

## **MANAGEMENT RESPONSE TO THE SPECIAL EVALUATION STUDY ON KNOWLEDGE PRODUCTS AND SERVICES: BUILDING A STRONGER KNOWLEDGE INSTITUTION**

On 4 December 2012, the Director General, Independent Evaluation Department, received the following response from the Managing Director General on behalf of Management:

### **I. General Comments**

1. We welcome the Special Evaluation Study (SES) which comes at a time when ADB is at a decisive stage in preparing a new Knowledge Management Strategic Directions and Action Plan (Action Plan) that will build on and extend ADB's internationally recognized success as a leading knowledge enterprise. In that context, the SES provides additional information and perspectives that may guide the completion and initial implementation of the new Action Plan in early 2013. A number of observations and the Recommendations in the SES are considered helpful by drawing attention to the need for ADB to particularly focus on the "M" side of the knowledge management (KM) agenda, that is, *how* to become a more effective knowledge institution recognizing the institution's relatively strong performance with knowledge generation. Yet, we note that some of the SES's views appear somewhat contradictory, for example, that "KM remains an evolving and complex field and that many organizations including ADB are looking for ways to leverage knowledge more effectively and serve clients" (we agree) but a little later the SES states that "KM is an abstract field" and that ADB needs a new "conceptual framework" as a "framework of relationships" for KM. ADB has not conceived KM or its implementation as an abstract matter but instead a real-world one guided by pragmatic understandings of both the diverse opportunities and constraints that guide and operate on ADB and DMC's knowledge programs and activities. Finally, we have noted the SES view that "the absence of high-level strategic guidance, direction and ownership" has been a constraint to more effective implementation of KM at ADB. We feel that, that view may have been reached by focusing unduly on the form and status of the directional documents rather than, for example, Management's actual support for their implementation; in the past several years the ADB's specialized knowledge units have received annual increases in their operating budgets significantly higher than the average across all units at ADB.

### **II. Comments on Methodology and Findings of the Study**

2. We have some specific reservations on the SES:

- One, we observe a bit of a disconnect between the overall rating of "less than successful" (paragraph 146) on the one hand; and the impression that resonates through the report as summarized in paragraph 153 viz. "the SES recognizes that ADB is very much in the business of knowledge, regardless of what terminology it uses to refer to itself in this capacity and even if ADB is largely perceived as a project- oriented bank. Further, as corroborated by Para 174 of the SES: "In 2011, ADB's KM efforts were rewarded with global

recognition through a citation for collaborative, enterprise-wide knowledge sharing in the Asian Most Admired Knowledge Enterprises (MAKE) award”.

- Two, in Para 149, the KM agenda is rated as "less than relevant" in terms of its alignment with knowledge stakeholders. However, Para 77 seems to reflect high rates of relevance from the key stakeholders: "From the point of view of DMC clients, meanwhile, 22 of 28 government officials who responded to the survey agreed to the statement that ADB understands the knowledge needs of the DMCs." More broadly though, we note that in obtaining feedback from DMCs on ADB performance in KM, the evaluation sent questionnaire via emails to 300 DMC officials, among which, only 38 (12%) responded. Although the report acknowledges this limitation, the small sample size nevertheless raises the question of how "robust" the evaluation results are.

- Three, the SES states that "More can be done to address middle-income country needs, both in terms of providing international best practices to other countries in Asia and the Pacific and other regions." In support of middle income countries (MICs) ADB has undertaken extensive work under Asian Bond Market Initiatives (ABMI) to ASEAN member countries, including some MICs, who are looking to develop their own markets. And ADB has supported a rich and diverse set of priority knowledge operations in the PRC, and more recently in the Philippines. Of course, resources permitting ADB would make best efforts to expand its knowledge operations to assist the MICs, among other DMCs.

### III. Comments on the Recommendations

3. **Recommendation 1 – Improve the incentive structures to better reward staff doing knowledge work:** We agree. At ADB it is already obvious and clear that both the operational departments and specialized knowledge units are knowledge centers within the organization; the majority of knowledge operations are actually undertaken by the operations departments and they have begun formulating and implementing department-wide and in some cases DMC-specific knowledge plans. Under the new Action Plan in preparation, starting in 2013 all departments and offices will define a knowledge-related agenda/program in their unit-wide and relevant staff annual work plans. While individual agenda/programs will differ among units and staff, they will reflect a clear knowledge element in the nature and conduct of their work; the development of partnerships in DMCs, regionally and elsewhere; and systematic communication of the major accomplishments and results of ADB's knowledge work.

4. **Recommendation 2 – Improve enabling technologies, particularly for knowledge storage retrieval and sharing:** We agree. Under the draft Information Systems and Technology Strategy – III (ISTSIII) the Knowledge Solutions Program (Program) would codify ADB's explicit knowledge including economic, sector and thematic information, as well as enable collaboration platforms for free flow of ideas, both within ADB as well as with the DMCs. The goals of the draft Program foresee: providing platforms for knowledge exchange; improved information organization and retrieval capabilities so that information is easily available; and deployment of tools for the harmonization of key information sourced from and across sector and thematic data sources. Also under this

program ADB would introduce social tools such as wikis, blogs expert profile and networking tools, and upgrade the current Communities of Practice (CoP) sites to a modern and user friendly platform. A document management project would expand the use of electronic information and allow for expanded electronic versions of knowledge products to be exchanged through workflows and email. The ADB data library project will consolidate and integrate various country, sector and thematic information and provide easier ways to access the information within and outside ADB. ADB tools for economic analysis and modeling would be standardized.

**5. Recommendation 3 – Strengthen knowledge needs identification by expanding successful approaches undertaken by regional departments and by preparing country-specific knowledge plans:** We agree. ADB's knowledge solutions must be client-led. Under the new Action Plan, ADB's operations cycle in DMCs will be the principal context and basis for planning and implementing ADB's knowledge solutions. More specifically: the medium-term CPS and the annual Country Operational Business Plan (COBP), Country Programming Mission (CPM), and the Country Portfolio Review Mission (CPRM), will be the foundations on which a program of knowledge solutions is built and executed in a DMC, and where appropriate, individual knowledge solutions are linked to current or planned investment operations. The use of the operations cycle applied across DMCs to define knowledge solutions will also allow the DMCs and ADB to identify meaningful opportunities for other knowledge solutions that have a regional and/or global focus, or take a relatively long-term comprehensive perspective on a DMC's economic and social development. All ADB technical assistance—including regional technical assistance (RETAs)—will be relatable to ADB's prevailing country specific and sub-regional plans in DMCs. That may include some important technical assistance that address exceptionally complicated or even problematic development issues that the operations departments and specialized knowledge units strongly believe is now opportune and in the decided interests of the DMCs to examine seriously and carefully, but where specific investment operations have not yet been defined.

**6. Recommendation 4 – Strengthen knowledge sharing by better capturing and sharing tacit knowledge across DMCs, through South-South cooperation, and through increased use of social interaction processes, in particular CoPs, training, and social media:** We agree. This acknowledgement of the importance of knowledge sharing enables consideration of more dynamic elements such as making tacit knowledge available to others and using and assessing the effectiveness of social media. Strengthening of knowledge sharing is the key mandate of the ADB Knowledge Sharing and Services Center (KSSC), which was established earlier this year. The KSSC supports the operations departments and CoPs to distill and synthesize explicit and tacit knowledge derived from ADB experience with knowledge solutions and other operations in the region as well as from development partners and other external sources. The KSSC will increasingly help organize and fashion that knowledge into a library of information, usable tools, best practice and case-studies that are accessible and shared across ADB for timely application to their current and planned operations in DMCs and disseminated to external stakeholders. The KSSC is also assisting the operations departments to strengthen knowledge management in DMCs. Using the knowledge assets and tools it helps develop and working closely with

operations departments and the specialized knowledge units the KSSC will support knowledge management capacity development in DMCs. Starting in 2013 the KSSC will take lead responsibility for supporting sector and thematic skill development for ADB in close collaboration with CoPs, specialized knowledge units, the Capacity Building and Training unit of ADBI, and with the guidance of BPMSD.

**7. Recommendation 5 – Strengthen knowledge use through dissemination of KPS, providing easy-to-use access on-time information, and using specific feedback mechanisms to gauge client satisfaction:** We agree. Working in close collaboration with OIST and DER, the KSSC will help develop an ICT-based knowledge platform for recording storing, retrieving, and sharing knowledge within and outside ADB and co-create knowledge with external peers, including the preparation of ‘knowledge briefs’ on specific development topics. This will allow ADB staff to use the platform to decide if a new knowledge solution is necessary and if so to maximize the use of the resources available at the platform to design the new knowledge solution. This would minimize unnecessary and costly duplication of work by a staff or another consultant.

**8. Recommendation 6 – Prepare an ADB KM strategic directions document building on ongoing work in this respect and incorporating the recommendations in the SES, and prioritize key areas of focus:** We are already well advanced on this recommendation. ADB is clearly mandated under Strategy 2020 to develop, mobilize and apply knowledge solutions from which it distills and disseminates lessons, and distributes knowledge in ways that have both an immediate impact and catalytic force to achieve benefits for the poor. And, under the Knowledge Management Action Plan (2009-2011) ADB established a comparatively advanced architecture for evolving ADB’s knowledge solutions as recognized by the MAKE Awards it received in recent years. Moreover, ADB’s Planning Directions and Work Program and Budget Framework (2013-2015) stipulates, among other things, that “... knowledge solutions can add significant value to our investment operations, and are critical to development effectiveness.” The Planning Directions also called on ADB to, among other things: “... strengthen Communities of Practice and explore opportunities for innovation and pilot testing, develop a knowledge results framework to clarify how our knowledge work contributes to the operational quality, formulate a new medium-term knowledge action plan, and explore new and diversified sources of financing for knowledge solutions in ADB areas of operation.”

9. Against that background of robust achievements and clear Management guidance and support, in 2012 ADB has been formulating new Knowledge Management Strategic Directions and Action Plan (as previously stated in para.1 of this Management Response), recognizing—as does the SES—that there is both a need and potential to do more and to do it with greater development effectiveness. Going forward under the new Action Plan we foresee three things that will set ADB apart as a knowledge institution. One, the ways we coordinate and leverage all of our skills, available knowledge, business processes and partnerships to support the efforts led by DMCs to correctly diagnose and prioritize development challenges and opportunities, and then work closely with

them to develop, implement, and evaluate knowledge solutions. Two, a superior ability to successfully combine or otherwise relate our knowledge solutions to our investment operations. And three, within the framework of Strategy 2020 build 'signature' knowledge areas for which ADB is recognized as a global leader and partner in the generation, sharing and successful application of knowledge solutions with greater development effectiveness.