



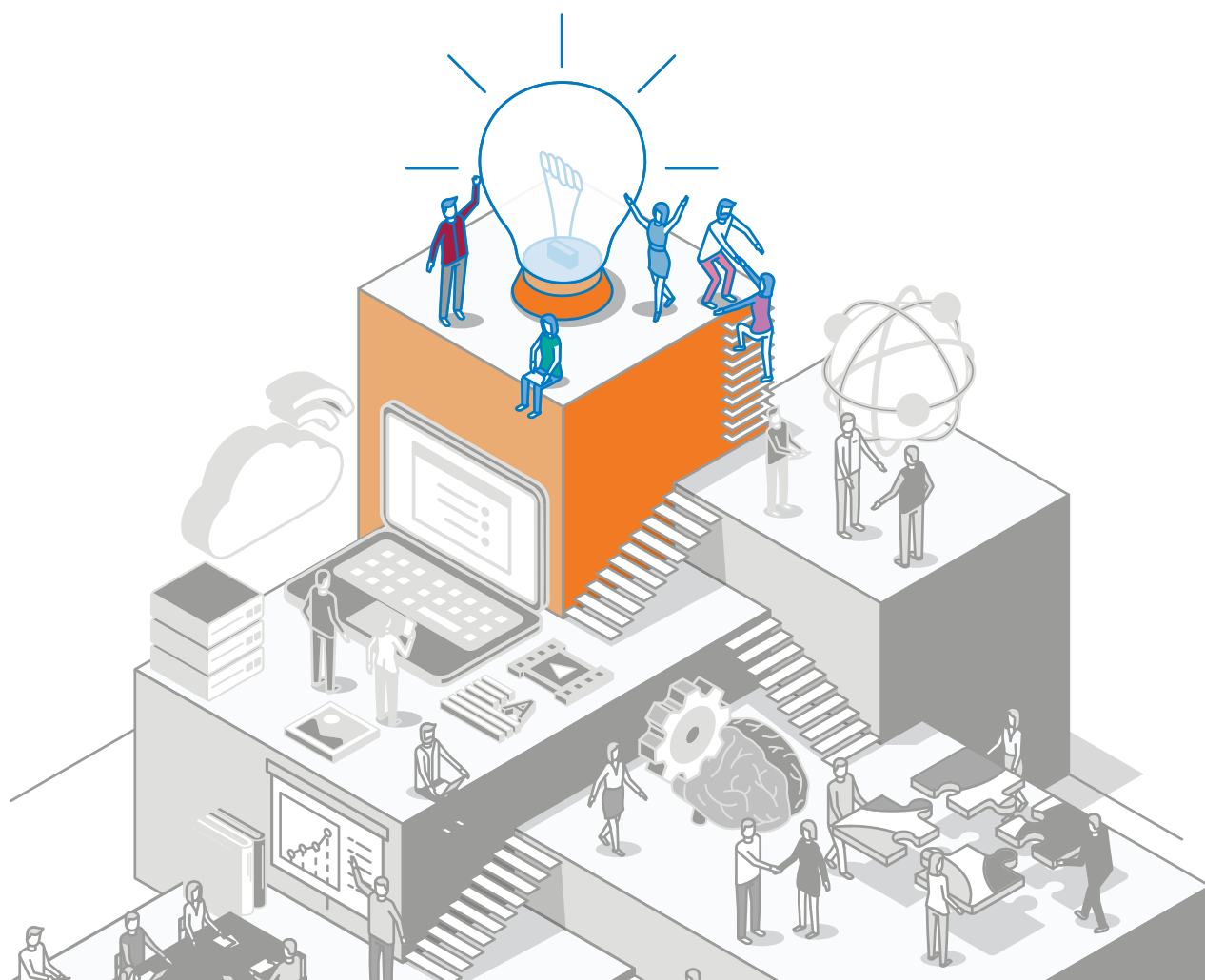
**European Bank**  
for Reconstruction and Development

SPECIAL STUDY: TECHNICAL PAPER 6

# LEARNING AND KNOWLEDGE MANAGEMENT AT THE EBRD: CONCLUSIONS, RECOMMENDATIONS AND SUGGESTED ACTIONS

OCTOBER 2021

EBRD Evaluation Department | Corporate | EvD ID: SS20-161



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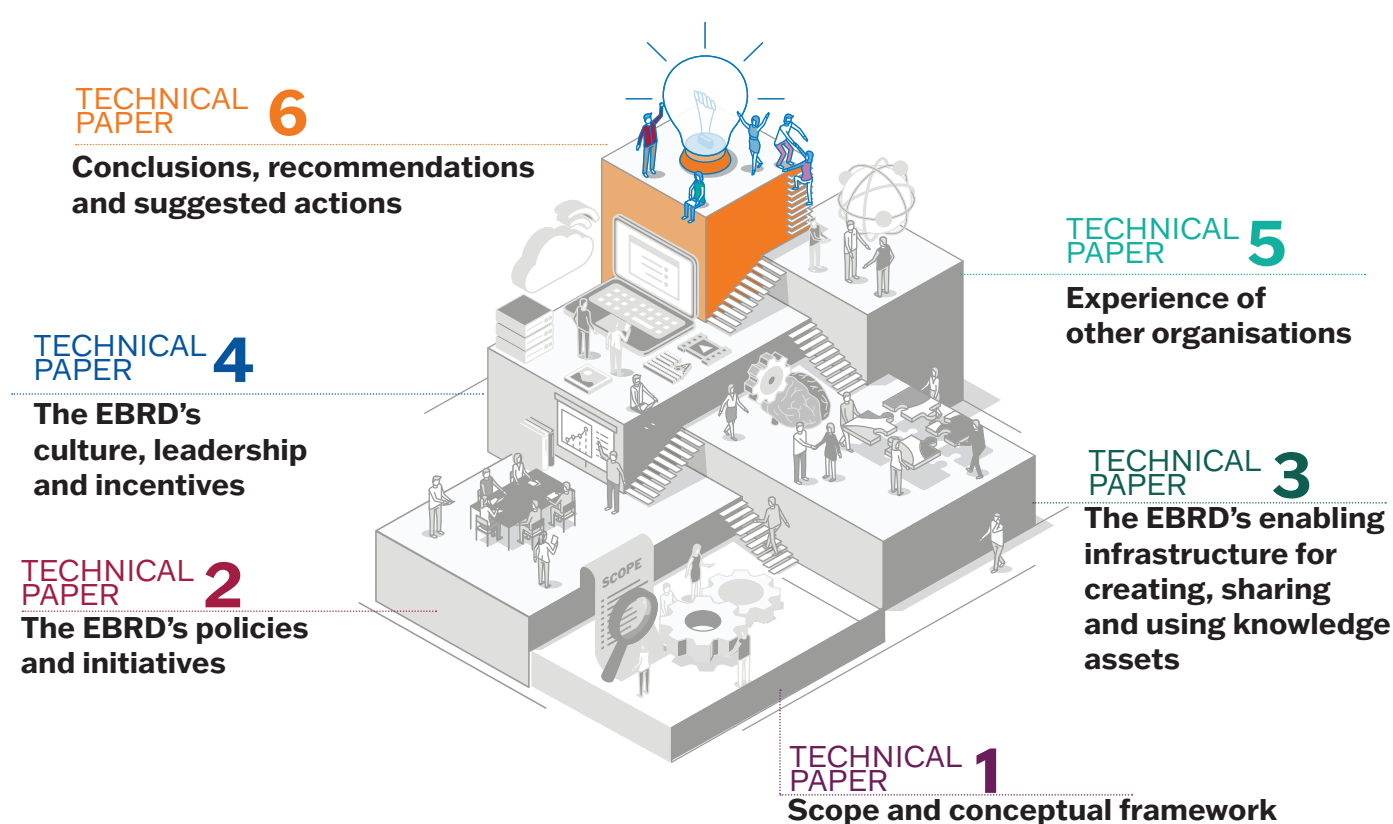
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This is Technical paper 6, forming part of the suite of papers and annexes which together comprise the EvD Special Study on Learning and Knowledge Management at the EBRD. The structure of the full study is shown below:



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# KEY FINDINGS AND RECOMMENDATIONS

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- In a region where knowledge, innovation and technology is on high demand, finance solutions are not sufficient. In order to keep its competitive edge and effectively contribute to building resilient, competitive, sustainable, inclusive, and well-governed economies, the EBRD needs to offer more than money. It needs to offer finance and knowledge solutions. For that, the EBRD needs to be innovative and learn from its own experience and that of others; it needs to mobilise internal knowledge assets that it has amassed in 30 years of operations.
- The objectives of learning and knowledge management (LKM) in the EBRD, its value proposition, have never been clearly articulated. It is not embedded in the EBRD's core business processes and it is perceived as a cost item rather than contribution to value creation.
- There is no systematic effort to determine and document the value-added of current LKM practices aside from selective examples. Comparators have shown that value-added can be assessed in theory and in practice.
- The Bank has an inadequate 'ecosystem' for LKM. Centrally, there is largely a vacuum on LKM, one only filled to a limited extent by donor resources. There is a much richer picture at the departmental level; however without a degree of standardisation of processes and approaches (including a universally applied taxonomy) and central coordination, knowledge struggles to cross organisational boundaries.
- Without a central LKM 'centre of excellence', intradepartmental staff expertise develops in an uncoordinated way, with many missed opportunities for exchange and advancement to remain on a par with MDB peers and best practices models. Existing Knowledge Management Working Group co-ordinated by EPG is a good start and can emerge as a Bank-wide proactive network of expertise and action in LKM domain.
- There are systemic impediments to effective LKM rooted in: (i) organisational culture, which is volume-driven, (ii) lack of top-level leadership instilling the value of LKM across the organisation, and (iii) systematic institutional design shortcomings, including almost no resources dedicated to LKM.
- The Bank has made useful progress in improving the enabling IT infrastructure, data management and governance frameworks, and the flow of knowledge within the Bank and to its partners. Yet challenges remain. Simultaneously, desired shifts in organisational culture require more time and concerted efforts of main internal stakeholders.
- The EBRD lags behind all three types of selected comparator organisations, but in different ways. Many sister MDBs have built a significant KM function, although not always a coherent one. Like the EBRD, they face the challenge of trying to graft on or embed knowledge and knowledge processes into a business model that has operated very well without the need for significant investment in KM.

## **Recommendations:**

1. Define the value proposition for LKM relative to the EBRD's strategic objectives and transition mandate.
2. Prepare, approve and implement an LKM framework/enhanced approach to deliver the defined value proposition through core function. It should include all essential elements as presented in this evaluation.
3. Commit adequate core human and financial resources matching the ambition of the approved LKM framework/enhanced approach.
4. Establish a system comprising a theory of change, case studies and performance metrics for measuring and reporting on the achieved value-added of LKM; conduct regular reviews of the process and results of the EBRD's LKM to feed into budgeting and the SIP strategic process; and evaluate results achieved at the end of SCF 2021-2025 period.

## 1. Context and rationale

The EBRD was set up in the belief that its existence would be relatively short. It was considered that the job to be done – establishing in the former command economies a vibrant private sector operating in competitive market economies following democratic principles – was clearly understood and the solutions known. To the extent that knowledge, policy dialogue and support for policy implementation were considered necessary, this would be the role of other players. **Because solutions were considered well known, little need was seen for the capture of knowledge from experience and learning.** This assumption needs to be revised.

In the 30 years since the EBRD's founding, the global economy has changed dramatically, and the needs of private sector and government stakeholders in its expanding regions of operation have evolved accordingly. The ever-increasing pace of innovations and the scale of disruptive technologies fuelled by knowledge as the main factor of production have contributed to the emergence of Industry and Service 4.0. Simultaneously, dynamic economic growth came at the price of increasing environmental, social and humanitarian problems, creating significant disproportionality among groups of populations and territories. Climate crisis is the new imperative that drives government economic and social policies and defines companies' strategies and business plans. Furthermore, the recent global pandemic upended global value chains and dramatically increased the speed of digitalisation in many economic and societal spheres. All these require new solutions from international financial institutions like the EBRD.

**There is now a growing recognition that to maximise the Bank's contribution to building competitive, sustainable, inclusive, and well-governed economies, the Bank needs to be innovative.** To be innovative, it needs to learn from its own experience and that of others to understand what works, what doesn't and why. This requires access to, and use of internal knowledge derived from information and data from experience. It also needs an attitude to risk that allows for the inevitable failures that may occur from trying new approaches, and a culture that learns from failure as well as success.

**However, a key issue is that the Bank finds itself stuck with a totally inadequate 'ecosystem' for LKM.** Several decades of belief that this was not a core function of the Bank led to chronic under-investment that is not easily or quickly reversed – this is not just a function of budget, but also the capacity of the Bank to manage multi-dimensional change while continuing its core financing business. On top of this, not everyone, including some members of the Board and ExCom, is convinced that such change is necessary or should be a priority. This has led to piecemeal under-resourced initiatives that, while necessary, were insufficient to bring about significant change. Where champions moved on and the limited resources provided dried up, initiatives were not sustained. This is the context within which this evaluation took place.

The evaluation assessed how the EBRD learns and how it mobilises its tacit knowledge assets (experiential knowledge in staff members', consultants', and clients' heads) and its explicit knowledge assets (knowledge captured in shareable form without the need for person-to-person exchange). Its specific objective is a learning one – to provide an informed framework for understanding institutional practices; to identify issues, lessons and recommendations and suggest actions to improve internal LKM (a later evaluation may look at external LKM – knowledge shared by the EBRD to clients and others).

The evaluation provides four recommendations based on evaluation findings. Each recommendation leads to suggested actions derived from the evaluation evidence. This approach is adopted to provide Management with concrete suggestions emerging from the evaluation findings, while allowing for flexibility about how it responds to recommendations.

Suggested recommendations and their supporting actions contained in the report will be refined through the engagements with the KM WG. This collaborative process will also help prioritise actions – it is proposed to have three categories of actions: short-term (within 12 months), mid-term (within two years), and long-term (more than two years). Criteria for prioritising actions could include:

- expected value-added
- perceived need
- cost and assessed feasibility of obtaining budget
- likely 'payback' period with consideration given to 'quick wins'

- acceptability (being a judgment on the balance of opinion between likely supporters, opponents and ‘fence sitters’)
- strength of the evidence supporting the action
- extent of successful application elsewhere
- pre-conditions necessary for delivering the action (dependency on prior actions)
- time required to achieve
- other factors.

## 2. Findings and issues

The evaluation team sought to answer five inter-connected questions. Findings that follow answer these questions.

### (i) What do the EBRD’s actions, policies, and strategies (and the evolution of these) tell us about its objectives regarding LKM?

Based on evaluation evidence, the following issues were identified:

**LKM is not embedded in the EBRD’s core business processes, it is not part of the organisation’s DNA** – rather, it is seen by most as peripheral to the Bank’s main business activity; something nice to have but not core. This reality explains why LKM in the Bank does not attract the support and resources it needs for success. The limited core resources directed to LKM activities and the non-approval of an LKM strategy would seem to reflect a lack of tangible support by senior decision-makers.

**The objectives of LKM in the EBRD, its value proposition, have never been clearly articulated.** As shown in TP5, other organisations, including those in the private sector, have established a clear value proposition for LKM. The absence of this in the EBRD, combined with a lack of senior leadership support (which in turn may be a function of the lack of a clear value proposition), leads to a culture that values other things more than learning and knowledge.

While the above represents the current situation, **the Bank has committed to its shareholders that it will enhance its ability to learn and to transfer knowledge across the organisation (as stated in its Strategic Capital Framework 2021-2025 and Strategy Implementation Plan 2021-2023).** Accordingly, Management established a working group to push forward the learning and knowledge agenda. However, in its current format the working group and its leadership do not have a mandate or the authority to bring about Bank-wide change. Unless the related problems of marginalisation, resourcing, unclear value proposition, lack of leadership support, and a culture that doesn’t value learning and knowledge are addressed, any initiatives are unlikely to be fully successful or sustained. This has been the experience of the EBRD and of many others.

How does the Bank measure up in terms of being a knowledge institution? To help answer this the evaluation team drew on the literature to construct a conceptual framework to benchmark the EBRD’s position. Despite its clear need to be a “knowledge bank” where know-how and advice represent a significant part of its business proposition, the EBRD is only at the “prototype” stage. On the APQC KM maturity levels, the EBRD shows evidence of *Level 1 Initiate: Growing awareness* and *Level 2 Develop: Localised and repeatable practices*. *The next level to aspire to is Level 3 Standardise: Common processes and approaches. Beyond this, levels are Level 4 Optimise: measured and adaptive, and Level 5 Innovate: continuously improving practices.*

While having skilled and capable people, a formal competencies framework, and some policies that are aimed at enhancing organisational learning, the Bank’s priorities for allocating resources, and its practices and instruments are not unified or coordinated to position knowledge and learning at the heart of its mandate. It also lacks incentives for stimulating LKM and enforcement mechanisms for implementing existing policies with an LKM element, including the evaluation policy.

**The reality is that centrally, there is largely a vacuum on LKM, one only filled to a limited extent by donor resources.** There is a much richer picture at the departmental level of what APQC calls “localised and repeatable practices” – a reality that this evaluation has characterised as ‘a thousand flowers blooming’ though it is more like 20 to 50 initiatives. These initiatives, driven by mid-level managers, aim



to address local needs. As admirable and value-adding as these are, in the absence of a clearly stated overarching vision or objective for LKM, and a persuasive value proposition, LKM will likely remain a marginal activity for the Bank as a whole while being locally important in certain parts of it. **Without a degree of standardisation of processes and approaches (including a universally applied taxonomy) and central coordination, knowledge will struggle to cross organisational boundaries.** The huge asset of tacit knowledge derived from the EBRD's experience will remain largely in staff members' and consultants' heads (with some sharing person-to-person through teamwork) or lie buried in consultants' reports, only to be lost as staff move on and consultants finish their assignments. Also without a central LKM 'centre of excellence', within-departmental staff expertise develops in an uncoordinated way, with many missed opportunities for exchange and advancement to remain on a par with MDB peers and best practices models.

A conclusion of the evaluation is that in developing its own framework for LKM, the Bank would be well-advised to follow ISO30401 Standard: Knowledge Management Systems – Requirements. This only requires an investment of CHF118.

## (ii) What evidence exists regarding the nature, extent, and value-addition of LKM practices in the EBRD, and what perceptions exist internally about the actual and potential role of LKM?

### Nature and extent of current LKM practices

At the central level, the following elements of an LKM system include:

- **KM team** established in 2016 within the Economic Policy Governance group comprising one part-time staff member as unit head and four full-time consultants.
- **KM initiative** launched in 2016, run by the KM team, that has supported the establishment of CoPs, Policy Academy, KM Intranet Hub, Korea-to-Transition project, rejuvenation of the Transition-to-Transition programme and production of knowledge products. It prepared a KM Framework that was discussed by SPCom in 2017, but not approved.
- **Knowledge Management and Learning WG** established early 2020 (learning has subsequently been dropped from its title) is an interdepartmental entity charged with revitalising the KM Initiative although its stated focus was narrower, being on fostering learning from evaluation. It meets around four times a year. It has produced a document entitled *A Fresh Approach to the KM Initiative* that was discussed by SPCom for a total of seven minutes in March 2021 with no clear direction emerging. It previously prepared a document *KM at the EBRD: Short-term plan and long-term vision*. An action plan was prepared, which largely reflects the departmental initiatives described below.
- **Self-Evaluation and Results Management WG** also established early 2020 – self-evaluation and results management are not covered by this evaluation though they are recognised as very important elements of an LKM ecosystem.
- **Enabling infrastructure for creating, sharing, and using knowledge assets** including IT infrastructure, data management, governance framework and tools facilitating knowledge flow. Work on this accelerated with the adoption of the *One Bank Initiative* in 2013. Some of the more recent and more significant advances are:
  - » A strategic approach to IT transformation captured first as *Tech2020* that aimed for better capture, use and analysis of data, and improved internal and external collaboration.
  - » A post-pandemic *IT Multi-Year Investment Programme*, guided by.
  - » *Tech2025*, a revised strategic approach with an extended and ambitious set of KM-related objectives.
  - » On data governance, creation of a Data Management team in 2017 and a management committee (DataCom) that is a decision-making body on all matters related to data architecture and governance, and a Data Architecture Working Group.
  - » Roll-out of tools such as EBX, Data Quality Monitoring Tool, and Tableau.
  - » Renewal of the Intranet starting in 2017 with the inclusion of tools such as staff profiles, an ability to post directly, collaborative spaces, dashboards, bookmarks, and an improved search function.
  - » Fostering of collaborative groups such Data Forums and Tableau Users' Group.
- **Human resource initiatives with implications for a culture change more favourable to LKM.** Early in 2020, the Bank launched a revamped set of staff behavioural competencies, with two

more added to the original eight in September 2020 to take account of the dramatically changed working conditions post-the onset of the pandemic. Organisational management was added to HR's function in 2019 and there are ongoing efforts to measure staff engagement that has a learning and development dimension. Staff mobility (secondments and attachments) is potentially a powerful way of sharing tacit knowledge. A Mobility Policy was approved. While there are several well-established departmental-level exchange programmes, the evaluation found little evidence of a centrally managed, centrally funded and visible mobility programme. The evaluation interviewed 40 staff who had participated. Additionally, the induction process for new joiners and staff moving to new positions is inconsistent while efforts to capture leavers' tacit knowledge is only just emerging.

At the departmental level (intra and inter-departmental) the evaluation identified around 20 initiatives, not including 17 knowledge hubs. These initiatives were grouped into three categories – departmental initiatives with operational objectives; departmental initiatives with specific LKM objectives; and interdepartmental initiatives. Most LKM initiatives are intra-departmental. Points of note are:

- Departmental initiatives with operational objectives generally operate 'below the radar' and are often not formalised or easily accessible by those not directly involved. Examples are:
  - » OCCO platform on Monarch
  - » ESD database of training materials
  - » Feasibility studies and other consultants' reports
- Interviewees believe all non-commercially confidential knowledge products should be more widely available.
- Initiatives with specific LKM objectives include tools designed by a department to reduce or deal with repetitive issues or problems, or to provide regularly requested information proactively. Examples are:
  - » Capital Markets Development team's Trello boards that provide up-to-date information on what's happening in the capital markets in each country of operations
  - » Library of presentations case studies launched by the Business Development department
  - » Risk department's Sector Guidance notes
  - » Also part of this category are the 17 knowledge hubs that serve specific business needs, often those where there is a need to comply with international standards and requirements.
- Such departmental initiatives often have a staff member with a designated responsibility for the KM activity, one or more repositories of knowledge, and a consistent communication plan. Notwithstanding the designation of responsibility, typically this is not matched with an adequate provision of time in work programmes meaning those responsible often must work long hours to fulfil their 'regular' and their KM roles. The KM activity is often not reflected in the department's budget as resources are diverted from other ends. The 'champion' of the activity is at the MD or director level.
- Inter-departmental initiatives occur where there is a shared responsibility across a number of departments with a common response to the need to develop a shared approach and communicate a common message. Alternatively, the initiative may involve the movement of people from one department to another on a temporary basis. Examples include:
  - » Climate Action Network
  - » Banking Risk Rotation Programme
  - » Guest Auditor Programme
  - » Thematic networks including the Gender Network and GET Ambassadors' Network
  - » The Mobility Programme
- These groups are often formally constituted – they may be created for a fixed term or a fixed end, or they may be open-ended. They are among the most visible departmental LKM initiatives, but they attract little if any central funding, and are neither centrally managed nor communicated effectively.

### **Value-addition of current LKM practices**

**The evaluation did not discover a single example of a systematic effort to determine and document the value-added of current LKM practices** aside from selective examples of efforts to capture the



value of CoPs, as presented in the activity reports of the KM WG. Given the lack of dedicated resources for LKM, it is not surprising that the little that is available goes on 'doing' LKM rather than measuring outcomes and impact. However, the absence of explicit and compelling evidence on the value-added of LKM initiatives means that the case for more resources cannot be made convincingly, particularly to those who are sceptical of the value-added.

**Comparators have shown that value-added can be assessed in theory and in practice.** The ways in which LKM might produce beneficial outcomes and impacts can be determined by collaborative development of a well-constructed set of theories of change at the initiative level and more broadly (grouping related initiatives or at the country or business unit level for example). A well-constructed theory of change is testable so providing a basis for verifying the soundness of the theory of change and providing a predictor of the likelihood of expected results eventuating. Preparing sound theories of change requires the involvement of at least one person with real skills in this area, but they also must be prepared in an iterative and collaborative manner. They must also be comprehensive to be meaningful and useful, which has not been the case in the EBRD to date. Simplistic theories of change serve little purpose aside from 'window dressing'.

Comparators, in particular IFC, and the three private sector firms, have shown **that case studies are a particularly powerful way of demonstrating value-added.** They also have the advantage of having explanatory power, something that is not the case with aggregate quantitative performance metrics, which is the third way of measuring value-added. Shell goes further than most with its case studies in that it assigns a dollar value to the benefits with this being objectively verified. In terms of KM itself, the APQC case studies also illustrate the utility of the case study approach.

Despite challenges with quantitative metrics for measuring the results from LKM initiatives, they have their place and should be included when valid data can be collected – this as part of a tripartite approach to the assessment of value-added – theory-based analysis, case studies and metrics.

### *Perceptions on the actual and potential role of LKM*

**There are often contradictory views among staff about the Bank's unique offer.** Some see that the EBRD offers what it does best through a limited set of products and services. Others see that it offers many bespoke products that match clients' needs, but which are often developed by individual teams on a case-by-case basis without necessarily calling on the wider Bank knowledge and expertise. They might overlap/duplicate other bespoke solutions that remain undetected due to poor systems for circulating explicit knowledge and the difficulties of sharing tacit knowledge. This is inefficient and it limits the Bank's broader value addition, including its ability to be innovative.

Many staff believe **the core business objective of delivering investment volumes of an acceptable quality in terms of transition impact leaves little time for exploiting organisational knowledge assets, reflection, and developing more innovative and sophisticated products that offer greater value to the clients.** As an activity on the margin, experience in the EBRD and elsewhere has shown that LKM initiatives are unlikely to be sustained. Priorities change, champions move on, resources are insufficient and uncertain, structures are weak, incentives absent, and organisational culture is not supportive.

However, **the onus is on those that are making the case for LKM becoming core to the Bank's offer to make a convincing case for this to be worthwhile.**

### *(iii) Are there problems or missed opportunities for value-addition in the EBRD's approach to LKM, and if so, what are their proximate and underlying causes?*

**There are systemic impediments in the way of the EBRD exploiting its knowledge assets and making them value adding rather than cost dragging.** These are rooted in: (i) organisational culture, which is volume-driven, (ii) lack of top-level leadership instilling the value of LKM across organisation, and (iii) systematic institutional design shortcomings (including almost no resources dedicated to LKM). Together these undermine efforts to embed KM into core business processes and harness its value added.

**Two decades of sunset status has prevented the Bank from developing the technological and organisational capabilities to drive change and innovation vis-à-vis comparators.** Chronic under-

investment and reliance on multiple standalone systems well past their use-by date; the basic IT infrastructure, communications and human resources pillars do not provide the basis for building effective knowledge systems and tools for transformational institutional learning and innovation. Its status as an international organisation exempts the EBRD from being forced to comply with most national and international regulations and contributes to the relative backwardness of the Bank compared to its regulated peers.

**Despite a marked lack of success to date in establishing a Bank-wide LKM system, many initiatives are flourishing, often ‘below the radar’ – in Banking, Risk, OCCO, OGC, and EPG to name a few.**

They are championed by mid-level managers who see having an LKM function inside their business area more clearly as value adding. This more bottom-up and organic process (driven by perceived need) offers not only valuable lessons, but also has the potential to become more ‘joined up’ thereby creating a more comprehensive LKM system in the Bank. However, in the absence of a unified vision, adoption of a common taxonomy, and the ability for data and knowledge to seamlessly cross boundaries, the various initiatives will not become joined up.

**The Bank has made useful progress in improving the enabling IT infrastructure, data management and governance frameworks, and the flow of knowledge within the Bank and to its partners. Yet challenges remain.**

With respect to IT infrastructure, there are risks associated with the Bank’s capability to govern and deliver large scale IT reform programmes, and to effectively integrate lessons from past successes and failures of such programmes. With respect to data management and governance, the many heritage data systems across the Bank and the multitude of standards and formats of data assets create huge difficulties for streamlining business processes and re-engineering them for higher efficiencies. Finally, while the Bank has reduced the costs for accessing and sharing knowledge, including through internal communication channels and IT platforms, accessing knowledge via personal networks remains the preferred (or at least necessary) way of working. This means that knowledge is skewed towards staff with greater experience in the Bank and those based in the HQ. Remote working effective from the beginning of 2020 sped up the digitalisation of the Bank’s operations and the upgrade of its IT infrastructure and this offers an opportunity to level up access between HQ and RO staff.

#### **(iv) What future actions are available to enhance and create further value from LKM and would they represent value-for-money?**

There are many actions that could be taken, and these are listed in the next section on recommendations and suggested actions.

**A fundamental issue though is the need to convince sceptical or unconvinced resource allocation decision makers of the net value-added of making LKM core to the Bank’s business offer and a key competitive differentiator.** This will require a focused and coordinated programme involving:

- **Advocacy** – including bringing in high-level speakers who can talk from experience of creating net value-added from investing in LKM, particularly those from the private sector; using the most effective communication channels to channel a stream of stories on success from LKM fully using the resources offered by APQC membership; using behavioural concepts to package messages, including through means such as ‘nudging’. Part of advocacy will be to identify champions for LKM, including at the highest level.
- **Measuring** – there are a significant number of LKM initiatives in the Bank. Efforts should be made to measure the results of these through use of a theory-based approach, case studies (where possible with net value-added assigned) and use of metrics, including use of benchmarking metrics. The information so generated can be used for advocacy and recognition.
- **Demonstrating** – all those generating knowledge, including EvD, should demonstrate good KM practices to support learning. This means factoring in uses and users; using a variety of targeted communication channels; producing outputs in a variety of formats; taking actions to facilitate use through collaboration and engagement. Adopt and publicise the use of approaches such as rapid results, after-action reviews, annual year-in-review reflection sessions among others.
- **Recognising and valuing** – rewarding good behaviour in LKM does not necessarily require monetary rewards as demonstrated by Deloitte and Shell. Thank you letters and publicity are highly valued.
- **Benchmarking** – using APQC maturity levels and/or Most Innovative Knowledge Enterprise – this to feed into advocacy and measuring.

**Beyond this, the Bank needs to focus on the conditions necessary for a more joined up, coordinated and coherent function.** Rather than develop its own framework for LKM, it is better to start with one that already exists and is internationally recognised, customising this as deemed necessary. Use of ISO 30401 is the obvious candidate here. This will allow the Bank to track its progress. Ultimately, it may wish to seek certification.

**A key area requiring attention is the need to ensure that a common taxonomy is adopted and that all knowledge products are tagged accordingly.** Shell sees this as absolutely fundamental for its KM system. There is little point in generating and storing knowledge if it can't be found subsequently.

#### **(v) How does the EBRD's approach to LKM compare with that of others financing development and in the corporate world?**

To increase the source of knowledge and ideas, the evaluation considered the experience of three MDBs (ADB, IFC and World Bank), four philanthropic organisations (David and Lucile Packard, Ford, MacArthur, and William and Flora Hewlett Foundations), and three private companies covering the financial sector (American Funds), industry (Royal Dutch Shell) and services (Deloitte Touche Tohmatsu).

**Looking at all three types of comparator organisations it is fair to say that the EBRD lags all of them, but in different ways.** The MDB comparison is most obvious, and many sister banks have built a significant KM function, although not necessarily a coherent one. However, despite making observable progress in some areas, MDBs are struggling to resolve fundamental challenges to embedding knowledge, and knowledge generation and use into their core business processes. KM action plans, frameworks and strategies do lead to action, but in the absence of a favourable context, they have not resolved fundamental challenges. For the EBRD, as for other MDBs, the challenges are trying to graft on or embed knowledge and knowledge processes into a business model that has operated very well (at least in the eyes of those making decisions) without the need for significant investment in KM.

**Philanthropic organisations are not commonly used as EBRD comparators, however their mission and contribution to achieving sustainable development goals and mobilising impact investment makes comparison warranted.** Also, the EBRD's outreach to these organisations is growing through the external partnerships pillar. Philanthropic organisations rarely mention KM explicitly in their policies and procedures but have firmly embedded learning into core business processes and the DNA of their organisations. They demonstrate a superior adaptive management approach, and they utilise rigorous theories of change to drive LKM actions and to define results and value-added. The bulk of their LKM function is delivered by operational staff through their core responsibilities.

**Private sector firms also had to embed KM into systems that previously operated successfully without an explicit KM function.** However, the three firms selected as comparators (based on their excellence in KM) have been much more successful in this endeavour than MDBs. They also have been successful in building a business case for KM and learning, thereby gaining strong leadership support; they have adopted a phased approach to the introduction of KM systems; and they had or could create a more receptive culture for LKM. Their LKM toolkit is more advanced, underlying infrastructure is robust and upgraded regularly, and the resourcing of KM is driven by business needs. Business needs also define the scale of LKM team/expertise and its location (centralised or decentralised system), which could be flexible depending on changing priorities.

**The EBRD has much to learn from others.** In this regard, membership of the APQC should be a priority action. This would let the EBRD benchmark itself against a wide variety of others, APQC's maturity level would provide a performance metric and target, and membership would open a huge resource base and network of contacts. The annual membership fee is \$11,000. This is not insignificant, but the value obtained, particularly during the phase of developing and strengthening LKM would far outweigh the cost.

### 3. Lessons and conclusions

This evaluation offers a number of lessons:

1. LKM thrives in environments that foster a culture of learning and innovation. Underinvestment in enabling technology can be easily rectified with the acquisition of best-available technological solutions successfully used by other private and public sector organisations. However, progress in LKM will be limited without shifts in the organisational culture that welcomes inquisitive and innovative practices, learning from mistakes and successes, collective reflections and co-creation across the organisational silos.
2. A centrally defined value proposition is needed to create the framework for LKM. Evidence suggests that its absence sidelines organisational learning and knowledge management to the periphery, undermining the opportunities to develop new solutions and innovative offers through mobilising rich internal knowledge.
3. Top-level leadership is essential to create a supportive environment for learning and innovation. Evidence shows that its lack leaves mid-level managers at the helm of the LKM function, resulting in a rich but disparate ecosystem of initiatives and practices with limited synergies and institution-wide impact.
4. Without adequate core resourcing the LKM function can only focus on a limited - and not necessarily the most needed and valued – set of activities. In the case of the EBRD, experience shows that dependency on donors means priorities are identified jointly with those who chose to fund them rather than those who will benefit from them – bankers and specialist staff.
5. Well-formulated behaviour competencies if not enforced through a people management system have little footprint on organisational culture, which is largely shaped by strict business volume metrics and informal practices favouring competition.
6. Increasing geographical and functional staff mobility is an effective way to speed up the circulation of tacit knowledge across the Bank, especially when expanding into new countries and market segments. This is particularly true when objectives are clearly formulated and supported by a toolkit.
7. Without a degree of standardisation of processes and approaches (including a universally applied data and knowledge taxonomy) and central coordination, knowledge struggles to cross organisational boundaries and to add value where and when most needed.
8. Participation in IFI fora and interacting with peers in the international financial sector proved to be beneficial to the EBRD as it created opportunities for learning from their positive and negative experiences of implementing the LKM function. Private sector and philanthropic organisations working on similar issues also proved to offer innovative business models and cutting edge technological solutions that can be beneficial to EBRD.

**This first ever systematic evaluation of the EBRD internal policies and processes of organisational learning and knowledge management revealed a number of important messages that require the attention of senior leadership and buy-in from the staff.** So far, the organically grown ecosystem of LKM initiatives and activities has been meeting some of the needs of organisational innovation. Centrally-driven but poorly resourced initiatives attempted over the last 20 years have delivered little long-lasting and visible impact on the Bank's business model. LKM continues to be perceived as a cost rather than an input in value creation for the Bank's clients and shareholders. In order to deliver the ambitious priorities set in the EBRD's Strategy 2021-2025 (Strategic and Capital Framework) this needs to be changed. Demands articulated by staff striving to deliver the highest value for the Bank's clients require more, not less knowledge and learning. However, these should be geared up towards the Bank's unique business model and its transition mandate.

The Bank has already identified innovation as one of the main drivers for its business proposition. Innovation requires extensive exploration of external knowledge and exploitation of internal knowledge through effective mechanisms and structures of organisational learning. This report provides compelling evidence of existing and missing elements of the LKM function at the EBRD that need to be brought together under a consistent LKM framework. Embedding international standards and acquiring relevant



best available practices in the area of organisational learning and development requires centralised efforts and some resources. However, many existing streams of corporate transformations already contribute to enhancements in the essential building blocks, such as IT and data management infrastructure, HR and organisational development, process reengineering and automation. **Adding a well-articulated central LKM function with strong backing from top leadership will create opportunities for achieving synergies from these separate activities and enhanced institutional impact that can make the EBRD a true learning organisation delivering innovative and high-value solutions to its clients and stakeholders across all regions of operations.**

## 4. Recommendations and suggested actions

There are four recommendations in this evaluation that follow a clear logic:

**Recommendation 1:** Define the value proposition for LKM relative to the EBRD's strategic objectives and transition mandate.

**Recommendation 2:** Prepare, approve and implement an LKM framework/enhanced approach to deliver the defined value proposition through core function. It should include all essential elements as presented in this evaluation.

**Recommendation 3:** Commit adequate core human and financial resources matching the ambition of the approved LKM framework/enhanced approach.

**Recommendation 4:** Establish a system comprising a theory of change, case studies and performance metrics for measuring and reporting on the achieved value-added of LKM; conduct regular reviews of the process and results of the EBRD's LKM to feed into budgeting and the SIP strategic process; and evaluate results achieved at the end of SCF 2021-2025 period.

This evaluation is heavily focused on learning. In the absence of an EBRD corporate policy and strategy in the area of learning and knowledge management, the objective of this evaluation has been to identify areas for improvement and provide tools and approach to move towards enhanced LKM in the Bank. This approach has been chosen in the spirit of the external assessment (Kirk report) that recommended close collaboration between Management and EvD.

With this approach in mind, the team has gone a step further than the recommendations and prepared a range of potential follow-up actions. These are driven by the Bank's own practices and experiences of other institutions in public, private and philanthropic domains. They are aimed at demonstrating realistic steps, some of which requiring no significant additional resources, grouped along three time-horizons: short term (under 12 months); mid-term (under two years); and long-term (more than two years). Without presuming of Management's agreement with the evaluation's recommendations, nor of Management's preferred actions to address them, the following section provides some examples of possible actions under each recommendation.



**Recommendation 1: Define the value proposition for LKM relative to the EBRD's strategic objectives and transition mandate.**

Short-term	Mid-term	Long-term
KM team: Bring together LKM Action Network of MDs/directors who are interested in adding value to their products/services through LKM function	KM team/MD LKM network: Review all policies and practices that have LKM component and identify handicaps on the way of their full implementation	
KM team/MD LKM network: Extend stocktaking performed by EvD and KM team to include all business units: sectoral, functional and geographical; and establish a system to ensure this is continually updated	KM team: Perform stakeholder analysis to identify critical group of supporters and detractors of LKM function in the Bank	
KM team: Clearly formulate all business needs for LKM and existing initiatives/practices, particularly intra-departmental that are challenging to capture and bring them under one "business case" with clear value proposition	KM team/MD LKM network: Define set of measures to shift LKM offer from supply-driven to demand-driven	
KM team/Senior Steering Group responsible for Kirk Report Action Plan: Transform KM WG ToR to include goals and activities with Bank-wide synergetic effect	KM team/ExCom: Clearly position LKM added value with respect to delivering SCF priorities and the Bank's transition mandate	
KM team/EvD: Organise a range of events for staff with external speakers from organisations and private companies that achieved significant progress in LKM and those that are struggling despite some underlying infrastructure and resource allocation		
KM team/outside expertise: Develop rigorous theories of change for the principal LKM initiatives in the Bank as well as one or more for LKM as a core function - to clearly identify the ways in which value-added will be created. These theories of change to be developed in a collaborative and iterative manner with the input of real expertise in theories of change		
KM team/MD LKM network: Advocate strongly for LKM to be a core function of the Bank including by bringing in high-level speakers; using the most effective communication channels to promote LKM value-added; using behavioural concepts to package messages, including through means such as 'nudging'.		

**Recommendation 2: Prepare, approve and implement an LKM framework/enhanced approach to deliver the defined value proposition through core function. It should include all essential elements as presented in this evaluation.**

Short-term	Mid-term	Long-term
KM WG: Obtain clear mandate to design and execute LKM transformational actions across the Bank	Data/KM: Extend use of single taxonomy from data to information and knowledge assets Introduce a basic model of knowledge flow helping to connect the Bank's knowledge products at different levels (from clients to countries)	HR: Ensure EBRD behaviour competencies that are essential for LKM are consistently transposed into business departmental objectives and individual performance objectives
ExCom: Learn more about ADB's Culture Transformation Initiative launched in November 2020 as its implementation may offer lessons of value	Data/KM team: Provide adequate training to staff responsible for knowledge assets on taxonomy	HR: Design a set of incentives for staff to perform LKM tasks that are recognised on par with the main business tasks
KM team/MD network: Conduct after action reviews of key actions and annual Year-in-Review reflection sessions of progress as an input to adaptive management and the reporting of progress.	Data/KM team: Apply consistent quality controls and curation of knowledge assets to ensure taxonomy is applied universally	HR/ExCom: Promote learning from mistakes on par with learning from successes
ExCom: Consider which new ways of working introduced in response to the pandemic that should be retained as the situation normalises	KM WG/ExCom: Consider the appointment of knowledge brokers to facilitate knowledge flow throughout the Bank	HR/ExCom: Design non-material or material awards for best LKM performers – individual and teams
	MD network/KM WG: Borrowing from American Funds, consider developing a principal, centrally managed Source of Needed Information (SONI) as a one-stop knowledge shop, along with the idea of having professional writers and editors to create content and, importantly, content analysts located within business teams	EvD and KM WG: Consider adoption of MacArthur Foundation's use of evaluation and learning partners – so-called 'critical friends' who are independent of the Foundation but invested in helping it effectively implement its strategies. A key role is to challenge assumptions.
	HR/KM team: Ensure new hires are inculcated early on regarding the importance of using and sharing knowledge and the tools available	HR/KM WG: Consider developing a set of principles on learning along the lines of those of the William and Flora Hewlett Foundation
	HR/MD network/KM WG: Develop intrinsic rewards for knowledge capture and sharing	

**Recommendation 3: Commit adequate core human and financial resources matching the ambition of the approved LKM framework/enhanced approach.**

Short-term	Mid-term	Long-term
VP3: Request 2022 SIP allocation for continuous LKM function based on identified needs and priorities identified in SCF with regard to strengthening monitoring, evaluation and learning function	Bank: Blend core and donor resources to achieve optimal effect from LKM activities	IT/Communications/HR: Introduce mechanisms to measure utilization of collaboration tools (including the Intranet) and track knowledge flows with the purpose to reduce transaction costs in accessing and sharing information and knowledge within the Bank

Short-term	Mid-term	Long-term
ExCom: Expand existing KM team with externally hired LKM expertise and internal cadres with in-depth knowledge of the Bank's business processes, awareness of formal and informal business culture	KM team: Connect effectively intra-team LKM leads with central "excellence centre" to ensure exchange of best ideas and practices and consistency in implementing LKM function	HR: Ensure that job descriptions and postings refer to skills and qualifications relevant for LKM systematically
ExCom: Identify LKM leader at ExCom level who will consistently lobby for the function, its adequate resourcing and incentives	IT: Invest in essential IT infrastructure for explicit knowledge management, maybe starting from core functions such as banking portfolio (part of self-evaluation reform)	HR: Review mobility programmes regularly based on data and evidence with the objective to improve performance
HR: Make sure that staff skills audit include skills and qualifications relevant for LKM; identify LKM skill pools across the Bank	HR: Employ its organisational development resource to collaborate with business units on identifying internal LKM capabilities and how best to employ them.	
HR: Review its approach to mobility programme(s) to define clear objectives, organisational and financial resources and expected deliverables, that are congruent with defined business and LKM needs	HR: Strengthen the data and analytical capability of HR so that the Bank could assess how mobility programmes affect staff performance and rewards	
KM team: Invest in APQC membership	KM team: Identify relevant comparators amongst MDBs as well as private sector entities Track performance of comparators through IFI KM CoP and APQC	Learn from the experience of APQC members to make the most from the MS applications such as introducing Microsoft SharePoint library (Shell), Microsoft profile pages and using MS 365 as knowledge exchange platform (Deloitte)
KM team: Acquire ISO and commit to implementing its core standards	KM team: Review the suitability of ISO standards for the use of the Bank in terms of its data, information and knowledge standards	ExCom: Consider ISO certification

**Recommendation 4: Establish a system comprising a theory of change, case studies and performance metrics for measuring and reporting on the achieved value-added of LKM; conduct regular reviews of the process and results of the EBRD's LKM to feed into budgeting and the SIP strategic process; and evaluate results achieved at the end of SCF 2021-2025 period.**

Short-term	Mid-term	Long-term
KM team/KM WG: Use best practices from other organisations/ companies with regard to measuring LKM results and added value, including IFI KM network (CoP)		
KM team/KM WG: Measure LKM value-added through use of a theory-based approach, case studies (where possible with net value-added assigned) and use of metrics, including use of benchmarking metrics.	KM team: Undertake a mid-term review of LKM activities within the scope of SCF 2021-2015; create feedback loops for critical lessons to be integrated in following SIPs; inform Board with LKM workshop.	EvD: Evaluate results achieved at the end of the SCF 2021-2015 period and ensure that the learnings from this evaluation informs the design of the upcoming SCF to promote further innovation in the LKM space.

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## About EvD

The independent Evaluation Department (EvD) evaluates the performance of the EBRD's completed projects and programmes relative to objectives.

It systematically analyses the results of both individual projects and wider themes defined in the EBRD's policies.

The core objective of evaluation is to contribute to the EBRD's legitimacy, relevance and to superior institutional performance. To achieve its core objective, the Evaluation Department fulfills two primary functions:

- It provides a critical instrument of accountability through objective, evidence based performance assessment of outputs and outcomes relative to targets; and
- It contributes to institutional learning for future operations by presenting operationally useful findings.

Read evaluation reports at EvD's website at <https://www.ebrd.com/what-we-do/evaluation-reports.html>

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