

ANNEX III. THE NETWORKS

RG-T2017 – Promoting Knowledge and Capacity Building through the Regional Policy Dialogue

The **Energy Network** (INE/ENE, new in 2011) provides a space for policy and strategic dialogue between high-level governmental officials and Bank specialists in dealing with the most efficient use of natural resources and production of energy in the region. The network contributes to the debate on energy policies and institutional strengthening and focuses on three areas: (i) physical infrastructure and the balance between national security and regional efficiency that may lead to regional energy integration; (ii) development and institutional strengthening, including institutions created for future expansion or development of infrastructure; and (iii) regulation of the market, with emphasis on the need to develop regulatory instruments compatible with the regional exchange of energy.

The **Climate Change and Disaster Risk Management Network** (INE/ECC and RND, previously the Environment and Natural Disasters Network, now merged). This network encompasses two related issues: climate change and disaster risk management. LAC has historically suffered annual losses due to natural hazards and disasters, and climate change is now acting as a negative multiplier of those effects, increasing the frequency and intensity of catastrophic events as well as creating new threats such as sea level rise. The assist countries to advance the climate change and disaster risk management agendas in an integrated manner the network focuses on: (i) ongoing and new efforts by national governments in the region to launch climate change strategies and programs, and incorporate (mainstream) climate change mitigation and adaptation measures in key economic sector activities; and (ii) the integration of climate change and disaster risk management into development policy in member countries. The topic this year will center on disaster risk reduction & best practices for climate-resilient coastal development; and international financing, national policy for low carbon development, as well as best practices in the areas of water management, forest resources and energy efficiency.

The **Transport Network** (INE/TSP, new in 2011) aims at promoting innovation in the transport systems in Latin America. The transport sector has been identified as one of the sectors that can benefit from the use of technology, planning, implementation and operation of the transport systems. This type of initiative has been successfully studied and executed in the OECD countries with multi-models systems for passengers and trailers in the urban, inter-urban and rural context. The dissemination of best international practices and state of the art will serve policymakers and other public officials to develop public policies on transport conducive to the betterment of the transport system in the region. The Bank's privileged position and expertise allows it the opportunity to be an intermediary and disseminate knowledge among the countries, private sector and systems where this innovative technology is originating.

For the **Water and Sanitation Network** (INE/WSA) climate change represents a new and complex challenge for the sustainable management of water resources. The network's main objective is to raise awareness among decision-makers, condense knowledge about stylized facts and policy options, and encourage policy action regarding the adaptation to climate change in the water sector in LAC. The main issues that will be treated are: i) Generation of climate-related information to support decision making in the water sector; ii) Management of water resources in the context of higher variability of temperature and precipitation; iii) Financing adaptation measures to climate change in the water sector; iv) Impact of climate change on water and sanitation service providers; and v) Role of multilateral and regional organizations for promoting adaptation to climate change in the water sector.

The **Results-based Budget Management Network** (ICF/ICF) aims to improve public sector budget processes and management in the Bank borrowing member countries. Through its focus on development effectiveness and results-based budgeting, this network's expected results aim at the integration, analysis and harmonization of approaches to strengthening results-based budget management.

Banking Regulatory Network (ICF/CMF, new in 2011) through its focus on strengthening financial systems in the region, aims to analyze, harmonize and integrate ideas and strategies driven by both regulatory bodies such as by financial institutions to promote the development and strengthening of sector finance and financial inclusion, and thus promote sustainable growth and improve the welfare of their populations. The network promotes the analysis of policies and implemented strategies, and the identification of weaknesses and generation of proposals

for strengthening the financial sector. The network offers the opportunity to explore various issues that have gained importance after the recent financial crisis and presents significant challenges for both public and private sector, like the new proposed regulations Basel III. Among the topics to be studied are: Analyze the new regulatory framework proposed by Basel III and its impact on integrated risk management, especially credit risk for the efficient management of bank capital; and the mechanisms for taking International Financial Reporting Standards (IFRS), which seek to increase transparency and comparability of regional markets.

The **Trade and Integration Network** (INT/INT) aims to mainstream trade and integration related policies objectives in the overall development agenda of LAC countries. The expected result is to obtain involvement of trade vice-ministers, finance and economy vice-ministers and other line ministries in charge of regional trade implementation issues. As a result, the dialogue will create awareness among policymakers on the need to adopt a multi-sectoral agenda to meet these challenges while at the same time facilitate implementation of innovative agendas. In this regard, the issues come to the fore include designing convergence mechanisms among existing bilateral and regional trade and investment agreements, establishing regional investment and competition regulatory frameworks, executing joint regional infrastructure projects in transportation, energy and water management. Moreover, it is crucial to ensure that gains from integration are distributed equitably across regions and social groups through policies that support displaced workers and promote intra-country regional convergence.

The **Education Network** (SCL/EDU) will create communities of practice on teacher quality education and interested topics. The expected results are improvements in teacher quality activities and effectiveness to improve student learning, understood as the acquisition of adequate skills and knowledge, and answerable capacity to learn. Complimentary to a KCP on education which defined a set of policy recommendations on human resources reform for countries in the region, the findings, best practices, promising approaches, and dissemination of the publication is now available to network members.

The **Social Protection and Health Network** (SCL/SPH) has two goals: i) In *health* to disseminate and strategically communicate knowledge products and create a venue to link chronic disease prevention and management to the region's health policy agenda. Activities and deliverables will contribute to expected results of greater adoption of evidence-based policies and practices in chronic disease prevention and management and increased global and regional profile of the Bank's expertise in health and in chronic disease prevention and management in particular. ii) In *social protection*, the network seeks to address knowledge gaps and challenges that the region faces around the building of well-articulated safety nets. More specifically, the activities will focus on the conceptual and operational challenges that this articulation presents. Activities and deliverables from this area this year will inform SPH knowledge and capacity building agenda and guide the design of future KCP and network activities in 2011.

The **Innovation Science and Technology Network** (SCL/SCT) promotes the betterment of policies and public programs aimed at the development of innovation systems in LAC. The network seeks to address the feasibility of financing of innovation projects with trust funds; and innovation technology and social agenda; lessons learned of projects with the objective to develop innovation, science and technology in LAC; financial instruments for regional and international cooperation; and possibly co-financing projects to develop a data base with expert consultants in evaluating innovation projects.

The objective of the **Labor Market, Labor Policy and Social Security Network** in SCL/LMK is to generate a high level dialogue among those responsible for labor policy in the region with an eye to bettering labor policy and social security policy in the region, identify priority issues among the countries and promote mutual learning among the participants of the network. The issues for the network will centers on having an open dialogue on labor policy, labor markets and social security.

The objective of the **Macroeconomic Policy and Finance Network** in (RES/RES) is to promote a high-level policy discussion on macroeconomic and financial issues and foster personal bonds among the central banks and finance ministries of LAC and between high-level policymakers from these institutions and the Bank research team.