



GENERATING AND SHARING KNOWLEDGE

Under Strategy 2020, knowledge management is one of five key drivers of change that allow ADB to stimulate growth, synergize broader development assistance, and become a more active and better development partner. ADB launched a number of new initiatives that underscore the importance of knowledge management and learning.

ENHANCING KNOWLEDGE MANAGEMENT UNDER STRATEGY 2020

In light of its mandate to advance ADB's knowledge agenda both internally and externally, the Regional and Sustainable Development Department (RSDD) reviewed Knowledge Management in ADB (www.adb.org/documents/policies/knowledge-management/knowledge-management.pdf). While the review found ADB's knowledge management framework to be farsighted and sound, it articulated a plan of action for upgrading knowledge management to meet the requirements of Strategy 2020.

The review concluded that knowledge generated by ADB and other entities must be closely linked and embedded in ADB operations. Therefore, ADB resolved that the Technical Assistance Strategic Forum would emphasize improving coordination between its knowledge and operations departments, and that this would be done based on five key areas for ADB's research activities for 2009–2011. On a pilot basis, each of ADB's regional departments would formulate country partnership strategies that analyze developing member country knowledge requirements. Preparation of these strategies was to involve ADB's knowledge departments, regional knowledge hubs, communities of practice, and informal networks hosted by ADB. Likewise, on a pilot basis, operational papers—such as reports and recommendations of the President and technical assistance reports—were henceforth to analyze the knowledge products reviewed.

The review recommended that ADB's communities of practice and informal networks become integral to ADB's business processes; that the budget of the communities of practices be increased based on a clear set of objectives and terms of reference for each; that a new agriculture, rural development, and food security community of practice be created by upgrading the existing informal network that tackles these issues; and that the communities of practice engage in external partnerships wherever possible.

ADB decided early on to encourage research and networking on innovative knowledge products and services, and this led to the establishment of seven regional knowledge hubs. The Asian Development Bank Institute (ADBI), Economics and Research Department (ERD), Office of Regional Economic Integration (OREI), and RSDD have created knowledge, engaged in knowledge net-

working, and informed external audiences. Several regional departments have likewise initiated strategic and policy research partnerships with institutes both within and outside the region. (Appendix 14 lists the selected knowledge products of the knowledge and regional departments.)

RSDD reviewed the regional knowledge hubs and recommended that their forms and functions should be better defined within the context of ADB operations. The review reasoned that the working relationships between the knowledge hubs and ADB should be operationally defined. This would require that ADB develop criteria to select knowledge hubs and ensure that expected outputs and outcomes are specified during the selection process. The review concluded that resident missions should be actively involved in selecting and partnering with knowledge hubs wherever possible, and that nonregional institutions from ADB member countries should be identified as potential knowledge hubs in accordance with ADB's sector and thematic priorities. Agreements with all knowledge hubs should require dissemination of information within ADB and its developing member countries.

Numerous initiatives were launched to ensure that ADB staff members fully understood the importance of knowledge products to ADB operations. For example, ADB's induction program for new staff began to include briefings on knowledge management and learning. Early steps to design training programs in knowledge management and learning were taken. The role that narrative and story might play in ADB was tested. ADB introduced the *Knowledge Solutions* series (www.adb.org/knowledgesolutions) to popularize tools, methods, and approaches to drive development and improve its effects. ADB also launched the *Knowledge Showcase* series (www.adb.org/knowledgeshowcase), which highlights innovative ideas from technical assistance initiatives and other knowledge products. This series has strong potential for use in communities of practice. RSDD also conceptualized the Forum on Learning to raise awareness of the importance of knowledge management and learn-

The Technical Assistance Strategic Forum emphasized improving coordination between the knowledge and operations departments

ing, advance knowledge generation and sharing, strengthen the link between knowledge and ADB operations, and build and enhance skills relating to knowledge management. The knowledge departments also explored ways to better disseminate ADB's knowledge products in coordination with the Department of External Relations.

Knowledge management is not the sole responsibility of any particular department or unit. However, the Knowledge Management Center facilitates and coordinates the knowledge initiatives under ADB's knowledge management framework. In 2008, the center formulated the plan of action mentioned above.

INFORMING EXTERNAL AUDIENCES

The Regional Economic Outlook

The global economy is facing a major downturn. Worsening financial problems have caused economic activity to stall and the outlook for global growth to dim. With the major industrial countries already in or near recession, the global slowdown is expected to be deeper and much longer than previously anticipated. To meet the need for more timely regional economic projections amid rapidly unfolding developments on the global economic front, ERD established the Regional Economic Outlook Task Force. The task force produced a special note to *Asian Development Outlook 2008 Update*, *Developing Asia's Prospects in the Global Slowdown* (www.adb.org/Documents/Reports/developing-Asia-growth-forecast/AEM-Report.pdf), which revised gross domestic product (GDP) growth projections downward for developing Asia in 2008 and 2009. The special

The Restructuring Beyond the Subprime conference allowed financial regulators, rating agencies, international financial institutions, market participants, and academic and research institutions to exchange opinions on the global financial crisis

note was released in tandem with the issue of *Asia Economic Monitor* (aric.adb.org) on 11 December. This work was enriched by ADBI's Managing Capital Flows project (<http://www.adbi.org/research.managing.capital.flows/>) (p. 95).

Building Knowledge and Capacity for Regional Economic Integration

OREI published a groundbreaking study, *Emerging Asian Regionalism: A Partnership for Shared Prosperity* (aric.adb.org/emergingasianregionalism/), which received substantial coverage from international and local media. The study examined issues in trade and investment, money and finance, macroeconomic interdependence, and the forces shaping a new regional economic architecture. OREI further addressed key developments in emerging East Asia in *Asia Economic Monitor*, July and December 2008 (aric.adb.org), and in *Asia Bond Monitor*, April and November 2008 (asianbondsonline.adb.org). It also issued guidelines on how to design, negotiate, and implement a free trade agreement in Asia (www.adb.org/documents/manuals/fta).

Restructuring Beyond the Subprime—a conference organized by OREI the week that Lehman Brothers filed for bankruptcy—gave financial regulators, rating agencies, international financial institutions, market participants, and academic and research institutions an opportunity to exchange points of view concerning the global financial crisis. OREI also organized a number of training programs and seminars. The seminars under the Asia-Pacific Economic Cooperation (APEC) Financial Regulators Training Initiative aimed to encourage appropriate prudential standards, supervision, and regulation, and build institutional capacity to support them. The initiative has trained about 2,300 participants in banking supervision and securities regulation. Two training programs on regional economic and financial monitoring provided staff from ministries of finance and central banks of selected Association of Southeast Asian Nations (ASEAN)+3 countries with knowledge, practical tools, and skills concerning the detection and prevention of financial vulnerabilities, early warning systems, financial programming, monetary and exchange rate policy coordination, and regional integration systems. OREI offered training courses to strengthen the managerial and strategic skills of officials involved in designing, ne-

gotiating, and implementing free trade agreements. This was primarily achieved by providing participants with a better understanding of economic, trade, legal, and institutional policy issues.

Researching Food Prices and Inflation in Developing Asia

Food prices have increased sharply since mid-2007 and accelerated alarmingly in early 2008. Rice and wheat prices spiked to levels not seen in more than three decades. Such price rises worsen poverty in developing Asia by reducing the real incomes of the already poor, and push many others below the poverty line. ERD investigated the impact of elevated global commodity prices on developing Asia in its special report, *Food Prices and Inflation in Developing Asia: Is Poverty Reduction Coming to an End?* (www.adb.org/documents/reports/food-prices-inflation/). This report, which was released at ADB's annual meeting, proposed policy responses to elevated food prices that would prevent reversal of the region's gains in poverty reduction. Because this report was one of the first responses to the current economic crisis, it was widely referenced by international organizations, newspapers with global distribution, and universities. Taking the analysis of commodity prices further, the *Asian Development Outlook 2008 Update* (www.adb.org/documents/books/ado/2008/update/) examined the causes of the recent food and oil price rises, their likely future direction, and their expected macroeconomic impacts on the price of globally traded commodities. The update received significant coverage in the global media, thus continuing ERD's efforts to influence policy making by creating and disseminating knowledge.

Purchasing Power Parities for Poverty Measurement

The demand for internationally comparable estimates of poverty, such as the widely known \$1-a-day poverty counts, is considerable among policy analysts, researchers, and donor agencies. Key to generating internationally comparable poverty estimates are purchasing power parities (PPPs)—conversion factors that ensure that different currencies have a common purchasing power over a given set of goods and services. Experts have debated for some time that the particular set of PPPs used since 1990 for

international comparisons of poverty may have deficiencies. ADB examined the sensitivity of poverty estimates to different approaches to PPP construction using data from 16 countries. In addition to more conventional PPPs, the study generated poverty-specific PPPs based on comparisons of the prices of goods and services purchased by the poor across the 16 countries. The conclusion was that the approach to generating PPPs matters a great deal. For example, the difference between the number of poor estimated on the basis of poverty-specific PPPs and the so-called consumption PPPs that have traditionally been used to estimate poverty can be higher than 20% in some cases. ADB therefore recommended that the next round of the International Comparisons Project—the global statistical project that generates PPPs—tentatively scheduled for 2011, collect information on the prices of goods and services the poor pay and compile poverty-specific PPPs. ADB's 2008 Key Indicators for Asia and the Pacific (www.adb.org/Documents/Books/Key_Indicators/2008/) contains a chapter describing ADB's study.

The Impact of the Global Financial Crisis on Asia

The global economy now faces a deep and prolonged recession triggered by the financial crisis in the United States (US). US Financial Crisis, Global Financial Turmoil, and Developing Asia: Is the Era of High Growth at an End? (www.adb.org/Documents/Working-Papers/2008/Economics-WP139.pdf) examined the roots of the global financial crisis and its spread from the US to the rest of the world. The paper concludes that economic growth in developing Asia in 2008 and 2009 should be expected to deteriorate seriously, as the rapid growth the region's export-oriented economies have enjoyed has largely been fueled by external demand. The paper argues that if developing Asia is to

Seminars under the APEC Financial Regulators Training Initiative have trained about 2,300 participants in banking supervision and securities regulation

mitigate the impact of financial contagion, sharp contraction in demand in global markets, and slowing growth in world trade, it must restore confidence in markets and reorient growth toward domestic demand through judicious use of monetary and fiscal policies. The paper sees reorienting Asia's growth toward consumption-led domestic demand, infrastructure investment, and improved health and social security programs as being critical to cushion the impact of the current recession in the industrialized economies. The paper's emphasis on reorienting growth in developing Asia sets the tone of the 2009 *Asian Development Outlook*.

ADB's conferences on The Global Financial Turmoil and its Impact on Asia, jointly organized with the Japan Resident Office, and Asia's Response to the Global Financial Crisis were other quick reactions to the crisis. ADB's annual conference on Asia's Contribution to Global Economic Development and Stability also focused on the global financial crisis, food and commodity prices, and Asia's pivotal role in an open, transparent trading system.

KNOWLEDGE NETWORKING

Knowledge networking is a dynamic process by which knowledge is shared, developed, and evolved. ADB's support for knowledge networking with clients and partners continued to evolve and expand. Whereas the first generation of knowledge hubs was established in direct agreement

with ADB as their client and main beneficiary, subsequent efforts have seen ADB support the establishment of knowledge hubs under the auspices of regional cooperation networks such as the Asia-Pacific Water Forum. Collaboration resulted in the formulation of key operating principles for knowledge hubs as part of the region's knowledge networking infrastructure.

Knowledge Networking and HIV/AIDS

Most Asian countries face the potential for HIV and AIDS epidemics. The AIDS Commission's March report for Asia reaffirmed that the region would have both the opportunity and the means to stop HIV and AIDS if resources were to be targeted at the most at-risk populations. Regardless of how well-designed national HIV and AIDS programs are, however, if they are to be successful they must be based on accurate data and sound analyses, and must incorporate the experience of other countries. The HIV and AIDS Data Hub for Asia-Pacific (www.aidsdatahub.org), which is a joint project of ADB, the Joint United Nations Programme on HIV/AIDS (UNAIDS), and the United Nations Children's Fund (UNICEF), made Asian data and analyses of various aspects of HIV and AIDS available on one website. This valuable information—which includes national plans, surveillance reports, population-based surveys, special studies, and epidemiological fact sheets, as well as identified gaps in data collection—can be used by stakeholders, including policy makers, researchers, and donors, in their efforts to deal with the negative impact of HIV and AIDS on developing countries in Asia and the Pacific.

Building Knowledge for Sustainable Development

Highlights of ADB's work were conferences on the evolving financial and economic crisis, managing capital flows, and infrastructure and regional cooperation. The financial and economic crisis conferences examined the unfolding global financial and economic crisis originating from the US subprime crisis. They suggested national and regional responses to make Asian economies resilient to global shocks and reinforce existing regional cooperation mechanisms. The series of gatherings under the second discussed the extent of capital account liberalization in the region and analyzed regional cooperation options to mini-

ADB's kHub

Knowledge networking is an effective way of combining individuals' knowledge and skills in the pursuit of personal and organizational objectives. To encourage knowledge networking, ADB's library was transformed into a knowledge hub (kHub). The kHub hosts book launches and activities of communities of practice, and provides kinesthetic informational resources such as a touch screen that allows staff members to show project locations. In addition to its self-service information resources, the kHub provides timely information support to ADB staff engaged in project design and development. Demand for the kHub's services is driven by the human need for connectivity, collaboration, and storytelling. The kHub created new staff positions to align its operations with the information requirements of Strategy 2020.

Capacity building and training to support private sector development focused on public–private partnerships in infrastructure investment and development

mize the negative impacts of expanding capital inflows into Asia. Country reports were discussed at a follow-up workshop on financial instability in Viet Nam and neighboring countries.

ADB I helped prepare a position paper by Asian think tanks for the forthcoming Association of Southeast Asian Nations (ASEAN), ASEAN+3, and East Asia summits

Knowledge-Enriched ADB Operations in East Asia

ADB's knowledge products and services were planned in close consultation with local partners to meet demand and enrich other loan and technical assistance projects and capacity-building activities. A full range of client-driven awareness-raising and multimedia materials, journal articles, policy notes, reports, sector and thematic papers, technical notes, and training and instructive materials was produced (Appendix 14). In the People's Republic of China, the knowledge products covered issues such as transition from disaster response to recovery; inclusive growth toward a harmonious society; climate change, energy security, and worker safety; and promotion of environmentally sustainable transport. Other knowledge products helped shape policy on rising food prices, rural safety net and development-based poverty reduction programs, earthquake insurance, post-disaster rehabilitation and reconstruction, and impact of nonsovereign lending. In Mongolia, better use of research and evidence shed light on risk assessment and risk management plans in education and infrastructure and how successful financial reforms eased the transition to a market economy. In both countries, the objective was to distill powerful policy messages from research; use networks, hubs, and partnerships and embed knowledge in operations; and develop and maintain long-term knowledge programs.

that are to identify swift and effective responses to the crisis. Joint ADB and ADB I work on infrastructure and regional cooperation progressed, with five conferences inviting critical feedback on the flagship book, *Infrastructure for Seamless Asia*. The ASEAN Surveillance Report (August) used the capital inflow issues papers from the Managing Capital Flows project. The paper on managing capital flows in the People's Republic of China (PRC) and other country papers were used as input to a PRC Resident Mission's policy note to PRC policy makers. Other research that generated good feedback was the Contract Farming and Market Facilitation for the Rural Poor project.

ADB I's distinguished-speaker series encourages debate and knowledge sharing. Thirteen presentations were held at which internationally known economists, including one Nobel Prize winner, spoke on policy and development issues in the region, including global governance reform, global imbalances, and integration strategies for ASEAN.

Over 1,000 participants, about 70% of whom were officials from ADB's developing member countries, attended 21 ADB I courses and workshops to improve management capacity. About 45% of participants held senior positions. Capacity building and training to support private sector development focused on public–private partnerships in infrastructure investment and development, with five workshops conducted for more than 350 government officials. Eight workshops were held to aid regional cooperation and integration initiatives to promote trade. Five workshops advanced better governance and improved government policies and their implementation, covering areas such as competition policies, tax administration, and media reporting.

The Developing Asia Journalism Awards program attracted 240 entries from journalists in developing member countries. To enhance the capacity of the media in monitoring the performance of governments and their policies, and encouraging public debate on these issues, the program included, for the first time, a workshop that introduced 22 participating journalists to emerging economic and development issues and deepened their understanding of them.

JRO's move to ADB I's location smoothed communication and cooperation with ADB headquarters and strengthened internal networking. During this productive year, ADB I held 57 conferences, seminars, and workshops, and published 9 books and about 50 research papers and disseminated them to policy makers.