledged, though, that some research is easier to make operational than others. Some research that it is hard to make operational has in spite of this significantly changed our thinking and then in the long run affected policies.

It was noted that donors like to be involved in the WDRs, since this is good for visibility and credibility.

There was one idea that it should be possible to set aside specific money for dissemination and that such costs should be included in the projects.

One idea was that one should send brief reports about the research to donor countries more frequently, not only at the occasion of the donor meeting, to give a better understanding of the activities of the KCP. This could for example be done once a project is accepted and when it is completed.

Themes

Most respondents felt that the three themes – poverty dynamics and basic public services, investment climate, global public goods – were important and appropriate. Some noted, however, that they were so broad that the Bank within the themes could essentially choose whatever it wanted to do in any case.

One respondent said that the themes and subthemes don't matter much for them. The feeling was that the KCP is just one input of resources to World Bank Research, and since all organizations use creative accounting it is not obvious what KCP really finances. But since the Bank was doing useful work, this was not a concern.

Quality of the research

There was generally little doubt in the minds of the respondents about the quality of the research. There was one dissenting view, though, which suggested that the quality of the KCP had deteriorated and that the best research is done in developing countries or at the top universities, while the World Bank research is second rate. It was furthermore argued that research at the Bank is too much influenced by the World Bank's agenda.

Another respondent had expected more innovative activities. Now it is mainly more of the same, that is, the KCP funds research that the World Bank would have done anyway. The KCP thus only gives extra money to do more but not different projects.

Yet another respondent was disappointed and felt that the KCP has not produced very much. He argued that the projects are too slow, and that there is lack of information about the progress of the projects. The annual progress reports do not provide enough information, and they are too general.

General comments

One respondent said that there were two main problems with the KCP, namely (1) the lack of clear understanding of how it operates and how the Charter is interpreted, and (2) the lack of regular information, the donors should be kept in the loop.

One respondent felt that the conflicting views in the donor communities are a reflection of multitude of goals in the KCP Charter. It is generally seen as a problem in economics when one tries to achieve many goals with just one instrument. His view was that this specific instrument should primarily be used to achieve high-quality research. Other instruments can be used to achieve other goals.

9. Conclusions

Our overall view is that the KCP has worked well. All the completed and ongoing research projects are in line with the thematic areas specified in the Charter. Moreover, many of the projects have achieved very good results, and some are outstanding. Apart from substantial contributions with regard to analysis and publications, there have also been major achievements with regard to data collection and the development of policy tools. There seems to be a broad consensus that there is a shortage of research funds, which KCP has helped to alleviate.

Funding from the KCP has produced value added over and above what regular research funding gives. First, the KCP governance structure ensures that there is little research for purely academic reasons, i.e. with little policy relevance. Second, there are scale effects both because of the critical mass of researchers at the Bank – by far the largest research group in development economics – and since researchers can use World Bank resources. One example of the latter is the advantage World Bank researchers have when doing policy impact evaluations, since these can benefit a lot if researchers are involved in the policy projects from the beginning. Third, the research activities of the Bank also have positive external effects on the wider research community by providing access to data and other resources, as well as extensive direct collaboration. Fourth, dissemination of results is taken much more seriously than usually is the case among researchers, where it often is limited to presentations at purely academic conference and publication in scientific journals.

Dissemination of research findings appears to be in line with the Charter. In fact, a reading of the completion reports indicates that a real effort is made to spread information about the research to clients through seminars and participation in workshops. Moreover, the projects have produced many reports, articles and books, including the World Development Reports, which are widely read and sometimes very influential. Many projects also mention that their results have had an influence on policy formulation and strategies in client countries and elsewhere. The dissemination of results is also facilitated by the requirement that DEC personnel must spend at least 30% of their time in operations, where their ideas may be tested. However, it is very difficult to evaluate how strong the influence is and what impact it has on economic growth, poverty, investments, etc.

Several of the projects have data collection as an important objective. The databases are considered to be public goods that can be used by other researchers. Many of the datasets collected by KCP-funded projects are available on the World Bank webpage, but not all. And some are difficult to find, let alone know about without information from other sources. A suggestion, which was made also by the Deaton report, is to construct one webpage with information about new databases and links to existing ones. This would probably increase the number of users in the academic community substantially.

There is a perception among several donors that the KCP has not been strong enough on capacity building. Yet, it is not clear that the KCP has failed to meet this objective. Capacity building is a subsidiary objective, which means that it does not have to be included in all projects. And many of the projects have involved researchers and consultants from client countries and in some cases training has been the aim of the project. Still, it seems clear that capacity building is treated as a secondary objective. On the other hand, there is clearly a lack of information about the amount of capacity building in the projects. Even though a close

reading of completion reports might be informative, the reporting could be improved a great deal. Often it is not even possible to know where the non-Bank team members are based. Summary information about capacity building could be included in the annual report.

However, there is a trade-off between research and capacity building, which should be recognized, and trying to do both in one project might not be the best solution. One option is to sharpen the focus on high-quality research and downplay capacity building, explicitly by altering the Charter or by a consensus agreement. If this is not possible, capacity building, in particular, and maybe networking with institutions, should be taken seriously and projects should be required to include them explicitly. This would most likely imply higher costs for each project.

There is thus a dilemma and a trade-off between the donors desire to have more extensive involvement of developing country researchers in the work and the desire to only let quality concerns decide on the output. The Deaton report talked a bit about the need to involve client-country researchers, but it did not really argue that this should be done even if there is a cost in terms of research quality. In the evaluation of research quality such considerations did not come up.

A common complaint made by the donors is that there is a lack of communication in-between the annual meetings. There is little contact during the year and many donors feel that they are not kept in the loop. The way we interpret this is a desire to receive easily digestible information about the research projects, progress reports, dissemination, etc. on maybe a quarterly basis. Furthermore, the current structure does not facilitate for the donor representatives to communicate about KCP to others in their agency: the annual reports are not documents you would send around as general information.

Our view is that the governance structure functions as intended, with the exception of the Consultative Group meetings. However, there is a shortage of information on certain aspects, which some interpret as a lack of transparency in the KCP process. This is particularly the case for the selection of research projects, involvement of researchers and institutes in client countries, and the final results of the projects. A suggestion is to compile and report indicators that summarize these activities. It would be uncomplicated to make easy-to-read lists of the names of all the project proposals and summary information from ex-ante evaluations, list people and institutes in client countries involved in the projects, and report cases when research findings have been useful for World Bank operations, donors or for client country policies. For this to work, ex-ante reviewers have to do the grading properly, and project proposals must specify clearly where non-Bank team members are based. Proper reporting on the influence of research finding is of course a major task that cannot be handled on a routine basis, but there is some information in completion reports and researchers could be urged to send information even after the project is completed.

Several donors expressed some dissatisfaction with the Consultative Group meetings. There seem to be little pooling of intellectual resources. The meetings could be used better to establish a dialogue on research issues between donors and the World Bank, which could be useful for the Bank and the donors, as well as a source of information for donors about current World Bank research. However, then it would be desirable that the donors also send their chief economists or other people with a research background. One option is to have separate sessions on management and research. The involvement of representatives for client

countries in the consultative Group meetings has been very small, so the pooling of resources does not seem to extend effectively to this group.

The process of selecting and evaluating research projects seem to be efficient and cost effective, particularly after the recent changes where researchers first submit conceptual notes instead of complete project descriptions, and where peer ex-ante reviewers have been replaced by external reviewers. To better address one of the criticisms of the Deaton report, about World Bank research sometimes being weak on methods and interpretation, evaluators should be asked to comment more explicitly on methods, and, in the case of ex-post evaluations, interpretation.

The very recent report from the World Bank *Meeting the Challenges of Global Development* (World Bank, 2007) outlines global changes and sketches the implications for future World Bank activities. It points particularly to the investment climate, empowerment of people and global public goods (p. 4), precisely the three themes of KCP. It also argues that knowledge services will be one of the future services of the World Bank, and that it has a unique position in terms of global learning since it can put the insights from one country into use in another. The themes of the KCP certainly seem to fit this agenda very well.

Appendix 1: People interviewed

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Benita Sommerville
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Osamu Yoshida
Deputy Director of the Development Institutions Division
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Alan Gelb
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The World Bank

Martin Ravallion
Director of Research
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Ivar Cederholm
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Appendix 2: Terms of Reference and KCP Charter

Program Evaluation Knowledge for Change Program

Background

The World Bank's research program has four fundamental goals:

- to support Bank lending operations, including the assessment of development progress in member countries;
- to broaden understanding of the development process, i.e. generation and dissemination of knowledge;
- to improve the Bank's capacity to give policy advice to its members; and
- to assist in developing indigenous research capacity in member countries.

Research at the World Bank is funded from four sources:

5. Departmental budgets
6. The central Research Support Budget, through peer-review by non-Bank experts and Bank staff, and decision by a Bank-wide Research Committee (RC)
7. Knowledge for Change Program (KCP) and other Bank managed trust funds
8. External agencies

As part of its management of the KCP, the Program Administration Unit (PAU) performs ex-post evaluation of specific KCP-funded research projects. These reports form part of the documentation to be evaluated.

Objectives of the Evaluation

The purpose of this Program Evaluation is to assess how the KCP has been meeting its objectives as described in the KCP Charter (Annex I).

Building on the findings of the recent Bank research evaluation, it will aim to judge the overall value-added and contribution of the KCP in supporting Bank's research, policy guidance for lending operations, and dissemination of results and involvement of researchers and institutions from the developing countries.

It will also assess if the KCP's has been cost efficient and cost effective in its selection and allocation process.

In this evaluation we also seek lessons learned, alternative approaches, and improvements in the business processes of managing the KCP, including the ex-ante review process and project design and management. The KCP Charter lists the function of each unit (see the governance section of the KCP Charter) and the role of the KCP stakeholders.

The views from different stakeholders and users should be obtained through brief interviews, including the major donors of the program. This also includes the external evaluators that made ex-post evaluations of specific projects.

In addition to the objectives outlined in the above, the evaluation should respond to the following questions:

- Are funded research projects relevant, especially from the point of view of the KCP purpose?
- What is the value-added and how has the KCP managed to improve the dialogue with partner agencies, developing country clients, and other parties?
- How efficiently has the KCP managed to assist in the development of data collection, analysis and research in the client countries?
- Is the dissemination of results done in an efficient and effective way?
- How efficiently and effectively has the KCP managed to pool intellectual and financial resources in research?
- Is the governance structure functioning, as it was intended?

Materials for Evaluation

7. The KCP Charter
8. A selected sample of research proposals including; 1/ Ex-ante reviews for each proposal; 2/ Project Completion Report and list of outputs; 3/Published and unpublished outputs; and Ex-post project evaluations.
9. Internal Management Committee minutes
10. Donor agreements
11. Donor meeting notes
12. Bank Research Evaluation (i.e., the Deaton Report)

Annex 1

Knowledge for Change Program (KCP) CHARTER

The overall purpose of the KCP is to act as an effective, transparent and efficient vehicle for the pooling of intellectual and financial resources for data collection, analysis, and research supporting poverty reduction and sustainable development. It will encourage and improve dialogue with partner agencies, developing country clients, and other interested parties. A subsidiary objective is to assist the development of data collection, analysis, and research capacity in client countries.

Focus of activities to be supported

The KCP will support data collection, analysis and research programs sponsored by the Development Economics Vice Presidency (DEC) of the Bank, or DEC in conjunction with other parts of the Bank. The focus will be on economic and social knowledge-generation activities, with a multi-disciplinary approach towards the latter.

Geographically, KCP funds will be targeted towards activities concerning the IDA countries and/or the poorest groups in IBRD countries, with particular priority for Africa and South Asia, both of which have large and intractable poverty problems.

There will be three Trust Funds under the KCP for activities related to overarching themes of (i) poverty dynamics and delivery of basic services, (ii) investment climate and trade and integration, and (iii) global public goods. The first addresses issues at the heart of poverty reduction, empowerment and sustainable development; the second focuses on the major elements of a business program conducive to growth, with emphasis on the role of small and medium-scale industries; and the third focuses on global issues that require collective action and coordination across countries because lack of action or progress in some countries could undermine benefits for all. Indicative programs for support are as follows:

A. Poverty Dynamics and Basic Service Delivery

- *Impact evaluations.* It constitutes a fundamental means to learn about the effectiveness of development interventions in achieving results on the ground. The World Bank is uniquely placed to develop further evaluation methodologies, to support countries in implementing sound impact evaluations of their programs, and to facilitate global learning on effective development interventions based on such evaluations. A systematic effort at better evaluating programs and policies will complement ongoing efforts to promote results orientation in our operational work, providing stronger empirical foundations for both monitoring results and design of country programs. The World Bank is initiating a systematic effort at evaluating the development impact of some new interventions in key areas such as education (e.g. school-based management), infrastructure (slum upgrading), health (AIDS/HIV), and rural development (land reform).
- *Poverty measurement.* Improving the tools used in the Bank for monitoring, describing and forecasting income poverty and inequality, including aggregate poverty measures, sharper poverty profiles, and better household surveys.

- *Pro-poor growth.* To advance understanding of what makes pro-poor growth and the role played by government, including the role of initial conditions, what drives distributional changes in survey data, and churning (the gainers and losers).
- *Social inclusion and empowerment.* How best to mitigate different forms of inequality (for example, gender and ethnicity) and promote social inclusion and empowerment, and civic engagement and participation.
- *Social impact analysis.* The development of tools and procedures based on micro and macro linkage models for evaluating *ex ante* and monitoring *ex post* the impact of economic policies on poverty and income distribution.
- *Conflict.* An analysis of conflict issues: war, terrorism, crime and violence.
- *Sustainable development.* How to frame poverty reduction strategies which take account of the problems and conflict caused by socioeconomic inequalities, demographic stresses, the struggle for control of resource rents, and environmental damage and natural resource degradation.
- *Basic service delivery for human development.* An evaluation and analysis of delivery options, prioritizing initially education and health sectors, with a focus on provision at the local level, and examining the hypothesis that greater participation by households using the service acts to improve service performance.
- *Social protection.* How to help people manage risk, cope with adverse shocks, avoid variability in incomes, and smooth consumption.

B. Investment Climate and Trade and Integration

International Migration and Development. This research program aims at advancing the understanding of the development impact of migration on sending countries as well as identifying policies, regulations and institutional reforms for improved migration outcomes and a “win-win-win” situation for developing and developed countries and for the migrants. Its working hypothesis is that migration is more likely to benefit developing countries if developed countries perceive its advantages and cooperate in designing and implementing sustainable reforms. Six topics have been selected for their importance to development. They are remittances; the brain drain; temporary movement of persons; the links between trade, FDI and migration; labor market and social protection issues; and governance.

- *Stability and openness.* The medium-term prospects for world economic growth and developing country growth; a shift in trade policy analysis from the traditional tariff agenda to services and investment liberalization, product standards and property rights, and competition policies; more effective deployment of international resource flows (both public and private); how to make globalization more pro-poor.
- *Governance and institutions.* The role of institutions and governance in creating an attractive climate for private sector development, including anti-corruption programs; the institutional reforms needed to generate private investment and job creation; the interactions of behavior and social and economic outcomes; the institutional features needed for the sound functioning of the financial system and for protection against external shocks.
- *Regulation and infrastructure.* A review of the elements of a regulatory framework and of the provision of infrastructure conducive to a healthy climate for investment.

- *Urban development.* How to enhance the contribution of urban development to poverty reduction and economic growth.
- *Rural development.* Definition and access regulation of rights to key productive resources (e.g. land and water), the functioning of rural markets, the impact of key public goods services on rural livelihoods, rural non-farm employment, the development impact of community-based rural organizations, insurance and risk mitigation in agriculture

C. Global Public Goods

- *Climate Change – Mitigation and Adaptation.* Identifying policy and regulatory reforms to mitigate GHG emissions based on improved understanding of the climate threat, its differentiated economic impact across the globe, the effectiveness and cost-benefit of different interventions and responses, the need to address adaptation problems for vulnerable countries and areas (the longer mitigation actions are delayed), and the need to build local capacity to complement international commitments.
- *Deforestation and Biodiversity.* Need to better understand how local ecosystem destruction can be slowed down in cost-effective ways before global impacts grow as carbon and hydrological cycles, or species mutation rates are affected through the scale and speed of human interventions in natural processes. Need to identify and evaluate new institutions and mechanisms that align global and local incentives.
- *Communicable Diseases.* In order to better assess and manage this global risk in a period of rapid and growing trade and travel, policymakers need analysis of the costs and benefits of reducing the risk of disease emergence; early-warning disease monitoring programs; avoidance of emergence of resistant strains; vaccine development; alternate programs for vaccine deployment; alternative quarantine systems (and determinants of compliance); etc.
- *Knowledge and Intellectual Property Rights (IPRs).* This is the next generation of assets that can increase or decrease global inclusiveness with consequences for the evolution of fair and effective global institutions. IPRs represent a compromise between the interests of users, owners, and creators. While the outlines of the global intellectual property rights regime are clear, many crucial details are yet to be established to ensure that they are not detrimental to the long run interests of developing countries. There is a need to better understand policies and programs to strengthen the capacity of developing countries to develop their own patents, to participate in international discussions, and to analyze the merits inter alia of collaborative efforts at patent examination, standards for the breadth and novelty of patent claims, protection of rights to genetic resources and traditional knowledge, global competition policy, and the rationale for public funding and dissemination of basic research and associated data.
- *Governance and institutions to provide Global Public Goods (GPGs).* In a world of sovereign entities there is no global authority to coordinate and enforce the provision of global public goods. Need to identify and evaluate innovative institutions and mechanisms (incentives and burden sharing/compensation arrangements) to encourage fuller participation in addressing Global Public Goods problems and complying with agreements --- including (as outlined in WDR 2003) institutions and mechanisms capable of picking-up signals early, reconciling conflicting national and international interests, and creating commitment devices that ensure delivery of GPGs over the long term.

Governance structure

The Bank will be responsible for administering the KCP. However, other development partners will have an important role in its management. The governance structure of the KCP will include a Consultative Group, an Internal Management Committee, and a Program Administration Unit.

The **Consultative Group** will consist of representatives of the official donors, developing country policy makers, the World Bank and other interested parties, and will be chaired by the Senior Vice President and Chief Economist, DEC (or his nominee). Initially, once the KCP is established by the donors, the Consultative Group will be responsible for approving the criteria for selection of projects. Subsequently, it will meet once a year to consider long-term strategies and provide general guidance on the operation of the trust fund in the context of DEC's program as a whole. The Consultative Group will also be responsible for approving the annual work program and financial plan, and will review KCP's performance on the basis of a progress and accomplishment report on the activities financed by the KCP during the previous twelve months. Decisions will be made by consensus. In conjunction with the annual meeting, the Bank may organize a seminar to discuss a specific topic concerning knowledge creation of relevance to the group.

The **Internal Management Committee** will be chaired by the Senior Vice President and Chief Economist, DEC (or his nominee). The Committee will include representatives of DEC's main departments, be broadly representative of the regions, and include representatives from the networks. The Committee will invite proposals from DEC (or from DEC in conjunction with other parts of the Bank), several times a year, and review them against the agreed criteria, selecting proposals for financing in the light of the funds available at a particular time, and taking into account the geographical and thematic balance of the portfolio.

The **Program Administration Unit** will handle the day-to-day business of the KCP and be a point of contact for routine issues. The unit will report to the head of the Internal Management Committee.

Procedures and criteria

Proposals should demonstrate relevance to the objectives of the program and details of key aspects such as innovation, partners, country participation, deliverables, and development impact. A log frame-type matrix summarizing project objectives, inputs, outputs, outcome/impact, performance indicators, risks and critical assumptions, will be required as part of each application for funding under the KCP, to facilitate evaluation. The criteria for assessing proposals will be approved by the Consultative Group. They could include the degree to which proposals

- are innovative, provide new knowledge and/or pilot/demonstration impact,
- address the objective of the Trust Fund (poverty dynamics and basic service delivery, and investment climate and trade and integration, and global public goods),
- demonstrate country participation and ownership,
- incorporate developing country capacity building,
- can apply to a different country or region,
- achieve results while remaining cost effective, and

- demonstrate cooperation between different parts of the Bank and/or between the Bank and other donors/agencies.

Funding

The funding of activities performed or promoted by KCP requires a well coordinated partnership involving the World Bank Group, other multilateral institutions and donor organizations, as well as the agreement and active cooperation of governments in which KCP-financed activities take place.

Donors should specify the allocation of their contribution among the three Trust Funds under the Knowledge for Change Program. Some donors may also wish to express a preference for a certain program activity or activities, and their views will be taken into consideration when activities are selected for funding from the KCP.

Eligible expenditures

Eligible expenditures under the KCP may include the following:

- compensation, travel expenses and other reimbursable expenditures of consultants and experts engaged by the Bank or entities to whom the Bank provides grants of KCP funds for activities to be supported by the KCP. This may include Extended Term Consultants (ETCs);
- half (50%) of the aggregate expenses incurred by developing country participants in attending the annual Consultative Group meeting, up to a ceiling of \$ 20,000 per year;
- publication and printing costs associated with the preparation of reports or other materials relating to KCP supported activities;
- costs associated with organizing workshops, seminars or conferences, including costs associated with participation by relevant international experts and developing country participants; and
- other expenditures directly related to the fulfillment of KCP's mandate.

Dissemination

Information gained from activities financed through the KCP will be widely disseminated both to donors and client countries either in report form, or through the web, complemented where appropriate with workshops and conferences. Such dissemination will be subject to and made in accordance with the Bank's policies on disclosure of information.

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KCP Progress and Accomplishment Report 2005, Development Economics, DEC, The World Bank

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Knowledge for Change Program (KCP) Charter

Project completion reports for all projects finished as of October 2007 and Ex-post project evaluations

Selected sample of research proposals including Ex-ante reviews for each proposal

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