Communities of Practice (CoP)
in International Financial Institutions

Creating "Value from Knowledge" to Deliver Better Mission Outcomes

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CoP/IFI Value Proposition

CoPs can be the foundation for high performing **IFI** networks of experts working on clearly identified policy and business & operational subject matter areas where (1) multi-disciplinary expertise is needed and (2) where strong synergies can be derived from a community approach using appropriate coordination tools to achieve better mission outcomes.

What is an International Financial Institution (IFI)?

- Established by more than one country to provide mechanisms for international cooperation in managing and supporting the global financial system. They include developed donor countries and developing borrower countries

- Provide financing and professional advice (e.g. policy expertise, economic analysis and knowledge products) to help member countries develop sustainable economic infrastructures

- Examples: World Bank, European Investment Bank, European Bank for Reconstruction and Development, Inter-American Developement Bank, others

INTERNATIONAL FINANCIAL INSTITUTIONS

Knowledge Management in IFIs
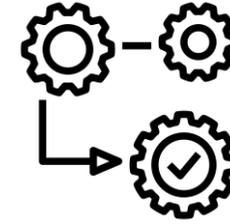
- Gained prominence in mid-1990s

- KM as a tool for low-income countries to help their development

- KM initiatives as a means to enhance the quality of bank lending

- Increase in development efforts and networking drove increasing demand for specialized knowledge products and the development of KM programs

- Number of international organizations that have developed specific knowledge strategies or frameworks has steadily grown since early 2000s

- Evolving need to structure and plan their knowledge products and services (KPS) more systematically

- Believe in their mission as producers, customizers, brokers and connectors of knowledge to more effectively respond to client needs

Business Case for KM Within an IFI is Required

- Potential of an IFI to become more efficient in knowledge management depends on the strategies devoted to KM development and implementation as part of defined strategy and desired mission outcomes

- Advantages to adopting a dedicated KM strategy
  - Setting objectives for knowledge management and securing Board and senior management support at the highest level
  - Building a business case that demonstrates a deep understanding of critical knowledge needs
  - Determining what knowledge products & services (KPS's) will be created and how will they be quality-controlled, organized, shared and used
  - Finding a way to measure the results of the strategy and to track performance over time

KM in an IFI: Five Focus Areas

People/Culture
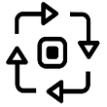
Process

KM Enabling Technology and Tools

Content and Content Management

KM Structure and Governance

→ Communities of Practice cross all five areas

CoP Value in IFIs

- Address supply of and demand for knowledge within the IFI to support IFI mission and operations (country/sector)
  - (Thematic) Policy Theme Areas
  - (Practice) Business and Operational Knowledge
- Areas of Interest – (Thematic) Policy Areas by relative priority of need
  - e.g. public private partnerships (PPP), renewable energy, energy efficiency and climate change, local capital market development, agribusiness, privatization et al
- Areas of Interest – (Practice) "Know how and know why" of the "business"
  - e.g. operations and processes
- Focus on emerging and currently unsatisfied demands for knowledge across the IFI in these (and other evolving) policy and business/operations areas
- **Inherently work across the boundaries of the IFI to more effectively improve the use and flow of knowledge**

Develop Understanding of Supply-Demand for Knowledge

- Research – Assess – Analyze
  - Surveys; interview leadership and operations; economists and country/sector heads; independent research
  - Define Gaps (Thematic and Business & Operational)

Supply	Demand
Thematic Areas (Codified Knowledge)	**Thematic Areas** (Existing or Emerging)
XXXXXXXXXX	XXXXXXXXXX
XXXXXXXXXX	XXXXXXXXXX
Thematic Areas (Experience exists but not codified)	
yyyyyyyyy	yyyyyyyyy
Not indicated	zzzzzzzzzz
Not indicated	zzzzzzzzzz

Select CoP Pilot Candidates

- Thematic Centered CoPs (Knowledge Creation)
  - Small community of experts or researchers
  - Pooling disparate knowledge to look for new ideas
  - Assigned membership
  - Focused on knowledge with low or no levels of activity
  - Seeks to create in-house capability or renew previous

- Practice Centered CoPs (Practice Implementation)
  - Comparing practice approaches
  - Deciding the most effective (context)
  - Building a knowledge base on this practice
  - Defining a "standard" practice subject to new learning
  - Core of experts with assigned roles
  - Wide community of "users" – voluntary members
  - Covers reasonably well established knowledge (though may not be captured for reuse)
  - Seeks to define and embed effective practices

CoP Value Proposition
Business Case for Investment and Sustainment of CoPs

- Map to mission priority themes or business/operational priority focus areas within the IFI

- CoPs provide opportunity to:
  - Resurface "lost" knowledge
  - Rebuild or improve the knowledge base
  - Develop new insights for advisory
  - Complete SME led targeted knowledge research
  - Develop (new) knowledge products useful within IFI (country/sector) operations
  - Improve the professional development of the CoP members in the specific subject area

- Outputs: Checklists, templates, learned lessons on political and other relationships, critical policy and country issues, and cultural insights. Field and staff leads would determine the most relevant and valuable knowledge focus areas. Supported by the CoP enabling technology selected, connections across the boundaries of the IFI to move knowledge would improve

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CoP Success and the Concept of Shared Value

CoP Member Desired Outcomes

Organization Desired Outcomes

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CoP Member Desired Outcomes

Organization Desired Outcomes

Shared Value

From Initial Planning and Approval through Sustainment

CoP Success and the Concept of Shared Value
Effective Practices

Focus on the CoP's shared value (members and organization) and ensure that this understanding drives strategy, operation, and effort

- Document and articulate a concise shared value statement
- Develop relevant, specific measures of success and align to proposed CoP value
- CoP knowledge gap analysis that uncovers needed knowledge in the CoP focus area

Engage a broad cross-section of stakeholders in developing the CoP value statement

- Supports broader organization understanding of the CoP value and its impact within the organzation
- Enables broader executive and financial support when the value outcome is clear

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Factors for Success
## Lessons Learned

- Follow a <u>systematic and repeatable approach to standing up CoPs</u> across the IFI

- Choose a topic area that is a <u>strategic knowledge area</u> for the IFI. Focus on an area which can improve IFI performance or an area of established knowledge where effective practice sharing has the potential to add significant value.

- For the assigned community members, the <u>chosen topic area should be their full-time job</u> – (e.g. full time economist or full time staff for a specific functional or subject area. They need to identify with the task, and thus with the success of the community. Communities covering additional, peripheral or non-full time tasks often fail.

- The chosen <u>core members need to be recognized and experienced</u> in that field though some can be from a directly related field.
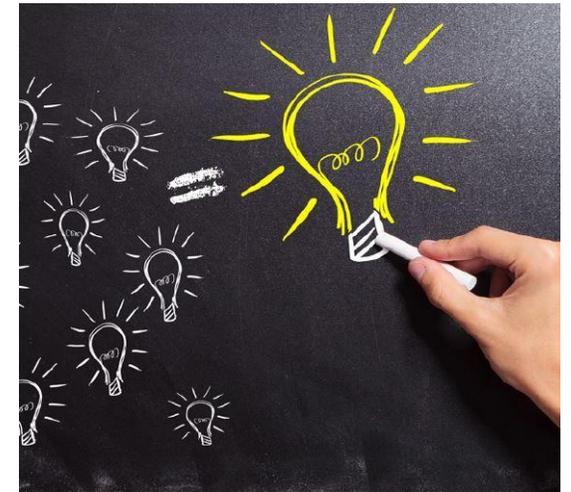
Factors for Success
Lessons Learned

- There needs to be a <u>topic sponsor or mentor</u> for the chosen topic. When at all possible, this would be the functional manager for the specific functional or subject area. This person would set the direction for the community and agree on performance goals and deliverables.

- There needs to be a <u>community leader/facilitator</u>, also recognized and experienced in the field, who is <u>not</u> the functional manager. The community leader/facilitator and members should not work directly for the sponsor (if they all do, then this likely becomes a work team and not a community).

- The chosen community members must collectively <u>cover the main area of focus</u>. They need to represent different business or functional silos. If they all work in the same unit, division or department, they are a team and not a community.

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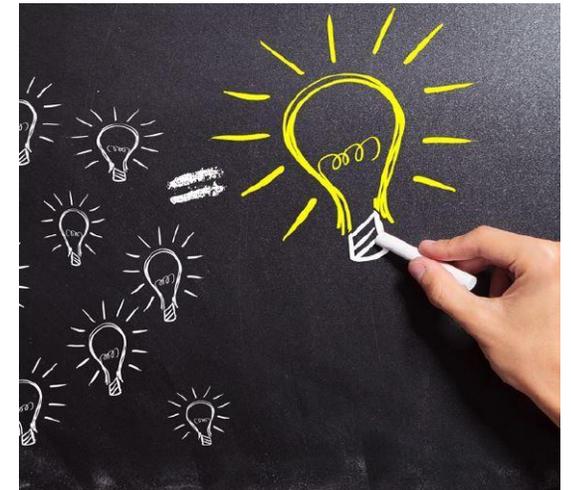
Questions or Comments

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