

# **The Asian Development Bank's knowledge management framework**

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## **Introduction**

Defining knowledge management is not easy. What we seem to agree on is that knowledge is an intangible and, in some cases, even invisible asset. We define knowledge management as the process through which organisations generate value from their intellectual and knowledge-based assets. To get the most value from an organisation's intellectual assets, knowledge must be shared and provide the foundation for innovation in products and services, enhanced employee retention, process improvement, strategic decision making, improved client relationships and greater prosperity.

Organisations and people that develop, retain and manage knowledge effectively will prosper. Each of us lives and works in an information-rich and time-sensitive world. We confront this reality every day. Knowledge is information and expertise, but knowledge alone is not enough. It must be managed, organised, enriched, shared and applied for relevance, quality and feedback. The advantage of knowledge management is the capability to manage and share information better, faster and more reliably – using and sharing knowledge to learn and grow.

This article discusses why and how the Asian Development Bank (ADB) is moving forward in this critical area. To give you some context, I start with a snapshot of Asia and the Pacific, and our role within the region.

## **Regional developments**

In the past few decades, the Asia Pacific region has experienced a truly spectacular economic and social transformation that has given it a position of significant importance in the world economy. Asia, including Japan, accounted for 25% of global GDP in 2000, up from 13% in 1960. Asia's rise was underpinned by several stunning transformations. The first was Japan's climb from an economy devastated by war to the second largest economy in the world in less than half a century. This remarkable success benefited the rest of Asia through the creation of both a major export market and a key source of foreign investment and exchange.

The second major transformation occurred in the so-called newly industrialised economies. The Korea Republic, Singapore, Hong Kong, China and Taipei, China all rapidly developed from either poor agricultural economies or economies with few natural resources into modern, affluent societies. This remarkable accomplishment is often referred to as the East Asian miracle. Malaysia, Thailand and Indonesia have

also managed impressive, sustained growth over recent decades. Today, we are witnessing two more significant transformations in Asia: China is accelerating its transition to a market economy, and another impressive push forward is under way in India.

The accumulation and efficient use of knowledge, whether it is technical, industrial or managerial in nature, has played a central role in each of these transformations. Whether it is the rapid expansion of Japan's electronics and manufacturing industries, the trade and banking efficiencies developed by Singapore and Hong Kong or the Internet and computer technologies driving parts of India, knowledge and innovation are key factors in each leap forward.

The advance of knowledge has great potential to raise the living standards of the poor, which is the primary objective of the ADB. Knowledge gives farmers the technical know-how to use information that raises productivity. It gives governments the know-how to draft policies that will enable business to prosper. Within the spectrum of the possible outcomes that can be envisaged when discussing the present knowledge economies, two extremes are worth highlighting. One is that knowledge economies allow developing countries to bridge the current wealth and capital gaps between them and developed countries (UN Millennium Project 2005). The alternative is that the knowledge economies will accelerate these gaps leaving developing countries languishing further behind developed countries without hope of catching up.

## **Knowledge for development**

ADB, as its name implies, is a development organisation. And, in a sense, knowledge has always been part of development across the globe, underlying the everyday practices of development actors as they draw upon knowledge for their work. But the role of knowledge management in the development field was only made explicit in 1996 when the Organization for Economic Co-operation and Development (OECD) produced an influential report on the knowledge economy, and the World Bank declared that it would transform itself into a knowledge bank. Knowledge management was made a core theme of the World Bank management for organisational renewal.

One of the first tangible results of the World Bank's effort was the release of the World Development Report on *Knowledge for development* in 1998. The report started from the premise that the ICT revolution made developmentally useful knowledge potentially available for the poor people more quickly and easily than ever before. Much knowledge could be sourced from the North, but a mechanism was needed for national systems to apply this knowledge in the South and vice versa. The World Development Report concluded that 'knowledge has perhaps become the most important factor determining the standard of living' (World Bank 1998).

## **Building a learning organisation: the ADB experience**

The importance of knowledge for reducing poverty is particularly relevant to ADB because, despite the recent successes we have outlined earlier, some 690 million people in the Asia Pacific region still live on less than a dollar a day<sup>1</sup>. Our work with developing member countries is aimed at reducing that number and raising the standard of living significantly across the region.

Our developing member countries rely on us not only for financing but also for capacity building in both financial and policy areas. With 45 of our 63 member countries situated in Asia and the Pacific, we retain a growing wealth of knowledge about all aspects of development in the region – through research and through design and implementation of our development projects in the field.

Every professional staff member at ADB who works in a developing country accumulates knowledge about a particular sector, region or activity. All too often, this knowledge remains with individuals unless specifically requested by another staff member, development partner or client. Think how much more valuable it would be if that knowledge were made available to every other professional staff member working on similar projects or issues. Then add the much greater benefit if that knowledge could be shared with others.

External demand for ADB to become an effective knowledge broker in the region is also growing. ADB's middle-income members – countries like China and India – are increasingly drawing upon the Bank's insights and experiences in pursuit of their development objectives. ADB is strategically placed to play this role. We already have a wealth of development experience and knowledge from across Asia and the Pacific, and we are well positioned to capture good practices and lessons learned from the rest of the world. ADB spends close to US\$100 million a year to finance research and other analytical work. What we need to do is capture, share and disseminate our knowledge more effectively for the benefit of ADB staff, our clients and our partners in development.

Recognising this, ADB has committed itself to becoming a learning institution and a primary source of development knowledge in this region. Our Long-Term Strategic Framework for 2001-2015 (ADB 2001) clearly states that an enhanced role for ADB in knowledge generation and sharing is a pre-requisite for achieving our poverty reduction goal. The framework document says:

*ADB must become a knowledge-based learning institution, drawing upon resources, skills and expertise both inside and outside the organisation. It must develop the capacity to learn quickly from its own experiences and those of other development partners, and to disseminate such experience in the form of best practice among developing member countries, ADB staff and the development partners.*

## **The knowledge management framework**

In 2002, a reorganisation within ADB facilitated the first steps towards fulfilling that commitment. The Regional and Sustainable Development Department (RSDD), was created with a mandate to advance ADB's knowledge agenda internally and externally. A knowledge management committee was established to oversee and provide strategic guidance for our knowledge activities. And in 2003, a new vice-presidency for knowledge management was created to raise the profile of ADB's knowledge activities and improve management oversight.

Early in the process, a small working group was established to engage our staff and management in consultations, review best practices and develop a framework for moving forward. This working group comprised several representatives from operational and supporting departments to discuss the concept of knowledge management and what ADB should do about it. The working group attended relevant seminars and conferences, and discussed pertinent issues with specialists from other development banks. Based upon insights gathered in this way, the working group organised in-house round table discussions to seek views from staff on knowledge management, especially on the question of which components a plan should have. Ultimately, that discussion resulted in a conceptual framework, which was discussed and improved in terms of relevance and financial viability. The outcome is the framework on knowledge management (KM framework), which was approved in June 2004 and focuses on five action plans or programmes:

1. Improving our organisational culture;
2. Improving our research agenda;
3. Updating our business processes and IT solutions for knowledge management;
4. Improving the functioning of 'communities of practice'; and
5. Expanding knowledge sharing with external stakeholders and other parties.

I will briefly touch on the highlights of each of these action plans.

### **Organisational culture**

Fostering a knowledge-supportive culture is the key to managing knowledge. To ensure this, ADB's KM framework demands that ADB align its staff incentives to promote proactive knowledge sharing within the institution. Knowledge management is to a large extent about cultural change. Therefore, we must focus on behavioural changes: on creating a working environment where knowledge is seen as a common good and where staff are encouraged to contribute to knowledge activities as part of their core responsibilities.

ADB is a somewhat traditional organisation, and cultural change is one of our biggest challenges. For this to succeed, staff will need to be empowered and fully participate in the implementation of the KM framework. Thus, we have developed a new human resource strategy, which provides the necessary incentives for change. It is important for professionals to know what their organisation is trying to do and where it is going. Next, they are interested in personal achievements and personal responsibility. They often expect continuous learning and continuous training. Above all, they want respect, not just for themselves but for their areas of expertise. Professionals want to

make decisions that influence the impact of their work. The new human resources strategy will articulate the importance of transparency, staff capability and management accountability to encourage more collaboration within the ADB environment.

### **Research agenda**

The gradual transition of the ADB from a development finance institution to a broad-based development institution has called for increased emphasis on our knowledge products and services. On the basis of our country, sub-regional and inter-regional strategic programmes, knowledge-related activities are identified and harmonised with departmental, divisional and individual work plans. ADB's primary knowledge departments, which include all operational departments, the Economics and Research Department, the Asian Development Bank Institute and the Regional Sustainable Development Department, make in-depth contributions to these programmes. Ultimately, this will lead to a strategic forecast of our Knowledge Products and Services Programme for the next three to five years, closely aligned with our country strategic programmes

### **Processes and IT solutions**

It is often said, 'You can lead a horse to water, but you can't make it drink!' Neither can you 'force' knowledge management. It must be facilitated, not only through cultural change, but also through appropriate processes and IT investments. In June 2004, ADB approved a new IT strategy which includes funding for improved capture, storage and search facilities for information management. Apart from this technical investment, so-called 'smart templates' will be developed and implemented to capture knowledge through the development process, to help professionals at ADB in seamlessly sharing their knowledge. A skills database will be developed to capture ADB staff profiles and work experiences.

We have also created a portal committee to improve access to our information repositories and to empower end-users of our IT applications. Improved processes and systems for storing will reduce disincentives to change and facilitate knowledge sharing by making the search for information less cumbersome.

### **Communities of practice**

ADB currently has 10 formal and 23 informal sector and thematic communities of practice. These communities will be provided with tools and resources that will allow better flow of information both internally and externally with our partners and developing member countries. Our communities already play a significant role in disseminating knowledge through the organisation of so-called brown or blue bag seminars, often during lunchtime. These well-attended seminars on specific development topics will be captured and made accessible through our website.

### **Expanding knowledge sharing with our clients**

ADB works with some 300 external institutions on a formal or, in some cases, informal basis. We have identified gaps in knowledge sharing with these partners and are working to address them through our communities of practice.

We are also working on a new public information policy to further facilitate our knowledge sharing with clients. Approved in May 2005, the policy will become

effective in September. It will enhance public awareness and understanding of ADB, improve the two-way flow of information and improve dissemination of our knowledge products.

As part of our knowledge framework, ADB also aims to be more open to identifying successes and failures in achieving development outcomes, and better able to extract lessons that improve the way we plan and deliver our services to clients. To reinforce this process, we have adopted a results-based management approach, or what we call 'managing for development results', as our principal management approach. With this approach, we will more proactively manage our resources and activities to deliver products and services to our clients that will contribute to development results. ADB has become a member of the MAKE (Most Admired Knowledge Enterprises) network, and our progress in knowledge management will be closely monitored and published through the MAKE reports.

## **One year into implementation**

As anyone who has implemented knowledge management initiatives knows, success depends a great deal on how staff embrace the action plans. Apart from staff support, it is also essential that the relevant IT components be implemented. The KM framework has now entered its second year of implementation. What have we accomplished and what we would like to undertake next?

The most visible change for the KM Centre, implementing the KM framework, is the message we received in late June 2005 that five positions had been allocated to the KM Centre. This is not a net expansion because new tasks (such as ICTs for development) have been assigned to the KM Centre but, overall, it indicates support from management to propel knowledge management in the years ahead. The KM Centre determined in the last year that communication and awareness programmes should be reinforced. One of the observations of the MAKE assessment was that internal communication on KM should be improved, for example, through in-depth KM workshops for staff involved in KM activities.

The KM Centre also took responsibility for implementing a geographical information system (GIS). A business plan has been drafted, and the GIS application will be released in the third quarter of 2005. Implementing GIS in ADB will enhance development effectiveness through visualisation of statistical data, and it will allow users to make visual projections of the possible impacts of our programmes. The GIS application, though not yet fully implemented, has already provided useful information to our teams with maps on the tsunami-affected countries.

The information management activities of the KM framework are facing some delays, mainly due to lack of ICT resources. The issue is being addressed, however, and hopefully we will be able to speed up our activities in this area in 2006. One of the tangible impacts of knowledge management is, without doubt, changed staff perceptions of effectiveness in finding, locating and storing information.



## Conclusion

Dissemination of the KM framework has been going well, although it is recognised that staff do not yet see tangible outputs. We are organising KM workshops in 2005 to raise awareness and commitment in our departments to develop KM initiatives such as After Action Reviews. The revised paper on our communities of practice will also propel staff participation in various knowledge activities. Only through supporting and enabling ICT tools and an effective change management programme can you change people's behaviour. We are only one year into our journey. From KM studies and surveys, we have learned that implementing a successful knowledge management programme usually takes five to eight years. At ADB we have created the pillars and laid a solid foundation on which to build a knowledge-based organisation.

## References

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## Abstract

Transfer of knowledge has always been an essential, catalysing element of the mandate of the Asian Development Bank (ADB). Recognising the growing role knowledge plays in the advancement of its developing member countries, ADB committed itself, through its strategic framework for 2001-2015, to becoming a learning institution and a primary source of development knowledge in Asia and the Pacific. Based on this strategic framework, a knowledge management framework has been drafted and approved in June 2004 to guide ADB's transition to a knowledge-based organisation. This article reviews the changing context of ADB's role in catalysing knowledge for innovation and development. It discusses the action plans identified to improve information management and promote organisational and cultural changes which contribute to knowledge sharing, as well as barriers to implementation.

## About the author



*Daan Boom* is head of the KM Centre at the ADB. He joined ADB in 2003. Previously, he was head of KPMG Knowledge Management in the Netherlands and part of the international KPMG KM Accounting Advisory Committee, USA. He studied Information and Library Science in The Hague and Amsterdam before joining KPMG in 1973. He is a well-known writer and speaker on knowledge management.

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## Endnotes

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<sup>1</sup> Poverty issues are discussed in ADB Annual Reports which can be found on [www.adb.org](http://www.adb.org)