

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

RESEARCH NETWORK

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DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

PLAN OF OPERATIONS

RESEARCH NETWORK

(TC-01-12-09-8-RG)

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ABBREVIATIONS

CESI	Committee on Environment and Social Impact
FEDESARROLLO	Fundación para la Educación Superior y el Desarrollo [Foundation for Higher Education and Development]
FSO	Fund for Special Operations
INT	Integration and Regional Programs Department, Inter-American Development Bank
IPES	<i>Economic and Social Progress in Latin America</i> , Inter-American Development Bank
LACEA	Latin American and Caribbean Association
RES	Research Department, Inter-American Development Bank

RESEARCH NETWORK

(TC-01-12-09-8-RG)

EXECUTIVE SUMMARY

Requester:	Bank Initiative	
Executing agency:	Inter-American Development Bank	
Financing:	IDB: (FSO non-reimbursable)	US\$1,250,000
	Total:	US\$1,250,000
Terms:	Execution period:	30 months
	Disbursement period	36 months
Objectives:	The general objective of this new round of the Research Network will be to continue strengthening research on development issues in the region, for purposes of generating useful policy lessons for the structural reforms agenda.	
Description:	The subjects to be addressed in the proposed operation are aimed at providing macro, micro and social policy lessons to overcome the present crisis without sacrificing long-term economic and social development. In particular, the studies will cover <i>some</i> of the following topics on the Bank's research agenda: (1) economic growth and competitiveness of the productive sectors; (2) structural reforms; (3) social impact of unemployment; (4) poverty; (5) macroeconomic stability; (6) financial systems, and (7) global economic integration.	
Environmental and social review:	No environmental impact from this technical cooperation is anticipated. In social terms, this operation supports the expansion and dissemination of knowledge conducive to the formulation of socioeconomic policies. In that respect, it is hoped that this new knowledge will facilitate the decision-making process on socioeconomic policies. The project was considered by the CESI at its meeting of 27 June 2002 (CESI 26-02) and was approved without comment.	

Benefits and beneficiaries:	<p>The Research Network has contributed to: (i) improving the quality of research carried out in the region; and (ii) consolidating and developing lines of research that influence the formulation of public policy, for which there is little financing despite its vital importance to the countries.</p> <p>This new phase of the Network will continue to furnish a series of analytical studies that will form the basis for defining effective policy and program options to deal with the most pressing social and economic problems in the region.</p>
Risks:	<p>Given the tangible benefits produced by the Network's second phase, substantial results are expected for the countries in the region. Based on the benefits from the second phase, no major risks are anticipated.</p>
The Bank's country strategy:	<p>This technical cooperation operation targets various Bank priorities: it seeks to support the process of policy reform and/or social and economic program reforms, with the research centers jointly analyzing issues affecting that process. Analysis of the causes of poverty; studies on training improvement; design of strategies, policies or programs that contribute to economic growth with equity; increase in the performance of productive factors that help raise regional and global competitiveness, and the role of financial systems are priorities for the Bank.</p> <p>The studies to be conducted through this technical cooperation operation will help deepen the knowledge and understanding of the economic and social development process, and consolidate activities of reform and modernization in the countries.</p>
Special contractual clauses:	N/A
Exceptions to Bank policy:	N/A

I. FRAMEWORK

A. Background facts

- 1.1 The Board of Executive Directors of the Inter-American Development Bank, at its meeting of 2 February 2000, approved a Regional Technical Cooperation of US\$1.5 million to finance the second phase of the Research Network Program (ATN/SF-6881-RG). The purpose of this second phase of the Research Network Program was to continue strengthening research capabilities and policy formulation on development issues in Latin America and the Caribbean. Since 1995, the network has offered grants to national research centers selected by means of a competitive bidding process to conduct studies on development themes. The network is a regional research support mechanism known for its strong contribution to the strengthening of research on issues relevant to the structural reform agenda.
- 1.2 The second phase of the Research Network has attained the proposed objectives. During the second phase, suggestions and best practices adopted from the prior phase were incorporated, as well as recommendations drawn from the evaluations. Five research projects were conducted in the areas of: social exclusion, economic effects of unions, determinants and consequences of financial constraints faced by firms, costs and benefits of privatization, and labor market dynamics, growth and productivity. A total of 29 national studies were funded.
- 1.3 For the selection and coordination of each study, the procedure of forming an evaluation and coordination committee comprised of Bank officials and an academic expert continued to be followed. Academic experts on the subject to be studied were hired in order to incorporate the most up-to-date knowledge into the terms of reference. These experts supported the Research Department (RES) in the design of the terms of reference for the studies, the coordination of national studies and the preparation of comparative studies.
- 1.4 The above-mentioned committee selected the research centers best suited to conduct the national studies. Invitations were sent to the academic institutions in the region (about 300) that were part of the Research Network. In addition, the bid process was announced on the IDB web site and in Bank bulletins. All of the Bank's country offices were informed of the details of each bid process. An average of 40 proposals were received for each bid process and between 5 and 6 proposals in each bid process were selected.
- 1.5 Given the competitive nature of the project, the studies focused on the strongest research centers in the region. In order to include less consolidated centers, all the recommendations in the Plan of Operations (ATN/SF-6881-RG) were followed, but the results were not positive. The evaluations showed that the resources allocated to finance each study were insufficient to create a research capacity where none had existed previously. The Research Network is an effective mechanism for allocating resources on a competitive basis for conducting high quality studies, but it is not

effective in creating research capacity in less developed centers in the region. The evaluation-based recommendation was that alternative mechanisms apart from the Research Network were necessary to help develop research capacity in weaker centers in the region.

- 1.6 The studies were widely disseminated: all working papers were sent to the national governments, to libraries and academic institutions within and outside the region and to all institutions in the network. All information concerning the studies and institutions can be found at the RES web page in the Network section (<http://www.iadb.org/res/>). The best country studies were presented at special sessions organized at the meetings of the Latin American and Caribbean Association (LACEA) meetings for 2000, 2001 and 2002.
- 1.7 Most of the Research Network projects were disseminated throughout the country, in particular, among the government institutions. Moreover, in certain cases, members of project teams were officials of government agencies, which increased the impact. The recent project on financial constraints offered concrete examples of the dissemination of the project outcomes in the countries. The work "Bank Relationships: Effect on the Availability and Marginal Cost of Credit for Firms in Argentina" prepared by Argentina's Centro de Estudios Macroeconómicos [Center for Macroeconomic Studies] (CEMA), had two Central Bank officials on the project team. The project was presented in multiple phases at the Central Bank of Argentina, and later, the core lessons, in particular, those relating to the function of credit records, were presented at a seminar at the Central Bank of Uruguay. Also discussed at that seminar was the work "Investment Equations and Financial Restrictions at Firm Level: The Case of Uruguay", which was part of the same project, prepared by the Centro de Estudios de la Realidad Económica y Social [Center for Studies into Economic and Social Reality] and the Universidad ORT de Uruguay. The work "Credit, Financial Liberalization and Manufacturing Investment in Colombia" prepared by the Fundación para la Educación Superior y el Desarrollo [Foundation for Higher Education and Development] (FEDESARROLLO) was presented in several seminars in Colombia with strong participation by public officials: examples of this were an annual seminar on banking issues organized by FEDESARROLLO in Cartagena, Colombia, with the participation of ministers, superintendents and high-level Central Bank officials, and seminars at the Central Bank and major research centers in the country. All of these seminars had high attendance by academics in the country as well as government officials.
- 1.8 The Research Network studies have presented findings useful to the countries and to the Bank in the design of its loan strategies and transactions and in its policy dialogue with the countries. To cite some examples: (a) the study on the structure of social services contributed to the development of the Bank's strategy on social services delivery (document GN-1932) and has been widely utilized in university courses on social services and development themes. The conceptual framework for

this study is currently being utilized by the World Bank in preparation for the next World Development Report entitled "Making Services Work for Poor People;" (b) the study on potable water offered relevant information for the development of loan projects in that sector in Honduras and Argentina. The project also contributed valuable material for conference preparation and technical support on the subject of private sector participation in the delivery of public infrastructure services; (c) the study on health played a fundamental role in the work of the Commission on Macroeconomy and Health directed by Jeffrey Sachs; (d) the Ministry of Health in Bogota used the findings from the study on transparency and accountability in district hospitals in the design of hospital management indicators and spurred reforms in which the study recommendations on the subject of procurement of medicines and staff hirings were applied; (e) The study by the Centro de Estudios para el Desarrollo Institucional [Center for Institutional Development Studies] of Argentina on the impact of unions on Argentina's educational sector has often been cited in the press in the context of the recent discussion on educational reforms; (f) the study on labor legislation in Peru has enabled the authors to introduce specific policies on the issue of severance costs. In particular, one of the authors is a member of the National Work Council which is currently debating the issue within the framework of the drafting of a new general labor law.

- 1.9 In many instances, the studies are a direct response to the research needs expressed by the countries. Recently, and based on growing fears of sudden exchange rate fluctuations, several governments have shown a great deal of interest in quantifying the impact of exchange rate fluctuations on the financial soundness of firms. These types of problems had been clearly detected in various meetings with the government in such countries as Argentina and Peru, including "policy dialogue meetings" (formerly called *encerronas*). However, much of the assessment was speculative given the dearth of research on the subject. In view of the issue's significance for the region, a project has been contemplated that will study the issue in detail and provide quantitative information on the potential impact of sudden exchange rate movements on the financial soundness of firms. Such estimations will be extremely useful in appraising tax contingencies.
- 1.10 After seven years of operation in Latin America, the Research Network is widely recognized for its capacity to mobilize the best academic talent in the region and facilitate regular contacts with experts in other parts in the world on priority issues for public discussion in the region. The Research Network mechanism has reinforced the incentives of the Research Centers to become more active and involved players in the debate concerning public policy.
- 1.11 Taking into account the positive experience of the first two phases of the Network, it is proposed that the Bank continue to support this mechanism on a regular basis. This Plan of Operations seeks funds to finance a third phase.

B. Bank strategy

- 1.12 This technical cooperation targets various Bank priorities: it seeks to support the process of policy reform and social and economic program reforms, with the research centers jointly analyzing issues affecting that process. As described in this Plan of Operations, the subjects to be covered in this new round of the Research Network are priority issues for the Bank.

II. THE PROGRAM

A. Objectives

- 2.1 The general objective of this new round of the Research Network will be to continue strengthening research on development issues in the region, for purposes of generating useful policy lessons for the structural reform agenda.

B. Program description

- 2.2 The subjects to be addressed with the proposed operation are aimed at providing macro, micro and social policy lessons to overcome the present crisis without sacrificing long-term economic and social development. In particular, the studies will cover *some* of the following topics on the Bank's research agenda.
- 2.3 *Economic growth and competitiveness of the productive sectors.* This has been a long-standing challenge, now compounded by the urgency of several countries to come out of the recession. Since the crisis will lead to a rethinking of the countries' exchange systems and strategies for financial integration and external debt, it should be determined whether the decisions made in these areas may have a medium or long-term effect on economic growth. According to numerous studies, education and institutional quality are the fundamental variables that most affect productivity and medium-term growth. However, in order to draw implementable growth strategies from those studies, the channels through which growth can occur and the policy instruments that can be used to achieve it must be defined.
- 2.4 *Structural Reforms:* Deepening and maintaining reforms is a challenge of tremendous proportions given the people's discontent and the lack of technical consensus on the effectiveness and social impact of such reforms. The studies will be geared to: (i) measuring the quality of the reforms and their institutional aspects; (ii) evaluating the effects of the reforms on economic, social and political variables in order to understand the cycle of enchantment and disenchantment that they appear to have generated; and (ii) evaluating the validity of different theories of the political economy of such reforms on which future reform strategies can be built.
- 2.5 *Social impact of unemployment:* Containing unemployment and its impact on society is a popular demand that will increase in the next few years, given the fact

that, as in past occasions, each recession leaves permanently higher levels of unemployment and informality. Women and young people are usually the most affected, but recessions, in general, foster student attrition and early retirement of older workers. The studies will focus on defining the reasons why such effects are more critical in some countries than in others, and on identifying the reforms that can be implemented to counteract the situation, protect the workers and alleviate the social impact of worker displacement. Privatization programs in selected countries will also be analyzed to determine the temporary and permanent effects of privatization on labor and to propose policies that will alleviate their effects on society.

- 2.6 *Poverty and Inequality:* Macroeconomic volatility is a persistent cause of poverty in Latin America. Little is known, however, about which channels of vulnerability should be corrected first: the lack of credit access, job or hiring instability, or the lack of education, land, or other productive assets? Moreover, although several countries in the region have established protective networks to insulate the poor from volatility, countries with lower levels of per capita income cannot finance full coverage networks and have no criteria to help them establish how to concentrate social protection efforts to minimize the long-term effects of volatility on the poor. This requires a study of the factors that determine the capacity of individuals and families to withstand short-term shocks and preserve the ability to generate income in the medium and long-term.
- 2.7 *Macroeconomic stability:* This is the most immediate challenge of many countries. The sharp drop in capital flows and the need for drastic exchange rate adjustments is a phenomenon that can undermine stability. Such a scenario reflects the existence of “globalization risks” which appear to be stronger than the traditional “moral hazard” espoused by economic theory. Reducing globalization risk requires a global restructuring of the financial architecture to soften domestic financial instability and strengthen the effectiveness of international multilateral financial institutions. Macro instability raises additional policy problems when countries have high levels of public debt and mechanisms that restrict pricing and salaries, limiting flexibility.
- 2.8 *Financial Systems:* Strengthening of the financial systems is essential to alleviate the recessive effects of episodes of volatility and to improve the systems' capacity to support the development of productive activities and private investment, including housing. The response of financial systems and capital markets to the current situation depends on the integration of the economies into international capital markets, the degree of internationalization of financial systems and the presence of institutions that preserve the ability to utilize guarantees that defend creditors' rights and limit the risk of exchange problems.
- 2.9 *Global Economic Integration and Direct Foreign Investment:* Integration is a means of facilitating economic growth and exploiting and developing each

country's competitive advantages. The effects of trading blocks and direct foreign investment cycles, among other factors, are expected to be studied.

C. Cost and financing

2.10 The total cost of the project is estimated to be US\$1,442,000. The Bank will contribute US\$1,250,000, in the form of a grant, out of the net revenue of the Fund for Special Operations (FSO). The research institutes will contribute 20% of the Bank's respective contribution for a total of US\$192,000. The project will finance the following expenditures:

- a. Grant funding for the research centers of the Bank's borrowing member countries, selected by a *competitive process* to carry out studies of some of the topics on the research agenda described herein;
- b. Hiring of experts, in order to incorporate into the studies the most up-to-date knowledge on concepts of design theory and methodology of the studies, transfer knowledge to the institutions and coordinate national and comparative studies;
- c. Organization of two discussion seminars for each study, one to define working methodology and the other to discuss findings and refine the final report. Organization of special sessions with the three best studies by project at the LACEA annual meeting.
- d. Publication of national and comparative studies as working papers, production of monographs summarizing the conclusions and policy recommendations, and selective publication of compilations of national studies and comparative analysis. Wide dissemination of the study findings to relevant public institutions.
- e. Organization of discussions with the authorities in each country of the policy lessons learned from the studies.

Consolidated Budget

Investment category	FSO
1. Studies Professional fees and services; approximately 24 studies @ US\$40,000 each	960,000
2. Coordination and evaluation (a)	80,000
3. Seminars (b) One researcher for each study (24 researchers) and one coordinator for each subject (4 coordinators) at US\$2,000 per person, for two discussion seminars. Three researchers for each subject (12 researchers) at US\$2,000 for each dissemination seminar	136,000
4. Publication and Dissemination	74,000
Total	1,250,000

- (a) One coordinator (academic expert) will be selected for each subject at a cost not to exceed US\$20,000 each.
- (b) There will be an average of two seminars for each subject and a dissemination seminar for the three best studies by subject. The researchers and academic experts by subject will attend the discussion seminars. This figure includes trips and logistical expenses.

III. PROGRAM EXECUTION

A. Project execution and management

- 3.1 The Bank will execute this project, through its Research Department (RES) and Integration and Regional Programs Department (INT). Grant funding will be offered to institutions in the region to study some of the topics on the research agenda for the 2002-2004 period. The project will help finance about 24 national studies of up to one year in duration. The study format will vary according to the nature of the problem to be studied, complexity of theory or methodology, availability of information and degree of existing knowledge on the subject. The following will be developed: (i) country case studies accompanied by international comparative analyses; and (ii) individual studies.
- 3.2 The research institutes of the region will conduct the studies under the Bank's supervision. The Research Department (RES) of the Bank will have technical responsibility, and the Regional Technical Cooperation Division of the Integration and Regional Programs Department (INT/RTC) will have basic project responsibility. Below are the procedures for the study design and selection of the institutes that will conduct the studies, for purposes of oversight and dissemination of findings.
 - 1. **Process for the selection of studies and institutions**
- 3.3 The Bank will invite research institutes in the region to submit proposals. The invitations, which will be announced on the Bank's web site, will be sent to all

institutions in the network and the Bank's country offices. The network is composed of research institutions specializing in the study of development policy issues. All research institutes of the borrowing member countries are welcome to register to be on the list of participating centers (see the Research Network web page: <http://www.iadb.org/res/>). Inclusion in the network is general and not exclusive. The Bank encourages the permanent inclusion of new institutions. The invitation to submit bids will include a description of the subject to be studied, research methodology, expected content of the proposals, work schedule, compensation to be received by the participating institutions and selection criteria.

- 3.4 The institutions may present proposals individually or jointly with other institutions in the region. The proposals submitted to the Bank by the participating institutions will include: (i) a detailed description of the methodology to be used; (ii) a description of information sources and databases; (iii) the institute's experiences and prior work on the subject in question; (iv) the rationale supporting the research team's capacity to fulfill the project objectives (attach a curriculum vitae of the research team); (v) the project's chief dissemination activities and the respective budget; (vi) an activity schedule; and (vii) a budget for the study based on the contribution amount previously determined by the Bank, together with the resources that the institution itself will invest to conduct the study.
- 3.5 The proposals submitted to the Bank will be evaluated by a panel consisting of Bank officials and academic experts (external advisors) on the subject, to ensure that the selected studies will be innovative and fit into the dynamics of the discussion on the subject in the region and internationally. Specifically, the Bank will hire academic experts who, in addition to actively working with the Bank staff in the design of the terms of reference for the studies, will be responsible for evaluating the research proposals submitted by the institutes, as well as the mid-term reports (if required) and final reports of the studies, taking part in the initial and final seminars and contributing to the preparation of the introductory chapters and study conclusions to be published in books and reports. The participation of these experts will help incorporate the most up-to-date knowledge on concepts of design theory and methodology of the studies and transfer knowledge to the institutions. The evaluation will be based on the conceptual and methodological framework, viability and demonstrated capacity to conduct a study of the proposed subject. The evaluators will have not more than one month to consider the proposals and select the best in each subject.
- 3.6 If the evaluators consider a proposal acceptable, provided the appropriate modifications are made, the Bank will ask the institute responsible for the proposal to make such changes. If the evaluators consider that none of the proposals are capable of producing a study that fully complies with the established terms of reference, the Bank will declare the process abandoned.

- 3.7 The Bank will report the results in writing to the institutes that have submitted proposals and announce them on the Research Network web page. The selected proposals will be made available to all the network institutions for a reasonable period of time.
- 3.8 The Bank will ask the selected institutions to sign contracts. These letter contracts will include the terms of reference for each study, the responsibilities in each study phase, the amount to be funded and the disbursement terms. They will also include: (a) a clause that permits the Bank to deduct the amount of \$200 a day, out of the fee specified for the study, for delays in delivering the document versions on the due date; and (b) a clause that permits the Bank to suspend payments if a research center cannot complete the obligations undertaken.
- 3.9 The Bank will organize two discussion seminars for each study subject, one to define working methodology and another to discuss findings and refine the final report. The research directors for the studies, academic experts and Bank staff will attend the seminars.

B. Follow-up reports and additional activities

- 3.10 The Bank will closely oversee the progress and evaluate all the studies within the framework of this project.
- 3.11 The institutes charged with carrying out the studies may be required to submit to the Bank some of the following documents:
- An amended version of the research proposal covering the agreements made at the first seminar, together with a preliminary working plan;
 - A mid-term progress report that includes the data utilized and a summary of preliminary conclusions;
 - A draft of the final report to be submitted at the discussion seminar;
 - Data utilized in the study;
 - A final report containing the requested changes, and
 - A summary of the study with policy lessons.
- 3.12 The research findings will be published at the Bank's discretion, and will take into account the quality of the documents and the opinion of the external and IDB staff evaluators. The Bank will carry out the following dissemination activities, targeting the authorities of the borrowing member countries, regional and international academic community and private sector, as the case may be:

- a. Seminars for dissemination of the studies will be organized at the annual meeting of the LACEA and of the Latin American Chapter of the Econometrics Society. The evaluators of each study will select the best studies (up to three) and the Bank will finance the travel expenses of the respective researchers.
 - b. Publication of the final reports approved by the Bank in the Working Document Series of the IDB's Research Network. These documents will be placed on the Research Network's web page (and, if available, with links to the institute's website, supplying the email addresses of the authors to facilitate discussion). They will also be distributed by mail and electronically to the academic institutions within and outside the region, and to government agencies in the region, as applicable. In addition, they will be sent in electronic form to the Bank and to the entire RES mailing list.
 - c. Publication of the final reports as chapters of a book or incorporating certain sections in a special report on the major findings and policy lessons. The studies will be announced by bulletins and email as they are published.
 - d. Publication of "Policy Summaries" of the national and comparative studies. These will include a project summary and key findings. The Policy Summaries will be placed on the Research Network's web page and be distributed by email to the government authorities of the countries, as the case may be.
- 3.13 The participating institutions will be encouraged to send the approved documents to regional and international academic journals for publication. Finally, national events aimed at discussing the policy lessons learned from the research with the authorities in each country in the study will be promoted and supported. To that end, once the final report is approved, the institutions will resubmit to the Bank the activities contemplated for discussion of the findings in the countries and the corresponding budget. The Bank will evaluate the nature of the proposed activities and offer a contribution previously determined at the time of the bid, not to exceed 5% of the contribution offered by the Bank to carry out the studies.
- 3.14 The policy recommendations and findings that are deemed useful for the Bank's scheduling and loan activities will be distributed throughout the applicable departments of the Bank and internal discussion workshops will be organized as necessary.
- C. Procurement of goods and services**
- 3.15 All consulting services and purchases of material, including the selection of the research institutions (see paragraphs below), will follow the bank's procedures, rules and policies for procurement of goods and services.

D. Execution period and disbursement schedule

- 3.16 The project will be executed within a 30-month period and disbursements over a period of 36 months.

E. Evaluation

- 3.17 Throughout the project, the following evaluations will be made: (i) research proposals and selection of the best ones; (ii) mid-term reports (if necessary); and (iii) final reports. The Bank will assume the responsibility of hiring external evaluators for each subject.
- 3.18 The external evaluators will be responsible for the following: (i) evaluate all proposals received during the bidding process; (ii) evaluate mid-term reports (if such reports are necessary) and final reports; (iii) recommend the best studies to be presented at the regional economist seminars; and (iv) issue an opinion on the final report for publication.
- 3.19 The Research Department will be responsible for assigning, in consultation with the relevant supervisors, staff members to coordinate and evaluate the studies. The staff evaluators will be selected in accordance with their experience in the respective subject. They will also have the same responsibilities, described in the preceding paragraph, as the external evaluators.
- 3.20 The Research Department will prepare: (a) a questionnaire to evaluate academic quality and satisfaction with respect to the Bank's technical and administrative coordination in each study; (b) a questionnaire to evaluate the impact of the Bank's intervention in each country's research activities and to gather recommendations and suggestions on the type of activities that should be supported to strengthen research capacity in the region.

IV. FEASIBILITY AND RISKS

A. Social and environmental impact

- 4.1 No environmental impacts are anticipated from this technical cooperation. In a social context, this operation promotes the expansion and dissemination of knowledge conducive to the formulation of socioeconomic policies. In that respect, it is hoped that the favorable conclusions drawn from the studies will fuel the decision-making process on socioeconomic policies. The project was considered by the CESI at its meeting of 27 June 2002 (CESI 26-02) and was approved without comment.

B. Benefits

- 4.2 The Research Network has contributed to: (i) raising the quality of research carried out in the region, and (ii) the consolidation and development of research lines influencing the formulation of public policy, for which there is little financing despite its vital importance to the countries.
- 4.3 This new phase of the Network will continue to furnish a series of analytical studies that will form the basis for defining effective policy and program options to deal with the most pressing social and economic problems in the region.

C. Risks

- 4.4 Given the tangible benefits produced by the Network's second phase, substantial results are expected for the countries in the region. Based on the benefits from the second phase, no major risks are anticipated.

LOGICAL FRAMEWORK

RESEARCH NETWORK (TC-01-12-09-8-RG)

THE PROGRAM	INDICATORS	VERIFICATION METHODS	ASSUMPTIONS
Objective: Continue strengthening research on development issues in the region	1. Number of institutions supported (24)	1. Consolidation of national research teams on development issues 2. Effective transfer of knowledge from academic experts to the institutions 3. Wide dissemination of research findings to all institutions in the Research Network	1. Academic institutions are interested in participating 2. Institutional capacity to offer an adequate level of theory and research 3. Need for financial resources to carry out research on development themes 4. Need to strengthen local research teams 5. Need to incorporate subjects and methodologies for vanguard studies and immediate interest in the research agenda from the institutions in the region
Goal: Produce useful policy lessons for the social and institutional reform agenda for Latin America and the Caribbean	1. Number of national policy summaries (24) 2. Number of policy lessons drawn from the comparative analysis (4)	1. Incorporation of best practices and lessons learned from reform projects and programs and policy dialog activities in the region 2. Improvement of procedures for formulation of national public policies 3. Updating of relevant knowledge compiled for the formulation of public policy	1. Countries in the region interested in improving public policy formulation and execution

THE PROGRAM	INDICATORS	VERIFICATION METHODS	ASSUMPTIONS
Outcomes: <ol style="list-style-type: none"> 1. Case studies and individual studies on subjects on the Bank's research agenda and institutional strategy 2. Discussion seminars during execution of the studies 3. Regional dissemination seminars to present lessons and conclusions drawn from the studies 4. Publication of the case studies and individual thematic studies that meet the specified quality standards 5. Publication of books (narrative style) 6. Publication of "Policy Summaries" for each subject studied 	<ol style="list-style-type: none"> 1. Number of case studies and individual studies carried out on 4 specific subjects (24) 2. Number of discussion seminars conducted, 2 for each subject (8) 3. Number of regional dissemination seminars, one for each subject (4) 4. Number of studies published as Working Papers (24) 5. Number of Books/Narratives (4) 6. Number of policy summaries published (4) 	<ol style="list-style-type: none"> 1. Reports on evaluation and progress of the studies 2. Documents and books published 3. Dissemination and distribution of the publications. 	<ol style="list-style-type: none"> 1. The institutions and the Bank will make efforts to execute the studies within the specified parameters 2. The involved parties in the countries will openly take part in the seminars
Activities: <ol style="list-style-type: none"> 1. Funding to institutions through a competitive process to perform the studies 2. Hiring of academic experts on the subject to be studied in order to incorporate the most up-to-date knowledge on the concepts of design theory and methodology of the studies, transfer knowledge and assist institutions that have weaker research capacity 3. Organization of discussion seminars during execution of the studies 4. Organization of seminars to present the network's best products 	<ol style="list-style-type: none"> 1. Number of institutions contracted 2. Number of individual experts contracted 3. Number of seminars conducted 4. Number of publications 	<ol style="list-style-type: none"> 1. Contracts with institutions to conduct the studies 2. Organizing the seminars 3. Publication and dissemination of findings 	<ol style="list-style-type: none"> 1. The work will be performed in accordance with the project's plan of operations and the terms of reference for the studies

THE PROGRAM	INDICATORS	VERIFICATION METHODS	ASSUMPTIONS
5. Publication of case studies and individual subjects as working papers, books summarizing the conclusions and wide distribution of same			