

Knowledge Economy Forum: Adopt or Innovate?

The Sixth Annual Knowledge Economy Forum on "Technology Acquisition and Knowledge Networks" took place in Cambridge, England on April 17-19. Based on examples of international best practice, the forum discussed critical elements in enhancing the absorption of technology and knowledge by firms and explored the policy recommendations that support such processes in Europe and Central Asia (ECA). Cambridge's experience as one of the world's leading hubs for enterprise innovation provided important insights on the role of universities, private entrepreneurs, and government in facilitating technology and knowledge transfer to industry. The acquisition of technology and know-how from around the world offers greater potential for sustained economic growth in ECA in the short to medium term than innovation. While countries in ECA are striving to emulate Western European and Asian approaches as they face the challenges of competing in an increasingly integrated world, they cannot afford to ignore what is happening further east. China and India have vast, increasingly well-educated populations whose talents are being tapped by local and international firms flourishing in what are relentlessly competitive business environments, which have developed largely thanks to these economies' ability to acquire cutting edge technology and eventually innovate indigenously. Ongoing research by the World Bank suggests that governments in ECA must do their part in supporting the catch-up process by putting in place an incentive-compatible regulatory framework conducive to technology acquisition by the private sector and the creation of networks that can channel knowledge across countries. For more information, visit <http://www.worldbank.org/eca/ke>

Latvia and Hungary Graduate from World Bank Assistance

The governments of the Republics of Latvia and Hungary exchanged letters with ECA Vice-President Shigeo Katsu during the World Bank/IMF Spring Meetings April 14-15, signaling their "graduation" from World Bank borrower to donor status. Since Latvia became a member of the European Union, the partnership between Latvia and the World Bank has focused on measures to implement Latvia's convergence program, promote regional development, and strengthen governance. Hungary, which is the largest donor to the International Development Association among the eight Central European countries that joined the European Union in 2004, acknowledged its 25 years as a member of the World Bank and indicated its desire for a continued partnership with the Bank based on knowledge sharing. For more information, visit <http://www.worldbank.org/eca>

Roma Education Conference Calls for Scaling up from Donors, Governments

Continued progress in improving equal access to quality education for Roma will require strong commitments from donors and the backing of national governments, stressed the

participants of the conference "Education Reforms and Roma Inclusion in Central and Eastern Europe," hosted by the Roma Education Fund (REF) and the Government of Hungary on April 2-3. The Roma Education Fund's first major conference in its two years of operations brought together government representatives, donors, and Roma civil society. REF Board member and World Bank Country Director Annette Dixon, as well as Open Society Institute chairman George Soros in a video message, called on donors to solidify their commitments to ensure that REF's successful projects can be scaled up, such as school integration and access to preschool education. Conference participants shared their experiences in panel discussions and roundtables, bringing to light best practice examples, such as the importance of involving parents and the Roma community in education reforms, and the improved educational outcomes for students in integrated classrooms. Several innovative examples of collaboration were shared, such as a program in Hungary that works with Roma secondary school students to prepare them for employment in the private sector. However, government cooperation is required to implement and enforce anti-discrimination and desegregation laws, and projects must be tailored to the specific situation, as no panacea exists for all cases. Donors, governments, and NGOs must also work together to optimize the use of the European Union's Structural Funds in the new member states. For more information, visit <http://www.romaeducationfund.hu>

New Country Partnership Strategy in Macedonia Focuses on EU Accession

The World Bank's Board of Executive Directors discussed on March 27 the new Country Partnership Strategy (CPS) for the Former Yugoslav Republic of Macedonia, which envisages a lending program of up to US\$280 million for the period 2007-2010. Priorities of the new CPS are centered round the country's ambition to join the European Union and aim at supporting the government's program to accelerate economic growth and job creation. The CPS builds on the country's progress in firmly establishing macro-economic stability and will support important reforms to further improve the conditions for private sector investment. In addition, it presses forward with reforms in key sectors where weaknesses in governance continue to undermine the country's economic reforms. Improved transparency and accountability in service delivery are critical to meet the government's program on growth, foster human capital, and meet EU standards. The proposed activities envisaged under the CPS focus on two pillars: a) foster growth and job creation, increase living standards for all, and b) public service delivery and supporting good governance. For more information, visit <http://www.worldbank.org/mk>

World Bank Engages with Bulgaria in Key Sectors to Hasten EU Convergence

Bulgaria's economy has grown steadily since 2000, and this positive trend is expected to continue in the near future. However, raising productivity and employment to narrow the income gap and facilitate convergence with other member states in the European Union will remain Bulgaria's main challenge for the next few years. The World Bank Board of

Executive Directors approved three projects on March 21 that aim to strengthen the country's EU integration and convergence of living standards. The Social Sector Institutional Reform Development Policy Loan will support Bulgaria's reform agenda in the areas of health, education, and social protection. The Second Trade and Transport Facilitation in Southeast Europe will facilitate Bulgaria's national and international trade and transport by improving the capacity, efficiency, and quality of services at selected EU border crossings, with a particular focus on the Trans-European Transport Network. The board of directors also approved additional financing for the active Bulgaria Social Investment and Employment Promotion Project. The project aims to improve the standard of living in disadvantaged communities and make better use of the opportunities presented to Bulgaria by its accession to the European Union. For more information, visit <http://www.worldbank.org/bg>

Armenia's Poverty Reduction Agenda Stays on Track

The World Bank Board of Directors approved on March 8 a US\$28 million Poverty Reduction Support Credit for Armenia. This is the third project under a four-year program that will assist the government with the implementation of its Poverty Reduction Strategy Program (PRSP). The credit will help sustain the country's economic growth and poverty reduction efforts by providing budget support and moving ahead with the high priority reform agenda identified by the PRSP. The Armenian authorities are currently completing a review of the PRSP in close consultation with civil society and donors. During the next phase of the PRSP process, the government will prepare an extensive analysis of the causes of poverty and identify the short and long term challenges on the road to greater economic growth. While growth has only recently begun lowering unemployment levels in the country, currently standing at nearly one-third of the labor force, the nascent rise in employment levels has had so far limited impact on the income of many households, particularly in the less productive sectors, such as agriculture. For more information, visit <http://www.worldbank.org/am>

Comprehensive Drought Strategies for Caucasus and Central Asia in New Report

Drought-susceptible countries in the Caucasus and Central Asia must establish National Drought Plans that are well integrated into other disaster-management plans, stresses a new World Bank report. *Drought Management and Mitigation Assessment for Central Asia and the Caucasus: Regional and Country Profiles and Strategies* is the result of research and consultations conducted in eight countries over the past two years. The report was prompted by a severe and prolonged drought in the region in 2000-2001, as well as the knowledge that exposure to drought will only increase in Central Asia, and with people in all eight countries vulnerable to drought conditions due to lack of careful planning and poverty. Thus far, disaster-management agencies have not adequately addressed the severity of long-term drought impacts, focusing instead on more immediate disasters. To access the materials in both English and Russian, visit <http://www.worldbank.org/eca/drought>

IDA Websites for Armenia and Bosnia Go Live

As part of the World Bank's focus on the results achieved through financing from the International Development Association (IDA) across the globe, IDA websites for Armenia and Bosnia have gone online. IDA is undergoing its 15th round of replenishment, known as IDA15. IDA lends money (known as credits) on concessional terms. This means that IDA credits have no interest charge and repayments are stretched over 35 to 40 years, including a 10-year grace period. Since its inception, IDA credits and grants have totaled US\$161 billion, averaging US\$7-9 billion a year in recent years. The Armenia and Bosnia IDA websites take a look at IDA's work in the country and its unique role in development and poverty reduction. The IDA story is told through a succinct country study, short project profiles, interviews with government officials, and photo slideshows. For more information, visit <http://www.worldbank.org/ida>

This section has been provided courtesy of Merrell Tuck and Christina Lakatos, Europe and Central Asia External Affairs

In Moldova, a 70 percent Decrease in AIDS Mortality

Moldova's health status markedly declined between 1990 and 2000. Life expectancy at birth is one of the lowest in Europe (68 years in 2003). From the mid-1990's onward, HIV/AIDS prevalence increased by more than 25 times among the 15-49 age group, reaching 0.90% in 2003. Service-wise, the country was trying to maintain extensive facilities inherited from Soviet times on a meager budget. Resources were skewed toward large hospitals, which represented 70% of health spending. The First Health Sector and HIV/AIDS Control Strategy, developed with assistance from IDA, the Dutch Government and other donors, helped the government set evidence-based policy directions and provide a framework for coordinating donor assistance in the sector. IDA's total contribution amounted to US\$15.5 million. Collaboration between the Moldovan government, NGOs, and supporting donors has contributed to stabilizing life expectancy, a decrease in maternal and infant mortality, and 70 percent decrease in mortality due to AIDS. Health sector reforms created a new minimum benefits package and improved rural access to health care. For more information, visit <http://go.worldbank.org/IKYDS1WAN0>.

New Country Director in Russia

Mr. Klaus Rohland has assumed the position of the Country Director and Resident Representative of the World Bank in Russia. He first joined the World Bank in 1981 as an advisor to the German Executive Director and has since then held a number of key positions in the Bank. His most recent posting was as the Bank's Country Director for Vietnam. The previous Country Director for Russia, Mrs. Kristalina Georgieva returned to the Bank's headquarters in Washington, D.C. She was appointed as Deputy Vice-President, Sustainable Development, a recently established department that combines infrastructure development, agriculture, environment and social development. More information: <http://go.worldbank.org/XDF661E1P0> **BT**