



# A Knowledge Economy Tool for IDB Member Country Partnership Strategies



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One of the best recognized paths for achieving human well-being and comprehensive socio-economic development of societies and economies is knowledge.<sup>1</sup> Indeed, knowledge has been hailed as the soul behind all forms of change that have taken place in the world, and most notably that knowledge was (and still is) the main driver of Progress in humankind developments: *from the invention of the wheel to current outer space explorations.*

One of the most fundamental problems in dealing with knowledge is 'value-neutrality'; especially in economics, i.e. knowledge could be perceived by different individuals with various degrees of perception, and most strikingly is the

<sup>1</sup> بالعلم تنالوا ماتريدوا وبالتقوى يلين لك الحديد

argument that this 'variance in perception' is also subtly related to, or dependent on, the stock of knowledge one has at his/her disposal: the more knowledge one has, the more understanding that can be absorbed and, hopefully, the less variances in the value-perceptions between individuals.

Generally speaking, good knowledge aims at the betterment of humanity but evidence has shown that instinctively and on various circumstances that the human factor stands as the main obstacle in assimilating knowledge. This is the most staring dilemma that confronts us in our daily work in economic development (*good knowledge is for our benefit but we usually are its main detractors!*).

Let me share with you one example of a free, user-friendly knowledge tool, which

has been developed by the World Bank as a comprehensive database on knowledge results and its applications; designed country by country and by various income-groups and other important development classifications/categories. It is called the **Knowledge Assessment Methodology**, or KAM for short.

This methodology gives a proxy on each country's preparedness towards achieving and/or competing in the knowledge economy by use of a number of structural and qualitative indicators (all built-in and regularly updated in this free on-line system which is available on the World Bank website).

KAM has four basic knowledge economy pillars against which each country is measured, as in the following Table-1:

Table-1

<b>PILLAR 1 Economic and institutional regime</b>	<b>PILLAR 2 Education and skills</b>	<b>PILLAR 3 Information and communication Infrastructure</b>	<b>PILLAR 4 Innovation system</b>
The country's economic and institutional regime must provide incentives for efficient use of existing and new knowledge and the flourishing of entrepreneurship.	The country's people need education and skills that enable them to create and share, and to use it well.	A dynamic information infrastructure is needed to facilitate the effective communication, dissemination, and processing of information.	The country's innovation system - firms, research centers, universities, think tanks, consultants, and other organizations must be capable of tapping the growing stock of global knowledge, assimilating and adapting it to local needs, and creating new technology.

Source: the World Bank

Given the user-friendly application, transparency and free accessibility, KAM could be used as a first-hand diagnostic tool on the current position status and the potential for progress of each IDB member country under study, and the steps that could be undertaken towards achieving the knowledge economy. The system is so user-friendly that it has been used by many government officials, policy makers, researchers and other NGO's representatives; not to mention development partners as well as the private sector. It provides an invaluable tool for future **strategic policy dialogues** between the development partners and the concerned member country: what are the areas of strength and under which optimal economic sector should the Bank intervene and which other areas that need further development by the country on the road to the knowledge economy. These are all important questions. It can also be easily understood through the use of the interactive menu of the Basic Scorecard (each officer / country manager could select from the menu and monitor the progress of the member country over time and depending on the view chosen and given country policy priorities).

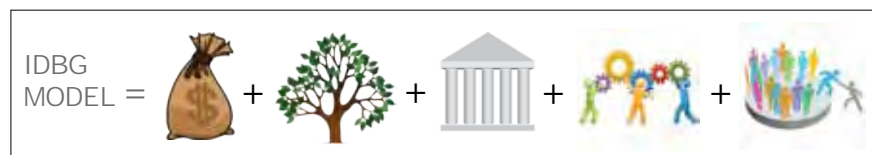
Basically, the KAM system - if applied for the IDB member countries – it will pinpoint the opportunities and challenges facing each member country in reaching the agreed targets and the various performance indicators (148 variables). For example, if a country is doing fairly good compared to its neighboring countries in say, the education sector, and given the limited resources of the Bank; especially in concessional resources, the question that lends itself here is of “resource allocations”, which becomes an unavoidable question for all development partners: those countries that need these resources more because they are not progressing as fast relatively as compared to other countries? This basic economic question must first be addressed adequately by any technical team working on a particular country program / project, after which we opine to leave the final

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“resource-allocation” decision to the management of the Bank –only after presenting the full information on the economic-comparative analysis-metrics.

Finally, the KAM is an indispensable initial diagnostic tool in our future country programing work and in formulating our future modality of the MCPS for the benefit of the IDB member countries. It will surely save us valuable time and resources in assessing the binding constraints and help us chart quickly the key areas for future development work in our member countries and to all move together on the way of the K-economy.

**“Proposed Model<sup>2</sup> for Knowledge Development in IDB Member Countries”**



**Legend:**

Funds/Productive Assets	
Knowledge Products	
Capacity Development	
Implementation Support	
Partnering/Cooperation	

<sup>2</sup> This model was conceptualized by the author after a mission to the Coordination Group, Kuwait 2013.