

# On the Strategic Model of the Knowledge Bank

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## Introduction

The review of staff learning provides an excellent opportunity to discuss the strategic direction of the Knowledge Bank. The question of what the staff needs to know in order for the Knowledge Bank to function effectively will depend very much on the strategic model of the Knowledge Bank.

It should firstly be recognized that the Bank plays several different roles and thus we need to be pluralistic about staff learning. The Bank is a bank that makes loans, and thus there will be a standard staff learning function to see that the staff has the requisite knowledge to perform this banking function. But that presumably is not what all the excitement is about; that is not the Knowledge Bank.

It is the Bank's role in economic development that carves out a more challenging role. The "knowledge" in the name "Knowledge Bank" refers not to knowledge about preparing project documents or designing procurement programs, but multi-faceted knowledge about economic and social development.

I will try to package my points into three theses and then to draw the conclusions for the strategic direction of the Knowledge Bank:

1. development is not a technical project in social engineering that can be implemented by an agency such as the World Bank,
2. the relevant knowledge for development is often localized and largely tacit, and
3. only a relatively small portion of development knowledge, general or local, codified or tacit, would be "in" the World Bank.

These points have been argued in the working paper "Knowledge-Based Development Institutions" circulating around the Bank.<sup>1</sup>

## Development is not just a Big Dam(n) Project

An external organization can, for example, install a computer, a piece of software, or some specific technological system. But the great dream of 19<sup>th</sup> century social engineers that society could be transformed by a technocrat-directed project has come to naught. With the eclipse of economic planning models and the general demise of socialism, development agencies have become much more modest about transformation being imposed from the outside. Development initiative should come autonomously from the country; "The country should be in the driver's seat" is a key plank of the Bank's

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\* The findings, interpretations, and conclusions expressed in this paper are entirely those of the author and should not be attributed in any manner to the World Bank, to its affiliated organizations, or to the members of its Board of Directors or the countries they represent.

<sup>1</sup> Published in a simplified form as "Global Institutions: Transforming International Development Agencies into Learning Organizations", *The Academy of Management: Executive*, V. 13 (1, Feb. 99), 25-35.

evolving Comprehensive Development Framework (CDF). That has implications for our *modus operandi*. We need to rethink the Bank's role more as a Socratic midwife and coach for peer-to-peer learning between successful programs/projects, rather than as an elite corps of social engineers applying a development blueprint.

We also need to rethink the model of knowledge. There is the model of a relatively precise set of algorithms and techniques of research scientists, and there is the model of less well-defined case-based knowledge and experience of professionals (e.g., doctors, architects, social workers, and engineers).<sup>2</sup> I think it is fair to say that (conventional) economics has pushed the Bank towards the technical-rational model of measurement and knowledge in contrast to the case-based knowledge of the reflective professional as espoused, say, in the writings of Hirschman.<sup>3</sup> Wolfensohn's strictures against "mathematics" in his 1998 Annual Meeting speech and his emphasis on the "other side of the balance sheet" or the "other wheel of the cart" in the CDF could be interpreted as an argument for a more comprehensive and nuanced model of development knowledge.

### **Tacit Development Knowledge: The Rest of the Iceberg**

It is a story often told that much of the how-to knowledge from best practices is tacit in the people who carried out those practices. Only a small portion of the knowledge is typically captured in a codified form (which might be stored in a digitized knowledge base) and even that knowledge may be heavily filtered and distorted by many lenses held by those who captured the knowledge (e.g., the controversy around the Bank's *East Asia Miracle* study). While there is always room for more codification, the spreading of best practices can take place through more "horizontal" or peer-to-peer methods of transferring tacit knowledge such as study tours, secondments, cross-training, and twinning. Those who want to do it can learn directly from those who have done it and from their case studies. In that knowledge transaction, the Bank would have at best a broker and midwife role, not a supplier's role.

Moreover, best practice knowledge is often struck only in local coinage that is not easily convertible. With some guidance through horizontal learning methods, best practices usually have to be locally reinvented instead of being "copied." Again, the prospects for a central storehouse of decentralized or local knowledge are limited.

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<sup>2</sup> See Donald Schön 1983. *The Reflective Practitioner*. New York: Basic Books for a useful development of the contrast between technical-rational knowledge and professional case-based knowledge.

<sup>3</sup> This contrast is clear in a Hirschman festschrift where Paul Krugman characterized Hirschman's intellectual strategy of not building formal models as the "wrong response" to the crisis in development economics. Since the "mainstream" had focused on technical model-building, "Hirschman did not wait for intellectual exile: he proudly gathered up his followers and led them into the wilderness himself. Unfortunately, they perished there." [Krugman 1994. *The Fall and Rise of Development Economics*. In *Rethinking the Development Experience: Essays Provoked by the Work of Albert O. Hirschman*. Lloyd Rodwin and Donald Schön Ed. Washington: Brookings Institution. p. 40]. I suspect that Krugman's judgment would be reversed in the broader development community (aside from academic economists).

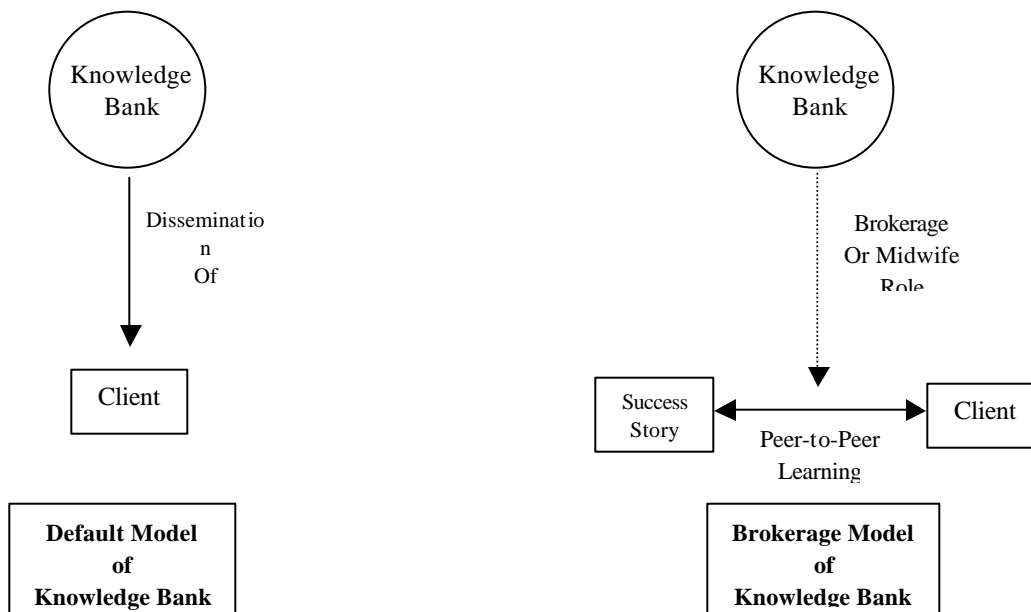
## The World as the Great Storehouse of Knowledge

The development knowledge and experience that could be captured and made available from the Bank is a rather small portion of what is available worldwide (particularly taking into account tacit and local knowledge). The Bank, unlike private knowledge providers (promoted in the Meltzer Commission report), has no basis to restrict clients to "its" relatively small knowledge base and has no basis to encourage "repeat business."

## The Knowledge Bank as a Knowledge Broker

The upshot of this argument is that the Knowledge Bank should function primarily as an intermediary or broker in the development knowledge business. Yet I fear the default notion around the Bank is the "Knowledge Bank" as a source, storehouse, or library for storing and disseminating knowledge about development blueprints. Thus there are two different models. In financial terms, it is the difference between an investment bank that has the money and an investment bank that knows where the money is and will serve as a go-between. In terms of production, it is the difference between a producer (who sells his own brand) and a middle-man (who trades in all brands).

For lack of better terms, we will contrast the *storehouse or library (default) model* with the *brokerage model*. Knowledge still needs to be catalogued in the broker model but it is primarily the second-order knowledge of where to find the how-to knowledge. To analogize with web terminology, the storehouse model stores the documents while the broker model stores the pointers. Since the storehouse model focuses on documents, it specializes in codified knowledge available at the Bank (and tacit knowledge in current Bank staff) while the broker model focuses on codified pointers to sources of knowledge and experience (which could be codified or tacit) *throughout the world*. In terms of pedagogy, the storehouse model sees the Bank as the teacher transferring knowledge from its storehouse to the passive client. The broker model sees the client in the more active role of scanning for knowledge and relevant experience, and the Bank in the more intermediary midwife role of assisting in that searching and learning process.



The difference between the models should not be overdrawn. The storehouse model need not suppress other knowledge sources or rule out referrals, but there is a very real difference in emphasis. As the KM practices and staff learning strategies further develop and unfold at the Bank, it will make considerable difference which model is the actual working model providing the strategic direction for the Knowledge Bank.

As the information revolution rolls into the 21<sup>st</sup> century, codified knowledge will more and more approximate the theoretical limit of a free non-rivalrous good. Clients will have access to vast storehouses of codified knowledge, and the Bank's own storehouse will increasingly pale in comparison. The scarce knowledge will be that of the reflective and experienced practitioners wherever they are around the world. On the brokerage model, the Knowledge Bank would be a central clearing house in that subtle form of professional expertise (which cannot be downloaded over a phone line).<sup>4</sup> It would play a key global role in putting those who have acquired practical development knowledge at the disposal of those who are willing and able to learn. If that is to be the future of the Knowledge Bank, then we should bear that in mind as we proceed.

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<sup>4</sup> See the March-April 1999 issue of the *Harvard Business Review* on the basic KM strategy choice of codification versus personalization (“What’s your Strategy for Managing Knowledge?”). It reinforces the argument that the Bank’s long-term niche will be as a world-wide broker for personalized knowledge. The article also warns against trying to straddle the two strategies.