

Knowledge Solutions for Development: An Evaluation of ADB's Readiness for Strategy 2030

RECOMMENDATIONS

1. ADB needs to make a clear, high-level decision about the desired depth and scope of the institutional transformation needed to implement Strategy 2030's knowledge ambitions. There are two boundary choices: The first boundary path, a Knowledge++ Bank model (knowledge plus finance and partnerships), would seek a wider transformation towards a knowledge bank, a choice that would be neither budget- nor effort-neutral. The second boundary path, to remain a Finance++ Bank model (finance plus knowledge and partnerships), would be consistent with ADB's efforts to continue with reforms.
2. If a Knowledge++ Bank model is favored, ADB will need to adopt a comprehensive approach to the full implementation of Strategy 2030's knowledge ambitions. This will require a decision to invest in staff and significantly deepen the reform of ADB's culture, structure, and human resource management.
3. If a Finance++ Bank model is favored, the current pace of incremental reform can be maintained, but a number of actions should still be undertaken to strengthen knowledge solutions.
4. In either scenario, ADB should take ownership and adopt a long-term commitment to its choice on how to implement Strategy 2030 and needs to develop new tools to benchmark its knowledge solutions and to update knowledge management procedures.

EVALUATION APPROACH

Knowledge solutions are knowledge-based ideas, designs, approaches, products, and processes that resolve problems. Reflecting its vision as the region's premier development partner, the Asian Development Bank's (ADB's) Strategy 2030 (2018) emphasized ADB's changing role and the importance of offering knowledge solutions to countries to address complex development challenges.

The evaluation's objective was to help ADB find ways to generate better knowledge solutions for its developing member countries (DMCs). Its overarching question was: *to what extent does ADB's institutional structure and culture support its understanding of its stakeholders' knowledge needs and its efficient delivery of relevant knowledge solutions in the context of Strategy 2030 and the evolving needs of Asia and the Pacific?*

The independent Evaluation Department (IED) carried out interviews with ADB staff and management, country counterparts and other stakeholders; drew from a wide range of ADB data and IED evaluations; and identified good practices from other knowledge organizations in producing knowledge solutions.

GOOD PRACTICES WITH KNOWLEDGE SOLUTIONS

Research and experience show that an organization that values knowledge needs to have committed leadership, a culture and incentive structure that encourages discourse, and sufficient flexibility to take advantage of its resources. The following elements reflect the latest thinking and experience:

- Top management championing the importance of knowledge and setting an example.
- A culture that encourages discussion and debate, allowing people in the organization to express views and bring together ideas.
- Adequate resources to ensure sufficient knowledge gathering, documentation of the tacit knowledge of staff and consultants, and a constant process to enable lessons to be learned.
- The capacity to form flexible teams that reach across the organization and allow knowledge to be shared.
- A quality review system that brings in the views of experts and front-line specialists.
- An action plan and a unit with high level support to help drive change.
- A results framework that sets targets for knowledge management and allows measurement of the contribution of knowledge to the organization's objectives.

KEY FINDINGS

ADB is at a significant crossroads. Asia and the Pacific has seen considerable development that has transformed economies and lifted millions out of poverty. Countries have become more demanding and are seeking sophisticated solutions to address complex challenges—including climate change, aging populations, and coronavirus disease (COVID-19). ADB faces a significant challenge in keeping up with the changing landscape of Asia and the Pacific. ADB is first and foremost a development bank and needs to make sound investments; it will have to carefully balance the need to operate as a bank with providing knowledge solutions.

How well does ADB identify regional and country needs for knowledge solutions? Overall, ADB is responsive to the requests of governments. However, ADB has a mixed performance on preparing country diagnostics and sector studies; country partnership strategies can look very much alike. Some partners and DMC officials expressed concern that ADB was not always very participatory in consultations on country needs and lacked deep policy dialogue.

To what extent does ADB tailor knowledge solutions to meet country needs? ADB maintains a strong relationship with DMCs, which allows it to work closely with governments to develop relevant projects. However, it relies heavily on consultants who sometimes lack an understanding of the country context, which detracts from providing tailored knowledge solutions. Government officials and ADB staff indicated that often ADB values speed over the search for more innovative and comprehensive solutions. ADB quality review tends come late in the project design process and is seen as a compliance issue.

Does ADB have the necessary processes and culture to harness its resources efficiently to deliver the knowledge solutions envisaged? While ADB has a strong commitment to implement Strategy 2030's knowledge agenda, it faces structural and cultural constraints. In particular, ADB has strong operations department silos that hamper the flow of knowledge horizontally and limit the collaboration of technical specialists across the institution. ADB operations department teams are small and rarely include staff from other operations departments. While there are good examples of collaboration between ADB's knowledge and operations departments, such collaboration is not routine and its extent varies. Current sector and thematic groups can only partly address the problem. Many staff identified a reluctance to take risk or embrace innovation in a culture that is characterized by vertical communication and highly codified rules, and a difficulty in collaborating and sharing knowledge, especially across divisions and departments that can compete for resources.

To what extent does ADB measure and efficiently share knowledge solutions? ADB is in the process of improving its measurement and communication of knowledge. It is changing the focus of its measurements to capture solutions by outcomes rather than just outputs. It has room to improve its measurement of knowledge management processes, as well as track the knowledge economy at the regional level. Likewise, ADB has been increasingly emphasizing the importance of sharing its knowledge products widely—something in which there have been issues. The recent reforms in the Department of Communications serve to highlight this commitment.

KEY INSTITUTIONAL STRENGTHS

- ADB has long experience with a large and varied program in most countries, has a large multi-disciplinary staff with wide ranging expertise and a growing local footprint through its resident missions. It is widely respected and a leader in the development community in Asia and the Pacific.
- ADB has good access to technical assistance resources to support the development of sophisticated knowledge solutions.
- ADB leadership is committed to Strategy 2030 and is supporting several reform initiatives related to the transition to a knowledge bank.
- ADB is strengthening information technology in order to improve its knowledge management and has made good advances since 2016.

KEY INSTITUTIONAL ISSUES

- Silos hinder the flow of knowledge, limiting cross-departmental collaboration and learning. ADB has five regional departments and two private sector units. There is difficulty in sharing knowledge and some competition for resources, in large part because of the inward organization and orientation of each regional department.
- ADB does not take sufficient advantage of tacit knowledge and experience. ADB's heavy reliance on short-term consultants implies that tacit knowledge is often not left in the bank and is not converted into more easily accessible codified knowledge. Many (consultant) reports are difficult to locate internally and are unavailable externally.
- ADB's processes are built around speed and disbursement rather than developing thoughtful knowledge solutions, partnerships, or innovation.
- ADB's culture, which is consensus-based and risk-averse, does not always promote innovative knowledge solutions.
- ADB does not measure knowledge solutions systematically or provide quality review.