

ADB VP for Knowledge Management and Sustainable Development Bindu Lohani

ADB Vice-President for Knowledge Management and Sustainable Development Bindu Lohani said that holding the forum in the PRC was highly appropriate in view of the country's role in knowledge sharing and management. Dr. Lohani stressed that the forum's themes—innovation and inclusion—are essential for propelling Asia to its next level of development. It was timely to focus on these two issues since as Asia continues to grow, failure to make the necessary adjustments will put it at greater risk of falling into the middle-income trap. He emphasized that knowledge economy is very important for the countries to avoid this trap. The two most important parameters in having a knowledge economy are innovation and inclusion.

Innovation is a key driver of structural transformation—the process of transferring resources from traditional, low productivity agriculture to modern, high productivity manufacturing and services. It is, in fact, the essence of development. In the last century, many countries in North America, Europe and Asia successfully completed the structural transformation process to reach high-income status, and this is because they continuously innovate. Today, in Asia, innovation is a must—for low-income countries to graduate to middle-income status; and for middle-income countries to avoid the middle-income trap.

Equally important is inclusion, crucial in development. Inclusion means everyone in society has an equal opportunity to participate in and benefit from development. Asia's rapid economic growth and poverty reduction over the past two to three decades has been accompanied by rising income inequality. A recent study by ADB indicates that technological change, globalization, and market-oriented reform have significant distributional consequences; and these have been compounded by unequal access to opportunity. On the other hand, technological change, globalization, and market-oriented reform are also drivers of growth and poverty reduction, and thus should not be hindered. Consequently, reducing inequality of opportunity becomes the most important channel for promoting inclusion. With greater inclusion, there can be faster poverty reduction, more efficient use of resources, less social tension, and greater social harmony. Inclusion also supports the rise of the middle class and makes growth more sustainable.

By 2015, 50% of the world's gross domestic product (GDP) will be in Asia. This means it will be one of the richest regions. However, this means taking on big challenges, the biggest is moving from resource-driven growth—dependent on low-cost labor—to growth based on high productivity and innovation. This is why Asian economies need to transform into knowledge economies. To compare with the advanced economies, such as the Overseas Economic Cooperation for Development countries, knowledge and information-intensive production and services account for more than 50% of GDP and these are what drive their economies. They have shown that a skilled labor force, innovation, and technological advancements are among the key factors that make knowledge economy work. ADB is currently studying knowledge economies in the Asia–Pacific Region, particularly the PRC, India, Indonesia, and Kazakhstan. Notwithstanding the numerous opportunities present in these countries, education and technological innovation are among the areas for further improvement.

Dr. Lohani encouraged the participating thinks to work together since not one economy will know, on its own, what is happening globally and regionally. ADB would like to work with these centers of excellence in the region, as well as in other parts of the world, to have the global knowledge to solve Asian problems. He stressed the importance of finding Asian solutions to Asian problems, but with global knowledge. In this regard, he cited ADB's "finance ++"—a combination of ADB's own finance, *plus* leveraging resources through partnerships, *plus* providing knowledge to its clients to maximize and accelerate development effectiveness. He added that the forum will provide an excellent and equal opportunity for all participants to reflect on and share innovative knowledge and experiences through fruitful discussions.

KNOWLEDGE MANAGEMENT DIRECTIONS AND ACTION PLAN (2013-2015): SUPPORTING "FINANCE ++"

The Asian Development Bank's aim is to offer "finance ++", a superior combination of ADB's own finance plus leveraging resources through partnership plus providing knowledge to developing member countries (DMCs) to maximize and accelerate development effectiveness.

ADB's knowledge solutions must be a clear response to priority development challenges facing DMCs, individually or collectively. They need to involve DMCs in both the planning and implementation of the knowledge solutions, as well as assist DMCs in identifying and improving understanding and appreciation of their current and future challenges, the contexts from which the challenges emerge and will likely be addressed, and the risks and opportunity costs of not addressing the challenges. Knowledge solutions are also needed to help DMCs identify and apply more advanced and feasible approaches to overcome their challenges—using all channels of ADB assistance—and contribute toward developing DMC capacity for knowledge solutions. They may include, among others, research on major development issues facing Asia and the Pacific and knowledge sharing and development of national, regional, and inter-regional knowledge networks.

Knowledge Management Action Plan (2013–2015)

Goal 1. Prioritizing and implementing knowledge solutions. The prioritization and implementation of knowledge solutions under the Action Plan recognizes ADB's responsibility to keep country, regional, and global development contexts in strategic balance and do so over different time horizons, along with a strengthening of the special relationship between ADB and the ADB Institute.

Goal 2. Enriching the quality of ADB and developing member country knowledge capabilities for development effectiveness. To become a stronger knowledge institution for development in Asia and the Pacific, ADB must increase the quantity and quality of its knowledge capabilities and those of its DMCs and apply them in relation to ADB's areas of operation under Strategy 2020. Activities include creating knowledge solutions through partnerships with centers of excellence/knowledge hubs and providing ADB-wide knowledge sharing and support services.

Goal 3. Advancing ADB's knowledge assets, information systems, and communications. ADB should foster, help build, and support a vibrant, "virtual" international community of development practitioners involved in the economic and social development of Asia and the Pacific. ADB's development communications need to move beyond providing information to providing new ideas.

Goal 4. Empowering and resourcing high-quality knowledge solutions. Raise ADB's expectations—but also ADB's encouragement, opportunities, and incentives—of all parts of the organization to contribute to the strategic resourcing, development, and implementation of knowledge solutions. Activities include improving resource utilization and strengthening financial support for knowledge solutions.

Source: Asian Development Bank.