

ASIAN DEVELOPMENT BANK
**SUSTAINABILITY
REPORT**

Investing in Asia and
the Pacific's Future

EXPANDED VERSION

Asian Development Bank

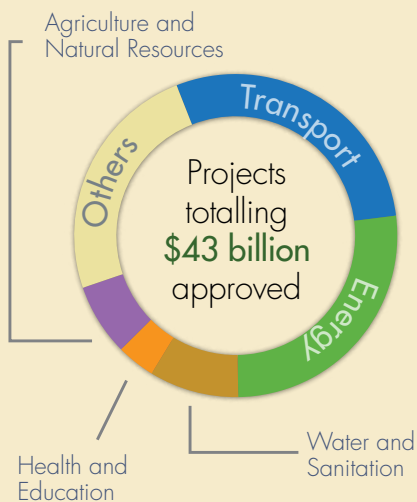
SUSTAINABILITY HIGHLIGHTS 2011–2012



Supports Inclusive Economic Growth, Environmentally Sustainable Growth, and Regional Integration to help achieve the vision of an Asia and Pacific free of poverty

Investing in the Future

Funding has **Increased** to help create and expand economic opportunities in the region



\$13 billion invested in environmental sustainability for a **Cleaner, Greener Growth** path

Improving ADB's Operations



Public Communications Policy **Recognizes** the **Right to Information**



ADB funds **Leveraged** **\$16 billion** of **Cofinance** (official and commercial)

For all approved projects **Impacts** on the environment and people were **Assessed**

Environmental Safeguards



Involuntary Resettlement Safeguards



Indigenous Peoples Safeguards

Accountability Mechanism **Improved** to make access **Easier** for affected people

Managing ADB's Footprint

Our headquarters **Upgraded** to improve **Resource Efficiency**

ISO 50001 certified

LEED Gold certified



Solar



Hybrid Cars



Rainwater Harvesting



Recycling

Nationality

Gender

Age



Religion

Disability

Lifestyle

Our People Strategy **Promotes** a **Diverse** and **Inclusive** workplace



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Printed in the Philippines.

ISBN 978-92-9254-369-3 (Print), 978-92-9254-370-9 (PDF)
Publication Stock No. RPT136191-3

Cataloguing-in-Publication Data

Asian Development Bank

Asian Development Bank sustainability report: Investing in Asia and the Pacific's future
Mandaluyong City: Philippines: Asian Development Bank, 2013.

1. Asian Development Bank. 2. Environment. 3. Social development. 4. Governance. I. Asian Development Bank.

All data in this report are from ADB's data banks unless otherwise indicated. Every effort has been made to ensure the accuracy of the data in this report. Variations in data in ADB publications often result from different publication dates, although differences may also come from sources and interpretation of data. ADB accepts no responsibility for any consequences of their use.

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In this report, "\$" refers to US dollars unless otherwise specified. ADB is the source of all boxes, figures, images, and tables, unless otherwise noted.

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ABOUT THE REPORT

The Asian Development Bank (ADB) has issued its [Sustainability Report](#) every 2 years since 2007. For 2013, the *Sustainability Report* contains selected sustainability performance highlights of ADB's operations and its corporate footprint during 2011–2012. The report is available in printed format on request from njahmad@adb.org or online at www.adb.org/documents/asian-development-bank-sustainability-report-2013. This expanded online report provides a more detailed review of ADB's performance, including an extensive response to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Throughout the expanded version, hyperlinks provide access to further information that is available on the ADB website, www.adb.org, and elsewhere.

Content, Scope, and Boundary. The contents of the *Sustainability Report*, this expanded version, its appendix, and that available through the hyperlinks allow stakeholders to assess ADB's sustainability performance during 2011–2012. As in previous reports, ADB is responding to the GRI standard disclosures. In addition, for 2011–2012, ADB, as a multilateral development bank, is reporting on the sector-specific indicators from the GRI financial services and public agency supplements. In reporting on its performance, ADB has attempted to provide balanced, comparable, accurate, timely, clear, and reliable information; where data gaps exist these are noted. Both documents focus on two main areas: ADB's operations and its corporate footprint. Responses pertinent to ADB's operations focus on key issues related to the drivers of change and core operational areas under [Strategy 2020](#) as being of material interest. Strategy 2020 reaffirms both ADB's vision of an Asia and Pacific free of poverty and its mission to help developing member countries improve the living conditions and quality of life of their people. Complete details of ADB strategies, policies, and operational plans are provided at www.adb.org/about/policies-and-strategies and details of individual investments are provided at www.adb.org/projects and so are not reported herein. In relation to ADB's corporate footprint, administration, and management, the focus is on ADB's environmental footprint, staff, and community engagement as topics of material interest. ADB owns its headquarters and the buildings in which two field offices are located: in Bangladesh and India. ADB's responses cover its headquarters (which houses 77% of staff) and 31 field offices. For building performance, data are currently only recorded for ADB headquarters in Manila; ADB is arranging for this information to be collected for all field offices in the future.

Audience and Stakeholders. The content of the *Sustainability Report* is of material interest to ADB's stakeholders, including its 67 member countries; public and private sector borrowers; numerous development partners such as the World Bank, government aid agencies, and nongovernment organizations; civil society organizations; the beneficiaries of ADB development projects; local communities affected by those development projects; local communities near ADB headquarters and field offices; academics; the media; and of course ADB's staff. The *Sustainability Report* has been prepared with inputs from staff from all departments and offices. The focal points supplied information to address to the GRI disclosures and commented on the draft versions of the *Sustainability Report* and this expanded version, liaising with their offices as needed.

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>[READ MORE](#) [Index of Responses to the GRI Sustainability Report Guidelines](#)

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
ADBSA	Asian Development Bank Spouses Association
ADF	Asian Development Fund
APCoP	Asia–Pacific Community of Practice
ASEAN	Association of Southeast Asian Nations
BRT	bus rapid transit
CO ₂	carbon dioxide
CoP	community of practice
CRP	Compliance Review Panel
CSO	civil society organization
CTI	Coral Triangle Initiative
DEfR	Development Effectiveness Review
E ² HSMS	Energy, Environment, Health, and Safety Management System
GHG	greenhouse gas
GMS	Greater Mekong Subregion
ICT	information and communication technology
ISO	International Organization for Standards
LED	light-emitting diode
LEED	Leadership in Energy and Environmental Design
MAKE	Most Admired Knowledge Enterprises
OHSAS	Occupational Health and Safety Advisory Services
OSPF	Office of the Special Project Facilitator
PPP	public–private partnership
SCF	Staff Community Fund
WWF	World Wide Fund for Nature

WEIGHTS AND MEASURES

kg	kilogram
m ²	square meter
m ³	cubic meter
MWh	megawatt hours
t	ton

STRATEGY AND STRUCTURE

The Asia and Pacific region accounts for one-third of global output and contributes to more than half of global economic growth. Growth in the Asia and Pacific region has been remarkable in recent years, but has come at significant environmental cost, and has often not been equitably distributed. The region is home to two-thirds of the world's poor, with 1.7 billion people living on less than \$2 per day and 828 million struggling on less than \$1.25 a day. The region faces significant environmental challenges stemming partly from rapid economic growth and climate change. The region, which includes some of the world's largest and most diverse ecosystems, faces serious environmental threats. Increasing energy demand and rising carbon dioxide (CO₂) emissions are straining an already fragile environment. Several countries in the region are among those at greatest risk globally to the impacts of climate change, and more than 60% of the region's people work in the most vulnerable sectors—agriculture, fisheries, and forestry.

Continued sustainable, equitable growth for Asia therefore remains essential for poverty reduction (Figures 1 and 2). To achieve its vision of an Asia and Pacific free of poverty, the Asian Development Bank (ADB) assists developing member countries' public sectors (ADB's primary customers are the national governments of the developing member countries) and private sectors. Assistance is provided through loans, grants, equity investments, guarantees, policy dialogue, technical assistance, and the dissemination of knowledge and information. ADB recognizes that the pursuit of sustainable development is a delicate balancing act: it requires implementing policies, strategies, programs, and projects that treat environment and development as a single agenda; it also demands changes in mindsets, attitudes, and behaviors. By implementing its policies and strategies, ADB is progressively increasing the share of its assistance for inclusive, environmentally sustainable development.

ORGANIZATIONAL STRUCTURE

ADB, the multilateral development bank specializing in Asia and the Pacific, is headquartered in Manila, Philippines, and has 31 field offices. ADB is owned and governed by its 67 [member countries](#) (48 from Asia and the Pacific and 19 from Europe and North America), which are its shareholders. The shareholders are represented by the [Board of Governors](#) and the [Board of Directors](#). ADB was established in 1965, with its own legal status under its [Charter](#) (and [bylaws](#)). The [President](#) is ADB's legal representative. He is responsible for the organization, appointment, and dismissal of the officers and staff in accordance with regulations adopted by the

Figure 1

> Click to link to the larger infographic

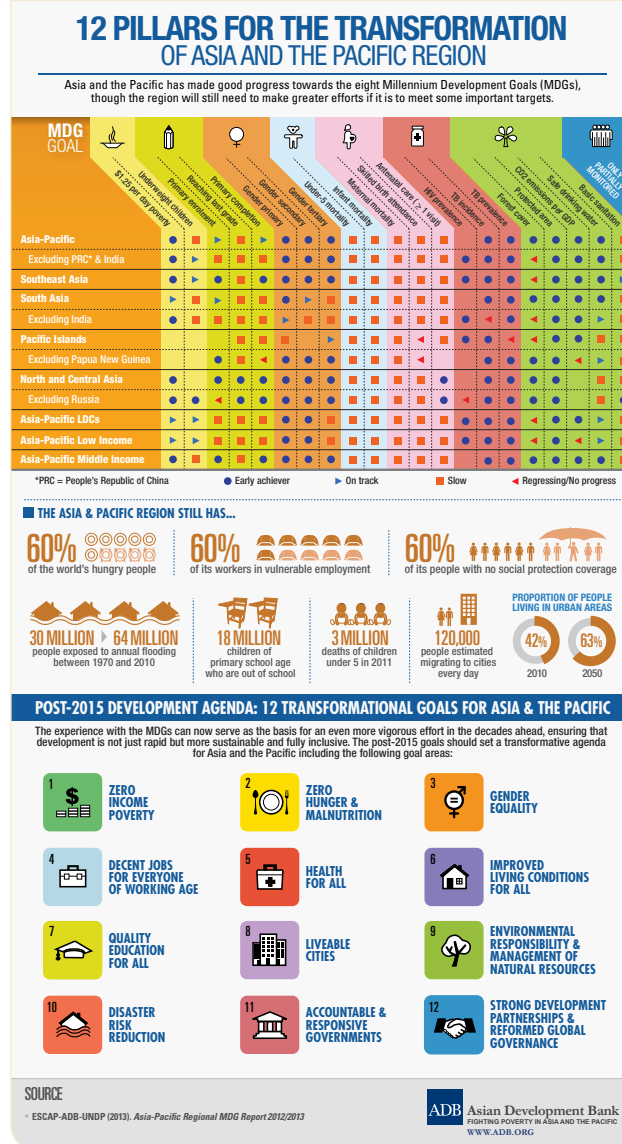


Figure 2

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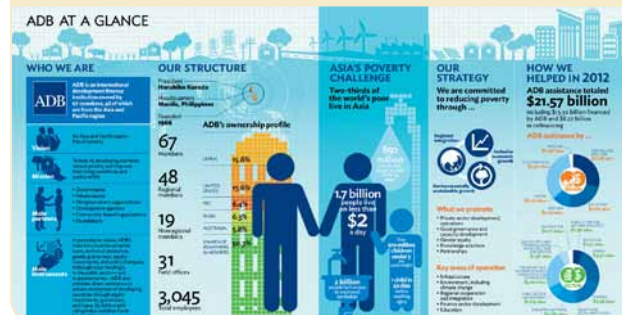
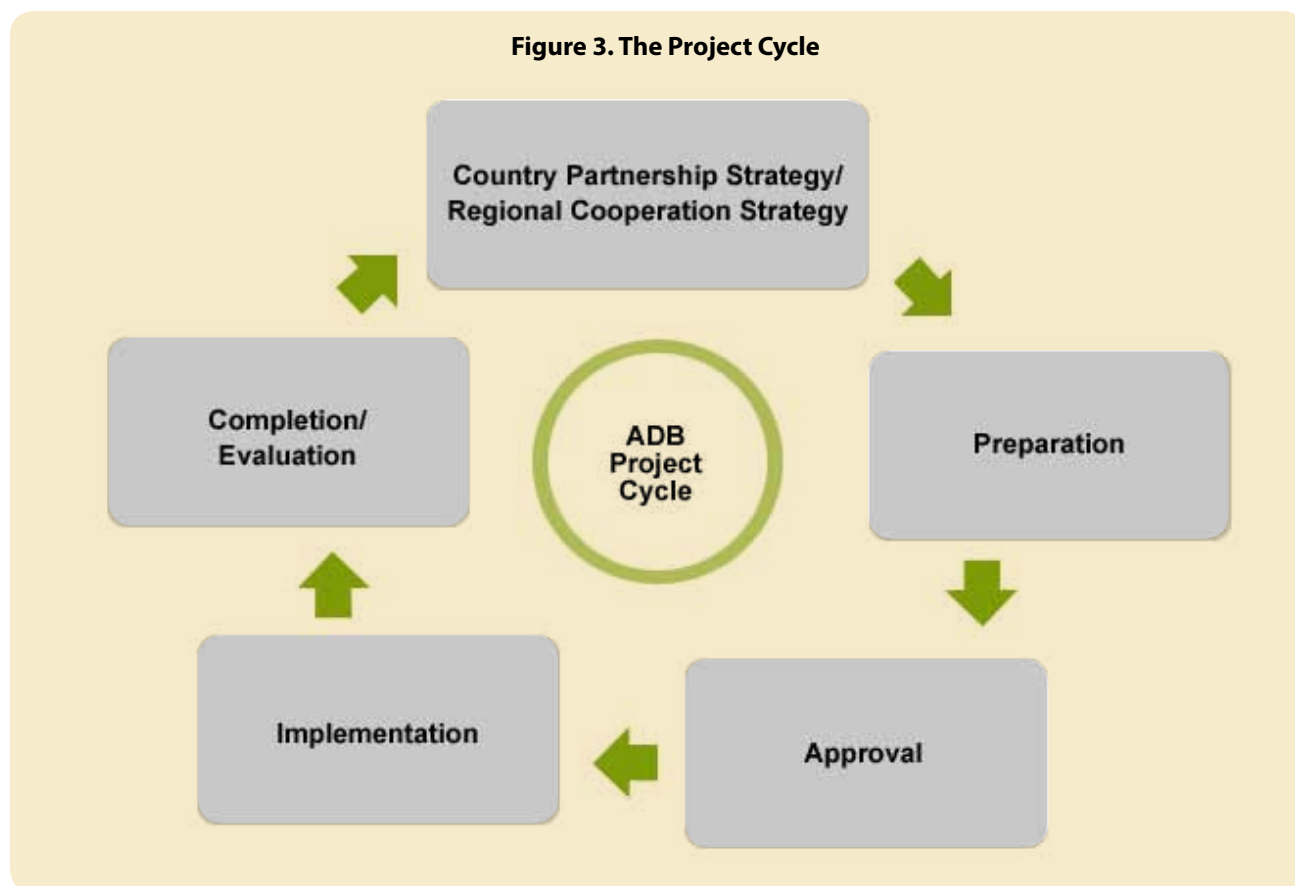


Figure 3. The Project Cycle



Board of Directors. The President heads the [management team](#), comprising six vice-presidents and the managing director general, as shown in the [organization chart](#). The management team is responsible for ADB's daily operations. At the end of 2012, ADB had 3,051 staff members.

>**READ MORE** <http://www.adb.org/about/main>

ADB'S APPROACH TO INVESTMENT

Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020 reaffirms both ADB's vision of an Asia and Pacific free of poverty and its mission to help its client countries improve their living conditions and quality of life. To achieve this, ADB supports three complementary development agendas: inclusive economic growth, environmentally sustainable growth, and regional integration.

Strategy 2020 identifies the [drivers of change](#) that are stressed in all ADB's operations—private sector development and operations, good governance and capacity development, gender equity, knowledge solutions, and partnerships. Strategy 2020 also sets out that ADB's work will increasingly be concentrated in five

[core operational areas](#)—infrastructure; environment, including climate change; regional cooperation and integration; finance sector development; and education. These core areas best support ADB's agenda and reflect developing member countries' needs and ADB's comparative strengths, while complementing efforts by development partners. ADB continues selective operations in health, agriculture, and disaster and emergency assistance in close cooperation with partner agencies.

Under the umbrella of Strategy 2020, all ADB's [policies and strategies](#) seek to ensure that, by funding effective development focused on ADB's drivers of change and core operational areas, ADB continues to promote environmentally sustainable development in Asia and the Pacific. The [country partnership strategy](#) (Figure 3) is ADB's primary platform for designing operations to deliver development results at the country level. Similarly, the [regional cooperation strategy](#) outlines how countries in Asia and Pacific subregions can work together to foster economic growth and cooperation.

>**READ MORE** <http://www.adb.org/countries/main>

In addition, policies and procedures for the following environmental and social components are detailed in

ADB's *Operations Manual*: Poverty Reduction, Gender and Development, Incorporation of Social Dimensions into ADB Operations, Governance, Anticorruption, Safeguard Policy Statement, Accountability Mechanism, and Public Communications. The potential direct and indirect impact of every ADB-financed and/or ADB-administered project and its components is assessed prior to approval, regardless of the source of funding.

>READ MORE <http://www.adb.org/projects>

Managing for Development Results

ADB's structured program of [Managing for Development Results](#) encompasses the process and tools needed to deliver optimal results and ensure transparency and accountability. In 2013, ADB reviewed development progress in the region and assessed its performance in

delivering outputs and outcomes in core sectors, as well as operational and organizational effectiveness, against the ADB [results framework](#).

The [2012 Development Effectiveness Review \(DEFr\) Report](#) describes results in four levels: 1—regionwide; 2—by country and sector; 3—operational effectiveness; and 4—organizational effectiveness.

- Level 1: Asia and Pacific outcomes. In terms of development progress in the region, solid progress has been made in reducing poverty and improving human development. Millennium Development Goals for gender parity in primary and secondary education and rural and urban access to water at a regional level were achieved. Progress in the Asian Development Fund (ADF) countries needs to be enhanced. Progress on sanitation and health (child mortality and HIV indicators) remained insufficient at the regional level.

Figure 4. Summary Performance Scorecard 2012

Asia and Pacific Development Outcomes (Level 1)	ADB Countries	ADF Countries
Poverty and Human Development Outcomes	● good	● poor
Other Development Outcomes	● good	● good
ADB Performance	ADB Operations	ADF Operations
Core Outputs and Outcomes (Level 2)		
Output Delivery	● good	● poor
Outcome Achievement	● poor	● poor
Operational Effectiveness (Level 3)		
Quality of Completed Operations	● poor	● poor
Quality at Entry and Portfolio Performance	● good	● good
Finance Transfer and Mobilization	● poor	● mixed
Financing for Strategy 2020 Priorities	● good	● good
Gender Mainstreaming	● good	● good
Knowledge Management	● mixed	● mixed
Partnerships	● good	● good
Organizational Effectiveness (Level 4)		
Human Resources ^a	● good	● good
Budget Adequacy ^a	● poor	● poor
Business Processes and Practices	● good	● good

ADB = Asian Development Bank, ADF = Asian Development Fund.

- good: Two-thirds or more of key performance indicators (KPIs) that make up the composite indicator achieved a green signal.
- mixed: At least half but less than two-thirds of KPIs that make up the composite indicator achieved a green signal.
- poor: Less than half of KPIs that make up the composite indicator achieved a green signal.

Note: Gender mainstreaming is a KPI within the composite indicator "Financing for Strategy 2020 Priorities."

^a Indicators in this category measure ADB performance only.

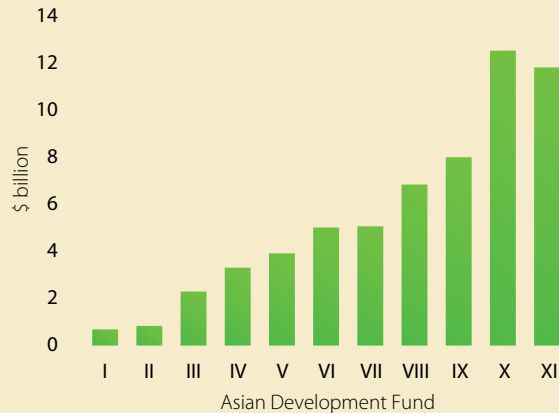
- Level 2: ADB's contribution to development results. ADB's performance in delivering programmed outputs by 2012 remained mixed. Of the 19 output indicators for ADB-supported operations, countries exceeded the targets for 13 and expect to at least reach the targets for the others by 2015. Project implementation delays accounted for most of the difference between delivered and programmed core sector outputs in ADB, and, more significantly, in ADF-funded operations. The achievement of core sector outcomes continued to improve but remained below target.
- Level 3: Operational effectiveness. New operations continue to be focused on Strategy 2020 priorities and are well designed. The number of sovereign (government guaranteed) operations that successfully delivered results increased, although they fell short of the target. To address performance gaps, ADB will prioritize improving project readiness and supervision and strengthen the quality and efficiency of procurement. Timely disbursement of funds through improved project implementation is required to improve finance transfer and mobilization, and external perceptions of ADB as a source of knowledge for development issues in the region need to be heightened.
- Level 4: Organizational effectiveness. ADB's human resources and the implementation of streamlined business processes were areas of good performance. Budget adequacy for project implementation needs to be managed more efficiently through reallocation of resources. Actions identified as a result of the review include completion of the Diversity and Inclusion Framework 2013–2016 to help set new targets for the share of international staff that is female.

Figure 4 shows the results of the 2012 review.

In January 2012, ADB initiated a review of its corporate results framework covering ADB-wide operations. The review sought to ensure the framework's continued relevance and usefulness as a performance management tool. It also updated targets that expired in 2012. The new [results framework](#), which will be implemented in 2013, improves the measurement of ADB's key results areas, including (1) inclusive economic growth, (2) climate change mitigation and adaptation, (3) private sector development, (4) gender equality in operations, (5) governance and transparency, (6) partnerships and aid effectiveness, (7) decentralization, (8) gender balance at ADB, and (9) budget management.

>READ MORE <http://www.adb.org/site/development-effectiveness/results-management-ADB>

Figure 5. Asian Development Fund Replenishments, 1973 - 2012



SUSTAINING ADB'S FINANCES

Most of ADB's lending is sourced from its [ordinary capital resources](#), a pool of funds offered at near-market terms to lower- to middle-income countries. ADB also provides loans and grants from its Special Funds and Trust Funds. The ADF is the largest of the Special Funds and offers loans at very low interest rates and grants that help reduce poverty in ADB's poorest borrowing countries (Figure 5). To continue assisting the region's poorest and most vulnerable countries to achieve their development goals, donors agreed to a \$12.4 billion replenishment of the ADF in 2012, 2.5% of which is for the Technical Assistance Special Fund. The ADF replenishment (ADF XI) covers operations from 2013 to 2016 and represents an increase of 9.5% in US dollar terms from the fund's previous 4-year period (ADF X).

>READ MORE <http://www.adb.org/site/funds/main>

ADB raises financing through public offerings, private placements, other transactions, and reflows from loans. ADB raised \$13.2 billion in long- and medium-term funds in 2012 and \$14.0 billion in 2011. ADB issued thematic bonds for the first time in 2010 and issued a second round of Clean Energy Bonds and Water Bonds in 2012. At the end of 2012, ADB had \$174 billion in capital stock (versus \$66 billion at the end of 2008) comprising \$163 billion in subscribed capital, and almost \$11 billion in reserves available to protect ADB's creditors in the event of a large-scale default by borrowers. ADB debt securities carry an AAA investment rating from major international credit rating agencies. Consequently, ADB can raise funds regularly and at favorable rates through the international and domestic capital markets, and passes on low-interest financing to borrowers.

ADB is exposed to financial risks such as credit, market, liquidity, and operational risk in undertaking its work. Strong governance and conservative financial management, supported by a powerful balance sheet and backed by sovereign shareholders, provide security for investors. The Office of Risk Management has the overall responsibility for monitoring and managing financial and operational risks. ADB's risk management governance also includes the Risk Committee, which provides high-level oversight of ADB's risks and recommends risk policies and actions to the President.

>**READ MORE** <http://www.adb.org/site/investors/main>

KEY CHALLENGES, GOALS, AND TARGETS

As a multilateral development bank ADB supports its developing member countries financially and in doing so helps to support inclusive economic and environmentally sustainable growth. ADB provides financing for projects that will effectively contribute to the economic and social development of the country concerned and have the strongest poverty reduction impact in conformity with [Strategy 2020](#) and the [country partnership strategy](#) in order to maximize development results.

Key challenges for the region identified during the preparation of, and elaborated in, Strategy 2020 are as follows: poverty remains the central challenge facing the region; disparities in well-being are widening within and between developing member countries; demographic changes will have profound implications for development; rapid economic growth is putting severe strains on the environment; infrastructure deficit is constraining market-led growth and access to social services in many countries; more regional cooperation and integration is needed to address developing countries' challenges and opportunities; financial systems are not intermediating the region's pool of savings efficiently to meet its growing needs; developing member countries need more emphasis on innovation, technology development, and higher education; and weak governance may prevent many developing member countries from exploiting economic opportunities. In response, Strategy 2020 sets out in detail operational goals in relation to ADB's lending portfolio; advancing partnerships; meeting Paris Declaration commitments; and assisting developing member countries graduation. Under Strategy 2020, ADB has set targets to

- have 80% of its operations in its core operational areas by 2012, and has met the target;

- scale up private sector development and private sector operations in all operational areas, reaching 50% of annual operations by 2020;
- significantly increase support for environmentally sustainable development, including projects to reduce carbon dioxide emissions and to address climate change; and
- increase assistance for regional cooperation and integration to at least 30% of total activities by 2020.

Following commitments under Strategy 2020, ADB became the first multilateral development bank to adopt a corporate-wide results framework. The management team uses this results framework to examine specific indicators and targets in line with Strategy 2020's vision and strategic directions. The framework helps ADB to measure results and monitor progress in implementing Strategy 2020, as well as take corrective actions where required. ADB's progress in achieving the desired targets is assessed annually and reported through the [Development Effectiveness Review](#) (DEFR) reports for 2011 and 2012. The reports are discussed by ADB's Board of Directors, and are also made available to the public through the ADB website. In 2012, the [results framework](#) was reviewed to ensure its continued relevance and usefulness as a performance management tool.

Implementation of Strategy 2020 necessitates changes in the mix of skills among ADB's human resources. ADB also needs to adapt its organizational structure to new and expanded products and services, particularly in private sector operations, financial services, knowledge management, and environmental operations. [Our People Strategy](#) sets out the challenges to realizing Strategy 2020 through staff. It defines the principles ADB will follow to recruit, retain, and develop staff and to improve the workplace environment, ensuring ADB has the right people to achieve its vision and deliver Strategy 2020 by seeking to create a strong mix of high caliber, motivated, client-responsive staff working in partnership; inspire leadership and proactive people management; and create a supportive and enabling workplace environment and culture. Our People Strategy includes goals and targets for human resources management that are aligned to the performance indicators in the [Development Effectiveness Review](#) reports for 2011 and 2012.

Being a member of the ADB staff means working to reduce poverty and make a difference in the development of the region. The commitment to reduce poverty and practice what ADB advocates on environmentally sustainable development is set out in the integrated Energy, Environment, Health, and Safety Management System (E²HSMS) for headquarters, which is subject to external audit. To safeguard the occupational health and safety of its staff, business partners, and surrounding

community, ADB is committed to complying with applicable legal requirements and employing best practice related to environmental aspects and health and safety hazards associated with the headquarters operations and facilities. E²HSMS includes objectives, targets, and indicators for resource conservation and accident reduction. ADB's performance against these for 2011–2012 is reported in the last section of this report and the Appendix, which has [responses to the GRI Sustainability Reporting Guidelines](#).

>**READ MORE** <http://www.adb.org/documents/strategy-2020-working-asia-and-pacific-free-poverty>

INVESTING IN THE FUTURE

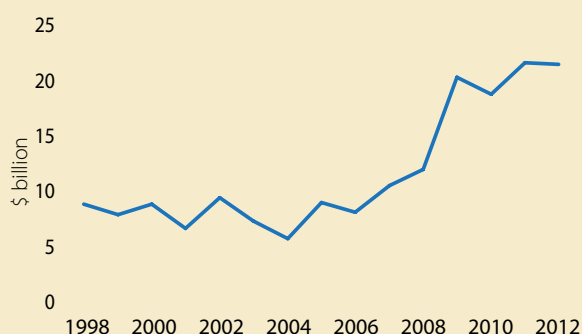
Key Achievements

- To help create and expand economic opportunities in the region, in 2011–2012, ADB approved projects totaling \$43 billion—a 10% increase over the previous 2-year period. Each approval takes into account economic, social, and environmental impacts.
- ADB investments contributed to providing and improving access to basic services, including funding for education, health, energy, water supply, sanitation, and transport.
- Environmental sustainability is a prerequisite for economic growth and poverty reduction. Thus, in 2011–2012, ADB approved 112 projects totaling more than \$13 billion with environmental sustainability as a theme—more than a 50% increase over the previous 2-year period in terms of amount.
- ADB investments, including climate change mitigation and adaptation, helped Asia move toward a more inclusive, low-carbon, and greener growth path.

Future Challenges

- Broader access to economic opportunities is essential to ensure that all members of society can participate in and benefit from growth.
- Development pressures continue to build on the land, forests, water systems, wetlands, and marine ecosystems on which many of the region's poor depend.
- Proactive efforts are required to mitigate the causes of global warming and help the region adapt to the expanding impacts of climate change.

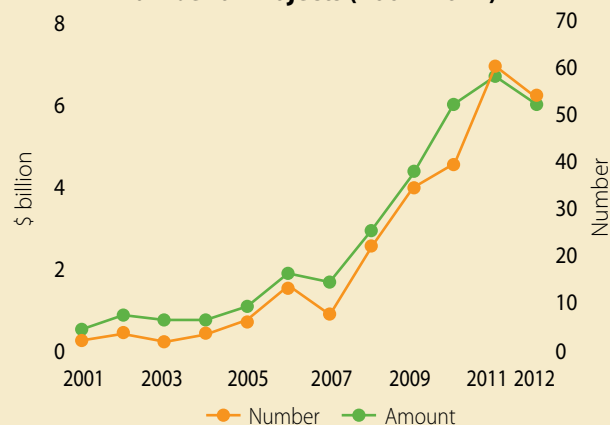
Figure 6. Increasing Approvals by Year



Continued sustainable, equitable growth for Asia remains essential for poverty reduction. Broader access to economic opportunities is necessary to ensure that all members of society can participate in and benefit from growth. To help create and expand economic opportunities in the region, ADB approved projects totaling \$43 billion in 2011–2012—a 10% increase over the previous 2-year period (Figure 6).

[Inclusive economic growth](#) remains essential for poverty reduction. The pattern and quality of economic growth is critical to ensure that the poor and disadvantaged are not left behind. Increasing social protection and gender equity benefits all of society by reducing inequality and improving security and political stability. In 2012, ADB set out its [Gender Equality and Women's Empowerment Operational Plan 2013–2020](#). ADB investments continue to provide and improve access to economic opportunities and basic services, including funding for education, health, energy, water supply, sanitation, and transport.

Figure 7. Projects with Environmental Sustainability as Theme: Loan Amount and Number of Projects (2001–2012)



[Environmental sustainability](#) is a prerequisite for economic growth and poverty reduction. The number and share of ADB's projects with environmental sustainability as a theme has trended significantly upward (Figure 7). In 2011–2012, ADB approved 112 projects totaling more than \$13.2 billion with environmental sustainability as a theme. ADB also approved 221 technical assistance projects totaling about \$278 million and 35 grants totaling nearly \$294 million with the environmental sustainability theme. In addition, all ADB projects are screened in accordance with the requirements of the [Safeguard Policy Statement](#). This policy seeks to minimize, mitigate, and compensate for, if not avoid, the adverse impacts of projects on people and the environment. In 2012, ADB set out its [Environment Operational Directions 2013–2020](#). To help the region transition to green growth and

address the causes and consequences of climate change, efforts are now focused on

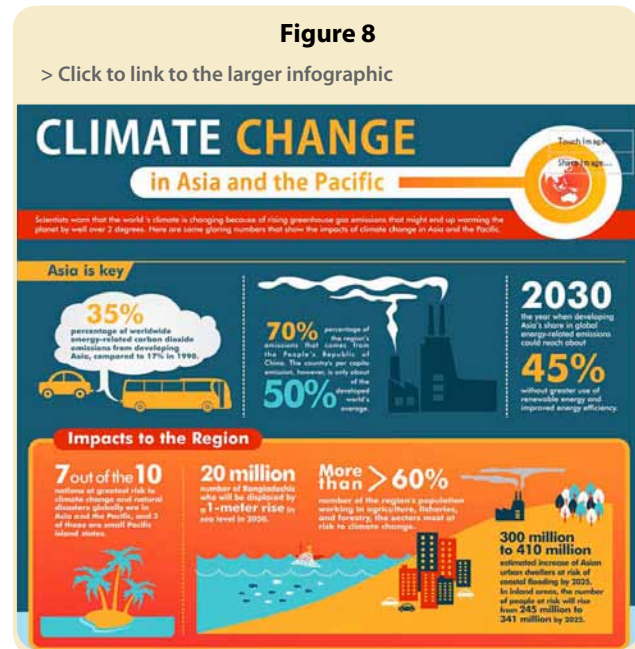
- promoting sustainable infrastructure that contributes to reduced environmental impacts, including abating air and water pollution, reducing CO₂ emissions, and increasing resilience to climate change;
- conserving natural capital and protecting biodiversity;
- strengthening environmental governance; and
- promoting climate change mitigation and adaptation.

Regional cooperation and integration plays a critical role in accelerating economic growth. It helps to narrow development gaps between countries by supporting policy dialogue and resources to build closer trade integration, intraregional supply chains, and stronger financial links. These actions enable slow-moving economies to hasten their own expansion. As part of ADB's support for regional economic integration, transport plays a critical role in enabling growth in trade and movement of people. Cooperation on regional public goods, such as clean air, control of communicable diseases, and management of natural disasters is also necessary because many issues transcend political boundaries and are thus of regional or even global concern.

FOCUS ON COMBATING CLIMATE CHANGE

Asia and the Pacific has become a major source of greenhouse gas (GHG) emissions, increasingly contributing to climate change (Figure 8). Under current trends, CO₂ emissions from the region are likely to more than triple by 2050. The region also has the most people at risk to the adverse consequences of climate change, with hundreds of millions living in coastal areas or depending upon agriculture for their livelihoods. Continued economic growth and poverty reduction will not be possible without proactive efforts to mitigate the causes of global warming and help the region adapt to the expanding impacts of climate change. In line with Strategy 2020, ADB is supporting a transition toward low-carbon energy, transport, and urban development. At the same time, ADB is providing assistance for managing land use and forests for carbon sequestration; promoting climate-resilient development; and strengthening policies, governance, and capacities to integrate climate change considerations in programs and projects.

In 2012, ADB approved climate finance amounting to \$3.4 billion, with \$2.9 billion from ADB's resources and \$462 million from external resources. About



Box 1. Climate Resilient Infrastructure in Bangladesh

Bangladesh is among the countries most vulnerable to climate change. By 2050, climate change could make an additional 14% of the country extremely vulnerable to floods and dislocate more than 35 million people from coastal districts. The Coastal Climate Resilient Infrastructure Project was financed through the Pilot Program for Climate Resilience. The project's main objective is to reduce poverty and raise incomes in 12 rural coastal districts of Bangladesh through fostering climate-proof rural connectivity—rural roads, bridges, culverts, and cyclone shelters. This will enhance accessibility to social services, including health and education. All-weather access to markets and economic opportunities will result in improved earnings for the rural poor, including women.



Box 2. Green Energy in Bhutan

The Green Power Development Project in Bhutan is the first certified cross-border Clean Development Mechanism project in the world. Using public–private partnership, the 126-megawatt Dagachhu hydropower facility was constructed to deliver carbon-free clean energy to India, replacing electricity produced by fossil fuel. Royalties will subsidize the development and operation of Bhutan’s rural electrification network, bringing power to about 9,000 households in remote communities, and will finance solar power systems to electrify rural schools, health clinics, monasteries, and community centers.



\$2.5 billion is expected to contribute to mitigation and \$896 million to adaptation. Approved mitigation projects include solar and wind power generation, energy efficiency, waste-to-energy, rail, urban transport, forest conservation, and watershed management. Among the approved adaptation projects are flood and drought management; climate-proofing of infrastructure such as roads, bridges, and water supply; and mainstreaming of climate resilience in development planning (Box 1, p. 9).

ADB continued to support its developing member countries in accessing international climate financing, such as the Global Environment Facility and the Climate Investment Funds. The first stage of programming of financing from the Climate Investment Funds was largely completed in 2012—about \$1.5 billion was endorsed for ADB projects, including \$426 million for adaptation projects.

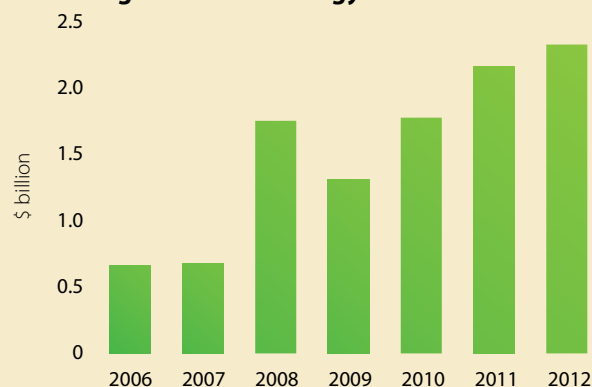
ADB has also employed innovative approaches for mobilizing private sector financing for climate-friendly investments. For example, ADB approved a \$100 million equity investment seeking to catalyze finance from institutional investors into a \$1 billion Climate Public–Private Partnership Fund, a platform that combines private sector investment with development finance institution expertise to provide equity, debt, and grant facilities for climate-related projects.

>**READ MORE** <http://www.adb.org/themes/climate-change/main>

CLEAN AND ACCESSIBLE ENERGY

With energy demand projected to almost double in the Asia and Pacific region by 2030, the development of clean and renewable energy sources is critical for green growth. Compounding the demand problem is widespread energy poverty across Asia, where almost 1 billion people are still without access to electricity. Guided

Figure 9. Clean Energy Investments



by ADB’s 2009 [Energy Policy](#), ADB is supporting energy efficiency and renewable energy projects; maximizing access to energy for all; and promoting energy sector reform, capacity building, and governance. ADB targeted its annual lending for clean energy investments at \$2 billion a year by 2013, and achieved it ahead of schedule, in 2011 (Figure 9).

ADB’s [Clean Energy Program](#), supported by the [Clean Energy Financing Partnership Facility](#), focuses on supporting clean energy projects, including solar and wind power, and on facilitating the adoption of low-carbon technologies throughout the region (Box 2). The [Energy for All Initiative](#) focuses on access to affordable, modern, and clean energy among the region’s poor. In 2011–2012, ADB invested \$4.4 billion to provide 2,125 megawatts of renewable energy generation capacity, to facilitate 874.3 terawatt-hours of electricity savings through energy efficiency measures, and to avoid consumption of 163,800 terajoules of direct fuel per year. This equals a 29.7 million ton CO₂-equivalent reduction in GHG emissions per annum.

>**READ MORE:** <http://www.adb.org/sectors/energy/main>

Box 3. Sustainable Urban Transport in Lanzhou, People's Republic of China

In 2009, ADB approved a \$150 million loan to help set up a sustainable urban transport system in Lanzhou, linking a planned new city center to the original hub via bus rapid transit (BRT). The Lanzhou BRT system opened in 2012. It marks a milestone for ADB's efforts in low-carbon transport, as the first urban mass transit system ADB has implemented. The BRT project will have wide-ranging benefits, including shortened travel times, reduced carbon dioxide emissions, fewer road crashes, and improved services for the mobility impaired and elderly. Lessons learned from the project are currently being used to the benefit of other BRT projects, including in Astana, Dhaka, and Ulaanbaatar.

TRANSPORT AND COMMUNICATIONS

Transport is one of the main sectors that ADB supports, reflecting the important role that transport plays in enabling economic development and poverty reduction. Transport is critical for enabling growth in trade and facilitating regional economic integration. Rural roads play an important role in inclusive economic growth by making transport accessible and affordable. However, despite considerable investment, transport improvements have not kept pace with the growth in demand and consequently transport remains a critical development bottleneck.

A lack of resources, from technology to literacy, is also threatening to maroon many developing countries in Asia and the Pacific on the wrong side of a growing digital divide.

ADB introduced its [Sustainable Transport Initiative](#) in 2010, which guides ADB's investments in the subsector. A sustainable transport system is one that is accessible, safe, environment-friendly, and affordable. Focus areas under the initiative are urban transport, support for low-carbon and climate-resilient transport, integration of safety and social considerations in transport investments, and cross-border transport and logistics. In 2012, ADB invested nearly \$4 billion in transport, including 19 investment and technical assistance projects in relatively low-carbon modes, such as urban public transport (Box 3), nonmotorized transport, railways, and inland waterways, amounting to \$1.067 billion. Climate change is a main consideration in the operational plan for ADB's Sustainable Transport Initiative.

ADB also led the group of eight multilateral development banks at Rio+20 to deliver a voluntary commitment of \$175 billion for more sustainable transport in developing countries during the next 10

years. A working group on sustainable transport has been set up to monitor and report on how the commitment is being met. ADB's information and communication technology (ICT) initiatives are empowering the poor to use ICT as a tool to help lift themselves out of poverty while providing governments, businesses, and citizens with an efficient means of communication and faster access to information.

>[READ MORE](http://www.adb.org/sectors/transport/main) <http://www.adb.org/sectors/transport/main>

FOCUS ON GREEN CITIES

Asia's cities will become home to another 1.1 billion people in the next 2 decades as the poor continue to be drawn to better economic opportunities (Figure 10). Many cities are already struggling with environmental degradation, traffic congestion, inadequate urban infrastructure, and a lack of basic services such as water supply, sanitation, and waste management,

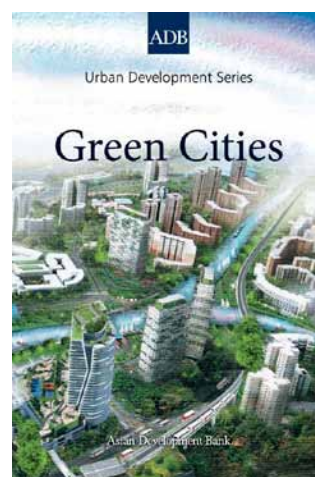
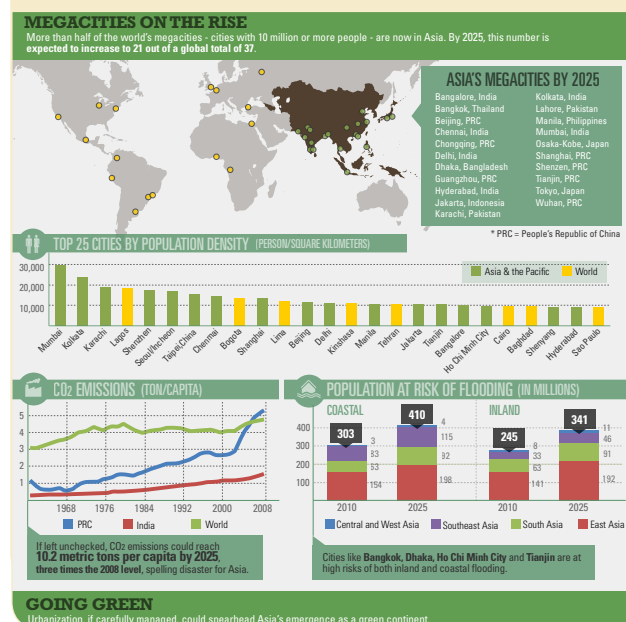


Figure 10

> Click to link to the larger infographic



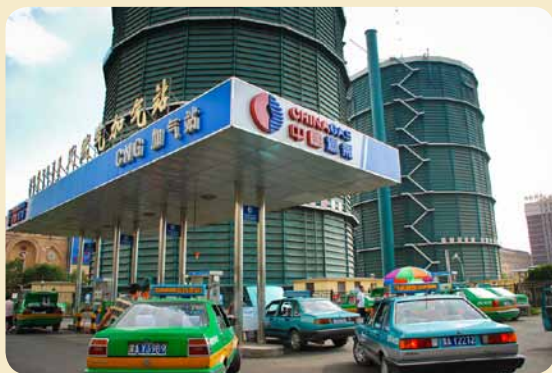
with over 200 million living in urban slums. ADB's new [Urban Operational Plan 2012–2020](#) directs resources to clean water, sustainable transport, energy efficiency, solid waste management, urban planning, and financing to help make cities greener, more inclusive, and more competitive. Box 4 provides an example of ADB's green cities work.

Box 4. Greening Cities in the People's Republic of China

In 2012, ADB approved a \$600 million package of projects to help fast-growing second-tier cities in the People's Republic of China transition to a lower carbon growth path built on a long-term commitment to green urbanization. The package includes

- developing biomass power plants using agricultural and municipal waste in Anhui, Jiangsu, and Shandong to reduce greenhouse gas emissions by 638,000 tons of carbon dioxide equivalent per year;
- expanding district heating systems in northeastern Heilongjiang Province, benefiting 270,000 households and removing a major cause of air pollution and respiratory diseases;
- providing better infrastructure for pedestrians and bicyclists in two of western Gansu's poorest cities, home to approximately 4 million people;
- restoring 1,400 hectares of wetland habitat in Zhangye City, which have been damaged by unsustainable water use for agriculture, rising population, and industrial production; and
- constructing a wastewater treatment plant, an upgraded heating network, and expanded public green areas benefiting 1.5 million people in emerging towns in Liaoning by facilitating sustainable urbanization.

>READ MORE <http://www.adb.org/news/photo-essay/adb-supports-green-growth-peoples-republic-china>



To translate such concepts into reality, by 2012 the [Cities Development Initiative for Asia](#) had undertaken 78 studies for 50 cities in 14 countries. The studies cover urban transport, flood and drainage management, urban renewal, and wastewater management. The Urban Financing Partnership Facility has provided almost \$20 million for projects on climate change mitigation and adaptation, public transport, solid waste management, and water supply and sanitation.

>READ MORE <http://www.adb.org/themes/urban-development/main>

SOCIAL PROTECTION AND A HEALTHY FUTURE

Good health is essential for prosperity as it promotes learning, social inclusion, and gender equity while contributing to economic growth through increased productivity and savings. ADB is committed to improving health in Asia and the Pacific by supporting better governance and spending, more water and sanitation infrastructure, and regional collaboration to control communicable diseases (Box 5). ADB has projects that span a wide variety of themes within social protection, including contributory pensions, conditional cash transfers, and social health insurance.

In line with Strategy 2020, ADB's [Operational Plan for Improving Health Access and Outcomes](#) encourages a multisectoral, multipartner approach to addressing key health issues. Key activities include standalone health projects where warranted, and support for improving health systems, particularly for health finance and engaging the private sector, increasing health cobenefits from infrastructure activities, and addressing communicable diseases as regional public goods. To address the latter, ADB has projects with countries in the Greater Mekong Subregion to improve capacity to detect and control communicable disease outbreaks and with countries in the [Central Asia Regional Economic Cooperation](#) to prevent and control HIV/AIDS and other communicable diseases in the subregion. Examples of recent social protection initiatives include emergency food assistance to Cambodia's most vulnerable, support for public sector pension reform in Pakistan, and conditional cash transfers in the Philippines.

>READ MORE <http://www.adb.org/sectors/health/overview> and <http://www.adb.org/sectors/social-protection/overview>

Box 5. Better Facilities for Health in Mongolia

In 2012, ADB approved a health sector project that will assist Mongolia to set up a new national blood transfusion center and an improved central medical waste management facility in Ulaanbaatar, provide equipment for hospital sterilization and microbiology labs to prevent and control hospital acquired infections, and build a new hospital in one of Ulaanbaatar’s poorest districts to directly benefit more than 260,000 residents. Improved waste management will benefit about 13,500 health workers, especially those facing occupational risk because of insufficient and unsecure blood products and processes. The project links sustainable financing to service quality improvements—such as ensuring that policy is developed to provide Hepatitis B vaccination for health workers.



>READ MORE <http://www.adb.org/news/photo-essay/better-healthcare-mongolias-urban-migrants>

Table 1. Water Financing Program 2006–2020 Targeted Outcomes

Targeted Outcome	Target	Expected Beneficiaries of Projects Approved (Jan 2006–Dec 2012)	Share of Target Met
Safe drinking water and improved sanitation	500 million	190 million	38%
Reduced risks to flood	170 million	46 million	27%
More productive and efficient irrigation and drainage services	95 million	45 million	47%
Integrated water resources management introduced in river basins	30 river basins	29 rivers basins	97%

The share is as of April 2013.

WATER SUPPLY AND SANITATION

Water is one of our most precious resources. But, many countries in Asia and the Pacific are in water crisis due to population growth and water misuse and pollution. Growing populations, rapid urbanization, and competing demand for water for agriculture, energy, industry, and domestic use have left water stocks in a critical state. Climate change is worsening the demand–supply position. In large parts of Asia and the Pacific, more than 80% of untreated wastewater leaches into accessible fresh and coastal waters, and public health consequences are significantly affecting lives, livelihoods, and productivity. ADB’s [Water for All](#) policy, adopted in 2001, recognizes that sustainability of water resources is essential and it is best achieved through the

active involvement of people at all levels (Box 6). In line with the water policy and [Strategy 2020](#) and guided by ADB’s new [Water Operational Plan 2011–2020](#), the [Water Financing Program](#) is supported by the [Water Financing Partnership Facility](#) and continues to increase water investments to achieve targeted goals for distribution of water for rural and urban uses and at the river basin level (Table 1). Under the program, ADB aims to invest \$20 billion during 2011–2020.

AGRICULTURE AND FOOD SECURITY

Despite sustained growth of many economies, the Asia and Pacific region still has 564 million hungry people and high levels of malnutrition persist (Figure 11). In the

Box 6. Improving Urban Water Supplies in Madhya Pradesh, India

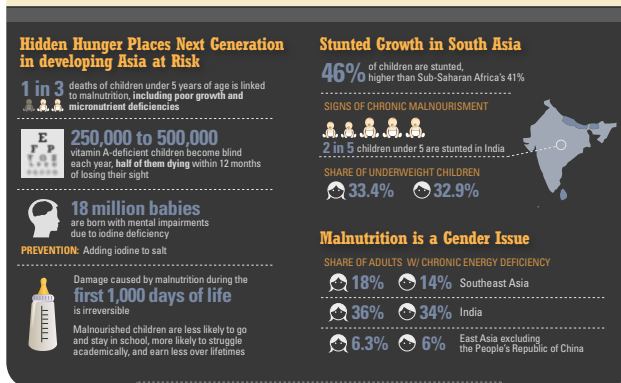
In 2003, rapid population growth was forecast in Bhopal, Gwalior, Indore, and Jabalpur cities in Madhya Pradesh, where poor water and sanitation had long held back economic growth. Between 2003 and 2012, \$271 million of ADB investment helped the government strengthen the water supply, sewerage and sanitation, storm water drainage, and solid waste management in the four cities. It also helped strengthen institutions and piloted community initiatives to improve slums and empower women. The project has improved access to water for 5.3 million people, sewerage and sanitation for 0.5 million people, and solid waste management for 4.7 million people.



>READ MORE <http://www.adb.org/features/clean-water-sanitation-prime-indian-cities-growth>

Figure 11

> Click to link to the larger infographic

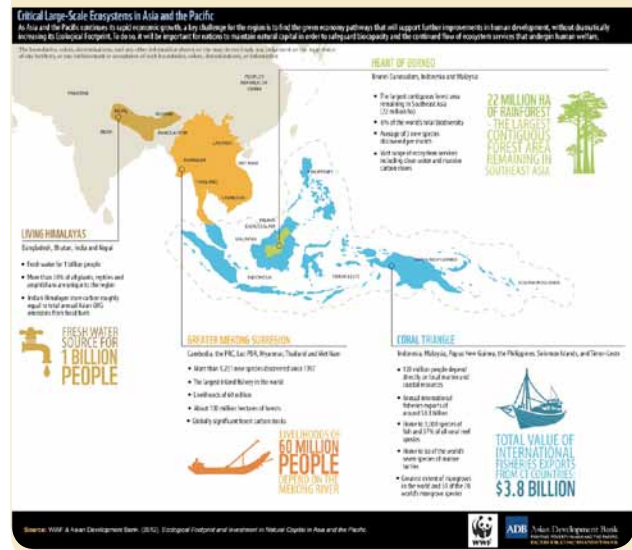


long term, the efficiency and productivity of the food system, from farm to fork, needs to be improved to meet the food demand of an increasingly affluent and growing population. This must occur despite natural resource scarcity and climate change impacts. ADB's *Operational Plan for Sustainable Food Security in Asia and the Pacific* seeks to address the food security challenges through investment. For example, ADB has assisted 250,000 small-scale rice farmers in Bangladesh to transform into high-value crop producers with credit, technical information, improved road links, and postharvest facilities. ADB has also invested in advanced storage technologies for onion and potato farmers in Afghanistan to reduce food wastage and to smooth seasonal variability of local food supply.

>READ MORE <http://www.adb.org/sectors/agriculture/overview>

Figure 12

> Click to link to the larger infographic



FOCUS ON CONSERVING NATURAL CAPITAL

The Asia and Pacific region has some of the world's largest and most diverse ecosystems. They provide socially and economically valuable services such as, food and fiber resources, clean water, and climate regulation, all of which are fundamental to human welfare (Box 7 and Figure 12).



Box 7. Heart of Borneo: Saving the Lungs of Southeast Asia

The Heart of Borneo, which straddles Indonesia, Malaysia, and parts of Brunei Darussalam, contains the largest rainforest area remaining in Southeast Asia and is one of the most biologically diverse habitats on Earth. An estimated 12 million local and indigenous people depend on the Heart of Borneo. Each year, an estimated 1 million cubic meters of timber is smuggled out of the area, leaving destroyed forests, threatened biodiversity, lost livelihood opportunities, and higher costs for forest rehabilitation. With one conservation vision, the three countries agreed, under the joint [Heart of Borneo Initiative](#), to promote people's welfare and to improve the management of forest resources and the conservation of a network of protected areas, productive forests, and other sustainable land uses. ADB, with its partners, is providing nearly \$4.5 million to help the Indonesian portion of Borneo strengthen policies and institutions for sustainable forest and biodiversity management and to develop sustainable livelihood opportunities. An example is pilot schemes for local communities to be paid for ecosystem services.



>READ MORE <http://www.adb.org/news/photo-essay/protecting-heart-borneo-through-sustainable-business-practices>

Maintaining this natural capital is particularly critical for the rural poor, whose livelihoods and ability to cope with natural disasters directly depend on the availability of local natural assets and resources. ADB, with partners, including the World Wide Fund for Nature (WWF), continues to support important regional initiatives that are designed to address environment and development issues in critical ecosystems in the region.

EDUCATION

An educated and highly skilled workforce is essential to build the human capital base necessary to ensure higher economic prosperity, lower inequalities, and better social cohesion. Education is a core operational area under Strategy 2020. [Education by 2020: A Sector Operations Plan](#) provides guidance and direction for ADB's cooperation with client countries to improve educational outcomes. Thus, in 2011–2012 ADB continued support for the education subsectors including postsecondary and vocational education, to address the growing demand for better and more relevant labor skills (Box 8). ADB initiatives included ongoing support for technical and vocational education and training in the Kyrgyz Republic, tertiary-level skills development in Indonesia, and greater opportunities for higher education through ICT and distance learning in the South Pacific.

>READ MORE <http://www.adb.org/sectors/education/main>

TRADE, INVESTMENT, AND FINANCIAL SERVICES

Trade needs to be expanded and improved so the benefits can be shared by all economies in the region. Building closer trade integration, intraregional supply chains, and stronger financial links with neighbors that are advancing more rapidly will allow smaller, slow-growth countries to hasten their own expansion. ADB supports financial institution and market infrastructure development and at the same time promotes good governance and financial systems' capability to ensure sustainable private sector-led growth. In 2011, ADB issued the [Financial Sector Operational Plan](#) to articulate the financial sector agenda of Strategy 2020 and guide its implementation. In 2012, sovereign lending of \$730 million supported development of the general financial market, capital market, and microfinance. Nonsovereign investments reached \$404 million, largely supporting supply chain finance, microfinance, and guarantees. And in 2012, the Islamic Financial Services Board and ADB signed a [memorandum of understanding](#) to promote the development of Islamic finance in common developing member countries.

>READ MORE <http://www.adb.org/sectors/industry-and-trade> and <http://www.adb.org/sectors/finance/main>

Box 8. Educational Development in Bangladesh

In 2011, ADB approved a \$320 million loan for a third phase of the Bangladeshi primary education reform program. This will fund textbook and curriculum improvements, a teacher development plan, and a class assessment system for primary education that will result in a more effective, relevant, and child-friendly learning environment in Bangladesh. Targeted assistance will be given to disadvantaged groups such as tribal children, ethnic minorities, and children living with disabilities. To ensure the project is results focused, financing is linked to the government achieving outputs and making steps to policy and institutional changes that are deemed essential to project success.

>READ MORE <http://www.adb.org/news/photo-essay/improving-bangladeshs-primary-education>



FOCUS ON REGIONAL COOPERATION, GOOD GOVERNANCE, AND CAPACITY DEVELOPMENT

The [Regional Cooperation and Integration Strategy](#) (2006) supports ADB's overarching goal of poverty reduction through regional collective actions, emphasizing ADB's active role as catalyst, coordinator, and knowledge leader in Asia and the Pacific (Boxes 9 and 10). The strategy is anchored on four pillars: regional and subregional economic cooperation programs on cross-border infrastructure and related software; trade and investment cooperation and integration; monetary and financial cooperation and integration; and cooperation in regional public goods through coordinated actions to supply regional public goods such as clean air, control of communicable diseases, and management of natural disasters. ADB is working with multiple partners in support of regional programs. An example is the [Central](#)

[Asia Regional Economic Cooperation](#), which in 2012 agreed on a \$23 billion action plan for new subregional transport infrastructure projects, together with energy and trade initiatives to help connectivity and prosperity in this subregion. Boxes 9 and 10 provide examples of subregional economic and environment cooperation.

Good governance is essential for society to function well. ADB's [Policy on Governance](#) guides the organization's work to enhance the quality of governance in developing member countries and defines four elements of good governance: accountability, transparency, predictability, and participation. ADB's investments help client countries implement effective policies, reforms, and investments needed to realize development goals and reduce poverty. Strengthening public financial management and procurement systems, as well as combating corruption, are at the core of ADB's current governance work. In 2012, 22% of ADB's loan projects had support for reforms in public sector management as well as other governance components.

Capacity development is a high priority for ADB, which has long supported the growing international consensus that the capacity of countries to manage their own affairs is vital to public sector performance and sustainable development.

For example, ADB is committed to help its client countries strengthen and effectively implement their [country safeguard systems](#). Under the regional technical assistance project, on [Strengthening and Use of Country Safeguards Systems](#), ADB is currently supporting 15 countries to improve their legal frameworks and/or build their capacity to implement environmental and social safeguards. To operationalize the project, \$5 million was approved in 2010 and \$3 million in 2011 to respond to the strong demand for additional subprojects.

ADB also deepened its support for country programs in client countries through the Asia-Pacific Community of Practice (APCoP) on Management for Development Results. As part of continuing efforts to mainstream results at the country level, the APCoP Framework for Results-Based Public Sector Management was applied to support country programs in Cambodia, the Kyrgyz Republic, Malaysia, and the Philippines during 2012. At the regional level, the APCoP partnered with ADB's internal communities of practice (CoPs) and other development partners to promote knowledge sharing on results-based public sector management. Together with the ADB Public-Private Partnership (PPP) CoP and the ADB Institute, the APCoP conducted the [Regional Roundtable on Public Sector Management and Public-Private Partnerships for Development Results](#). More than 50 experts, donor partners, and senior public officials from member countries attended. Following this, the APCoP and PPP CoP, with the Singapore Civil Service

Box 9. Cooperation in the Greater Mekong Subregion

The Greater Mekong Subregion (GMS) Economic Cooperation Program began its third decade in 2012. At the program's inception, the GMS was emerging from a period of prolonged conflict; since then, the program has achieved noteworthy successes in fostering cooperation in the GMS. The program has built a reputation as a flexible, results-oriented project-delivering vehicle for promoting regional cooperation and contributing to economic growth, poverty reduction, and the provision of regional public goods. Increased recognition of the benefits of regional cooperation is manifested in the evolution of regionalism both in Asia and more broadly. Within this context of evolving regionalism, the GMS Program remains highly relevant and a new strategic framework has been developed for 2012–2022 to guide member countries' efforts to steer the program to the next level of results during the coming decade.

Box 10. Reaching a Common Vision on the Environment

A large proportion of Southeast Asia's population depends on agriculture, fishing, and other natural resources that are coming under heavy pressure from illegal logging and fishing and the pollution and destruction of shared marine environments such as the world-renowned Coral Triangle. Climate change, driven by rising emissions of greenhouse gases, also poses an increasing threat. The December 2011 ASEAN Chief Justices Roundtable on Environment was jointly organized by ADB and the Supreme Court of Indonesia and supported by the United Nations Environment Programme. Participants discussed common challenges the judiciary in ASEAN countries face in adjudicating environmental legal cases and the role they can play in championing environmental justice. The roundtable resulted in a resolution on shared environmental challenges and areas for future cooperation.



College, developed two training modules for senior public officials on PPP for Development Results.

>**READ MORE** <http://www.adb.org/themes/governance/overview> and <http://cop-mfdr.adb.org>

DISASTER AND EMERGENCY ASSISTANCE

Development gains throughout Asia are sometimes eroded and many lives lost to disasters. Therefore, ADB assists client countries to strengthen their resilience to disasters through ADB's [integrated disaster risk management framework](#) and associated [integrated disaster risk fund](#), which bring together disaster risk reduction, climate change adaptation, and disaster risk financing. This is being integrated into all ADB's operational plans, country partnership strategies, and development investments. Through 2012, ADB provided over \$17 billion for disaster risk management. ADB also approved a [pilot disaster response facility](#) for countries eligible for concessional ADF financing to enable a more flexible, predictable, and systematic approach to disaster response.

IMPROVING ADB'S OPERATIONS

Key Achievements

- Access to information about ADB operations has been facilitated by its 2012 Public Communications Policy.
- In 2011–2012, ADB invested \$27 billion, leveraged with \$16 billion of commercial and official cofinancing for investing in projects. In 2012, ADB's Board of Directors approved the Public–Private Partnerships (PPP) Operational Plan.
- To minimize, mitigate, and compensate for (if not avoid) adverse impacts of projects on people and the environment, all projects ADB approved in 2011–2012 were screened in accordance with ADB's Safeguard Policy Statement.
- In 2012, ADB enhanced access to its Accountability Mechanism, an avenue for affected people to report concerns about a project, and undertook extensive information dissemination and outreach to explain the changes associated with the new and improved approach.

Future Challenges

- To achieve an Asia and Pacific region free of poverty, ADB and its stakeholders must be aware of the needs of the poor, and understand and support solutions to achieve equitable growth.
- The region faces many development challenges. To respond to the challenges and contribute to building capacity to address them, ADB aims to offer finance plus leverage plus knowledge.
- As accountability, transparency, predictability, and participation are imperative for the development process to bear the intended results, ADB must work with its partners to achieving these goals.

To achieve an Asia and the Pacific free of poverty, ADB must be aware of its stakeholders' needs and priorities. ADB must work in partnership with multiple stakeholders, including its 67 member countries—its shareholders; public sector borrowers; private sector borrowers; numerous development partners such as the World Bank, government aid agencies, and nongovernment organizations such as the WWF; civil society organizations; the beneficiaries of ADB's development projects; local communities affected by those development projects; local communities near ADB's headquarters and field offices; academics; the media; and of course ADB staff.

Accountability, transparency, predictability, and participation are imperative for the development process to bear the intended results. ADB's own policies, strategies, and practices have been adapted to embrace and facilitate more active civil society participation and to facilitate greater engagement of affected people in the early stages of project preparation. To use limited resources effectively, ADB focuses on results management in its operations, helps client countries improve their management capacities, and contributes to the global agenda on aid effectiveness.

IMPROVING COMMUNICATIONS

ADB encourages and facilitates communication with all its stakeholders about ADB's policies and projects. In ADB-assisted operations, stakeholders comprise three main groups: government, the private sector, and civil society including affected people. Figure 13 provides

examples of how participation has been incorporated into the stages of the ADB project cycle.

>READ MORE <http://www.adb.org/site/ngos/main>

ADB's new [Public Communications Policy](#) became effective in April 2012. It recognizes the rights of people to seek, receive, and impart information about ADB's operations. The new policy expands and speeds up access to information, retains the presumption in favor of disclosure, and increases emphasis on public communications with a wide range of stakeholders.

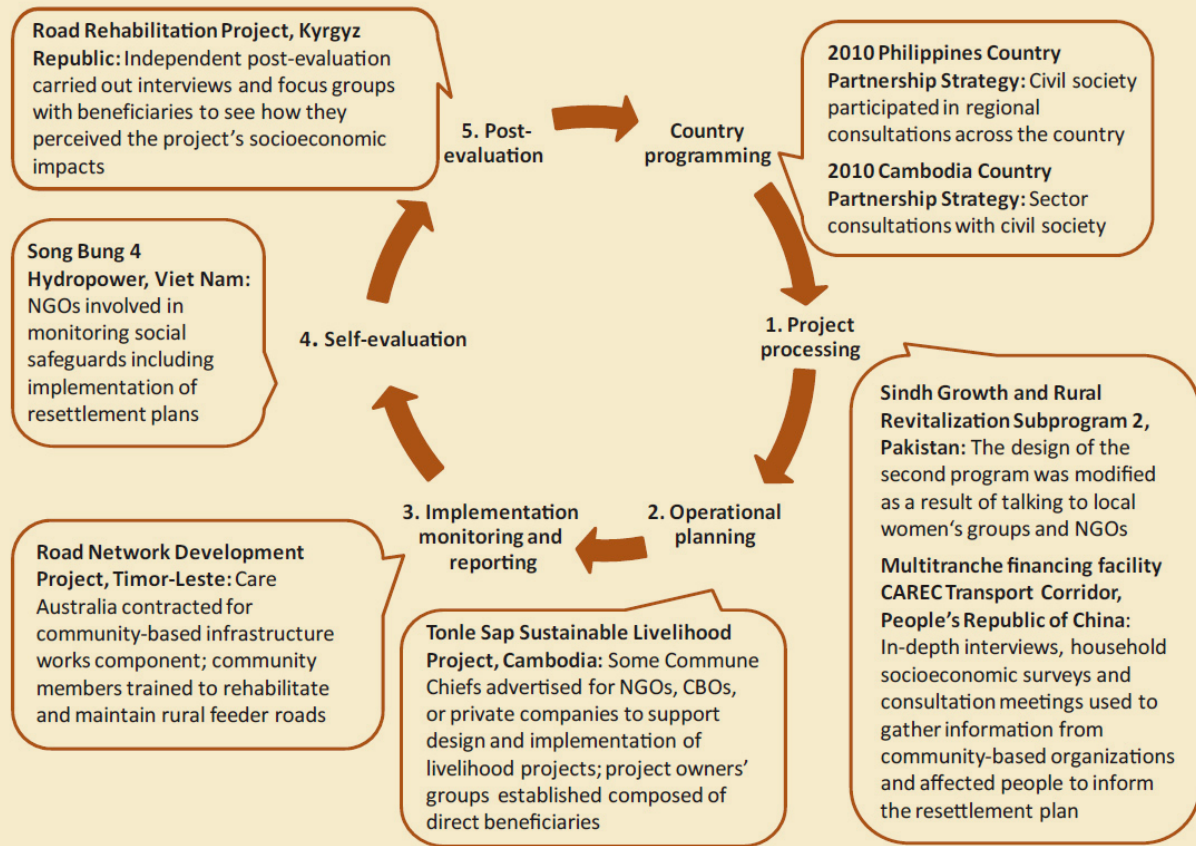
ADB's website, www.adb.org, is its primary vehicle for proactively disclosing to the public information about ADB's work. In 2012, ADB posted over 4,200 documents and reports on the site, which logged more than 2.43 million visitors during the year.

ENSURING EFFECTIVE DEVELOPMENT

Efficient Business Processes

To enhance project outcomes and development effectiveness, ADB is continually improving its efficiency. Efficiency measures have been embedded in the work programs of all departments and offices to optimize their budgetary and staff resources so that ADB can respond effectively to the needs of its developing member countries and deliver finance plus leverage plus knowledge—Finance++. Streamlined business processes were introduced in 2010 and involved simplified procedures and greater use of technologies.

Figure 13. Examples of Participation during the ADB Project Cycle



CAREC = Central Asia Regional Economic Cooperation, CBO = community-based organization, NGO = nongovernment organization

The share of operations processed using the streamlined processes increased from 39% in 2011 to 70% in 2012. As a result, operations that had taken an average 37 months to complete were by 2012 taking only 11 months.

>READ MORE <http://www.adb.org/documents/operations-manual>

Improving Aid Effectiveness

As part of a commitment to support global efforts to enhance aid effectiveness, ADB has participated in the four [High-Level Forums](#) on Aid Effectiveness. The fourth was held in Busan, Republic of Korea, in 2011. Its main objectives were to review progress on implementing the commitments and targets set by the [Paris Declaration and Accra Agenda for Action](#), and to determine a development cooperation framework to improve aid effectiveness in the broader context of development effectiveness. Participants endorsed the [Busan Partnership for Effective Development Cooperation](#), a

framework for development cooperation that embraces partner countries, development partners, civil society organizations (CSOs), and providers of private funds. This is the first time such an inclusive agreement has been achieved, marking a turning point for international development cooperation.

>READ MORE <http://www.adb.org/site/development-effectiveness/aid-effectiveness-global-agenda>

KNOWLEDGE AND PARTNERSHIPS—DRIVING CHANGE THROUGH FINANCE++

Knowledge Solutions

Knowledge is a powerful catalyst for propelling development forward and enhancing its impact. The assimilation and dissemination of relevant, high-quality knowledge to and from developing member countries,

development partners, and other stakeholders through a range of initiatives helps drive change and assists regional integration. In July 2011, ADB successfully completed its first 3-year [knowledge management action plan](#). In 2012, ADB established the Knowledge Sharing and Services Center and developed a new [knowledge management action plan for 2013–2015](#). The plan focuses on Finance++ as a combination of knowledge, finance, and leverage through partnerships to maximize and accelerate development effectiveness.

[ADB's knowledge solutions](#) are becoming increasingly partnership based. To support the sustainable development agenda, ADB has conducted a range of knowledge sharing initiatives for its staff and clients, and has partnered with a growing number of renowned knowledge providers outside and within Asia and the Pacific (Box 11). In 2012, for example, ADB, the Australian Aid for International Development (AusAID), the Japan International Cooperation Agency (JICA), and the World Bank established a joint regional CoP on safeguards to support regional countries in developing

Box 11. Knowledge Management for Education

The annual ADB International Skills Forum series was initiated in 2011 with an international consultative forum that explored new approaches for skills development in Asia and the Pacific. In 2012, the second International Skills Forum built on the discussions of the first and carried forward the discourse on skills development for employability and sustainable livelihoods. [Skills Development for Inclusive and Sustainable Growth in Developing Asia–Pacific](#) was launched at the second forum. The book proposes a reengineered, modernized technical and vocational education and training system that fosters an innovative approach to skills development. The third ADB International Skills Forum is scheduled for December 2013.

>READ MORE <http://www.adb.org/sites/default/files/pub/2012/sustainable-growth-asia-pacific.pdf>



capacity for environment and social safeguard systems.

In 2011 and 2012, ADB was acclaimed an Asian Most Admired Knowledge Enterprises ([MAKE](#)) winner. The [2011 MAKE award](#) cited ADB's collaborative enterprise-wide knowledge sharing, which includes development of knowledge databases and collaborative tools, participation in CoPs, and the like. The [2012 MAKE award](#) recognized ADB's work to devise knowledge-based products and services.

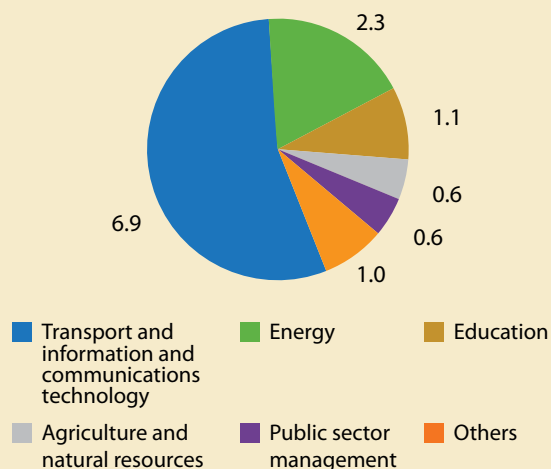
>READ MORE <http://www.adb.org/site/knowledge-management/main>

Cofinancing

ADB mobilizes financial resources through [cofinancing operations](#), which tap official and [commercial sources](#) to maximize the development impact of ADB's assistance (Figure 14). For official cofinancing, ADB and one or more development partners finance a project or program either jointly or in parallel. Such partners are usually donor governments and bilateral or multilateral funding agencies. ADB also assists client countries in securing debt financing on commercial terms for ADB projects by engaging with commercial financial institutions. Financing partnerships are important drivers of change that help achieve better results for client countries—during 2011–2012, ADB raised \$15.6 billion of cofinancing to go with its own funding of \$27.3 billion.

>READ MORE <http://www.adb.org/site/public-sector-financing/official-cofinancing> and <http://www.adb.org/site/private-sector-financing/commercial-cofinancing>

Figure 14. Official Cofinancing by Sector 2008–2012 (\$ billion)



Working with Civil Society

ADB works in partnership with a broad range of CSOs to strengthen efforts to reduce poverty. Working at the grassroots level, CSOs fill a vital space in the development process, giving voice to marginalized communities, providing expertise and knowledge, testing innovative approaches to poverty reduction, and ensuring beneficiary participation in projects (Boxes 12 and 13). Over 90% of ADB's sovereign investment projects include some elements of [CSO participation](#).

Civil society is engaged in ADB operations during country programming through to the project level. CSOs are especially well situated to channel the inputs of poor and marginalized communities into the design of development interventions and cooperation with them can improve the effectiveness, quality, and sustainability of development activities. To provide guidance on consultation and participation within operations, ADB launched [Strengthening Participation for Development Results: an ADB Guide to Participation](#) in 2012. Special attention is given to participation with respect to safeguards, gender, governance, HIV/AIDS and infrastructure, and water and sanitation.

>READ MORE <http://www.adb.org/site/ngos/main>

Box 12. Working with Partners to Protect the Coral Triangle

In 2012, ADB and the World Wide Fund for Nature (WWF) celebrated 10 years of partnership—a collaboration that has been fundamental to the success of regional environmental initiatives, including the [Coral Triangle Initiative](#) (CTI) on Coral Reefs, Fisheries, and Food Security. The CTI was launched in 2007 to protect critical coastal and marine resources in South East Asian and the Pacific. At the start of the CTI, ADB and WWF worked to promote the initiative and develop a \$72 million program proposal to the Global Environment Facility. The program now provides funding for several projects administered by ADB that contribute to the regional and national plans of action developed by the six CTI countries. Now ADB and WWF are collaborating on knowledge management and dissemination, such as through *The Coral Triangle* book (2011), and sustainable financing mechanisms and instruments for the CTI.



Working with the Private Sector

[Private sector development](#) is a key driver of change in ADB operations (Box 14). By 2020, 50% of ADB's lending is expected to be in private sector development and private sector operations. ADB catalyzes private investments through direct financing—loans and equity investments, credit enhancements, and risk mitigation instruments. Through cofinancing and guarantees, ADB supports local investors, domestic banks, and financial institutions. ADB mobilizes additional resources by enabling commercial banks to benefit from ADB's preferred creditor status for projects financed with ADB. Trade finance is a critical means of supporting trade, investment, and growth in the region. During 2012, more than 2,000 transactions were supported by the [Trade Finance Program](#), which supports cross-border trade. The program benefits nearly 1,600 small- and medium-sized enterprises, and 96% of the transactions are in ADF countries.

Public-private partnership (PPP) is seen as an important modality to expand ADB's work in the private sector to generate greater economic growth in the region. ADB's [PPP Operational Plan 2012–2020](#) was adopted in 2012 and articulates a common priority to leverage assistance through PPPs across all ADB operations. The first step in implementing the plan will be for ADB to establish processes and practices to support PPP. This will shape how ADB moves forward in supporting and expanding PPP initiatives in ADB operations. Private sector projects approved in 2012 included 12 PPP projects.

The Private Sector Operations Department publishes an annual [Development Effectiveness Report](#). It reviews how ADB's private sector operations have contributed to promoting ADB's overall development effectiveness and achieving ADB's goals. The key finding of the 2012 report was that private sector operations made a substantial contribution to meeting the outputs specified in the corporate results framework. In the core operational areas, 72% of the private sector portfolio contributes to infrastructure development, 30% supports the environment, 30% supports financial sector development, and 24% promotes regional cooperation. Opportunities in education and health are being pursued. Noteworthy areas of operation with a positive impact include

- renewable energy with consequent effects for GHG emissions and diversification of energy sources;
- support to bank and nonbank financial institutions, especially during liquidity crunches, to enable them to finance growth of small- and medium-size enterprises, infrastructure projects, and energy efficiency initiatives;

Box 13. Involving Civil Society in Health Service Delivery in Papua New Guinea

In 2011, ADB approved a \$20 million loan for the \$81.2 million cofinanced [Rural Primary Health Services Delivery Project](#). Building on an ADB-funded HIV/AIDS prevention and control project, the new project will formalize links between the state and other health providers, such as the private sector, churches, nongovernment organizations, and civil society, to effectively conduct health promotion activities in local communities. By being formally involved in a working relationship with government, nongovernment organizations can act as community health service providers and participate in a provincial health partnership mechanism overseeing the planning, implementation, and monitoring of project activities.



Box 14. Transaction Reform in Palau

ADB supported the drafting of a new Secured Transactions Act in Palau, which was prepared following extensive consultations. ADB's assistance was funded largely through its Private Sector Development Initiative, which started in 2006 with cofinancing from the Australian Government. The initiative supports efforts by ADB's Pacific developing member countries to encourage private sector-led, sustainable economic growth, as the Act will make it easier for local people to conduct business in the island nation. Secured transactions reform initiatives supported by ADB are also being implemented in Marshall Islands, Papua New Guinea, Solomon Islands, Tonga, and Vanuatu.

>READ MORE <http://www.adb.org/news/adb-welcomes-passage-secured-transactions-act?ref=themes/capacity-development/news>

- expansion of capital markets through private equity funds, leasing companies, credit rating agencies, and a central depository; and
- development of mass transit and telecommunications projects with far-reaching and positive effects for beneficiaries, both households and businesses.

>READ MORE <http://www.adb.org/themes/private-sector-development/main>

DEMONSTRATING GOOD GOVERNANCE

Safeguarding the Future

The objectives of ADB's [safeguards](#) are to

- avoid adverse impacts of projects on the environment and affected people, where possible;

- minimize, mitigate, and/or compensate for adverse project impacts on the environment and affected people when avoidance is not possible; and
- help borrowers/clients to strengthen their safeguard systems and develop the capacity to manage environmental and social risks.

ADB screened all projects approved in 2011–2012 in accordance with its Safeguard Policy Statement (2009) and classified the impacts of each project in one of four categories depending on the expected impacts: A = significant, B = less significant, C = minimal or no impact, or FI = financial intermediary (Figure 15). For all projects in category A, B, or FI, safeguards plans were prepared, were satisfactorily disclosed, and are being carried out during project implementation. A total of 129 supervision missions and 6 safeguard review missions for category A projects were fielded in 2012. Most of the projects reviewed were generally satisfactory but ADB's timely supervision remains key in helping identify problems and solutions early on. Box 15 describes how the environment safeguard policy helped improve a project's design for biodiversity. Box 16 explains how, through the involuntary resettlement safeguard, equitable resettlement was accomplished.

By December 2012, ADB had increased positions for safeguards work to 105 staff members to help ensure sufficient organizational resources for safeguards implementation. Most were new positions assigned to operations departments, and safeguards staff members are now based in 13 ADB field offices. In 2011–2012, five safeguards orientation seminars for staff and two in-depth training events on involuntary resettlement safeguards were held to address practical and challenging issues. [Sourcebooks](#) on environmental, involuntary resettlement, and Indigenous Peoples safeguards were also prepared for staff guidance and technical reference.

>READ MORE <http://www.adb.org/site/safeguards/main>

Box 15. Improving Project Design in the People’s Republic of China

The [Shaanxi Weinan Luyang Integrated Saline Land Management Project](#) aims to help the Weinan municipal government reduce soil salinity and improve agricultural productivity and climate resilience in 21,200 hectares. The project addresses the rehabilitation of drainage systems, flood risk management, wetland conservation, and livelihoods for local communities. The project area supports few natural habitats but includes a large network of constructed salt pans. ADB’s review of the environmental impact assessment identified that construction of a large flood management lake would result in the loss of 11% of salt pan habitat.

Guided by the [Safeguard Policy Statement](#) requirement of “no net loss of biodiversity,” autumn water bird migration surveys were requested. These documented that the salt pans supported several thousand birds. More than 40 species were recorded, some accounting for over 1% of their species’ populations in the East Asian–Australasian Flyway. This shows the international importance of the salt pans for water bird conservation. Analysis of satellite imagery allowed an estimate of the loss of salt pans in the project area during the last decade, helping to assess the cumulative impact. The review of the environmental impact assessment also identified that plans for a national wetland park in the project area had lapsed.

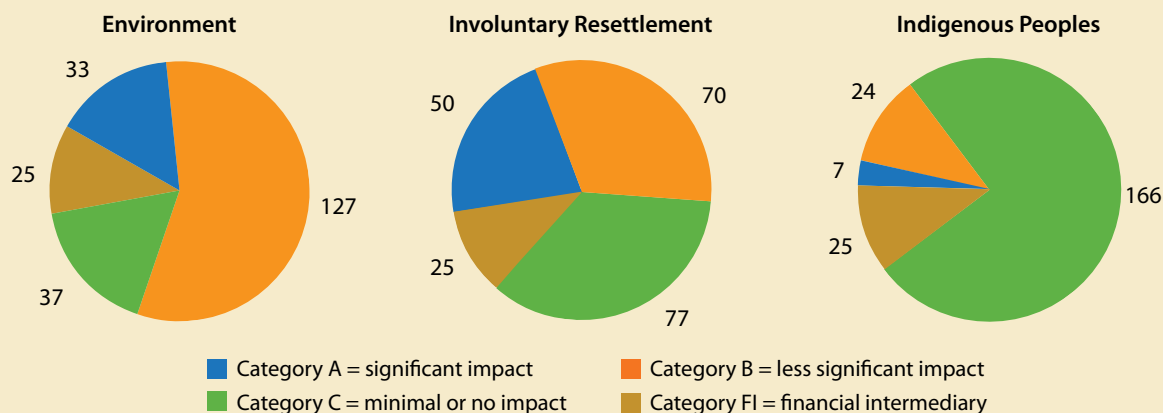
The project team worked with the borrower to assess the feasibility of reviving the plans, which led to the proposed national park boundaries being expanded to cover the salt pans and the government committing to provide a legal designation for the park. Zoning was established to help balance wetland protection with the proposed project. Guided by the safeguard policy requirement of no net loss of biodiversity, and recognizing the international importance of the salt pans for water bird conservation, zoning was established to help balance wetland protection with the project’s proposed outputs. By rehabilitating the wetlands, the project is now expected to lead to long-term benefits for biodiversity conservation.

Box 16. Enhancing Social Sustainability through Safeguards in Bangladesh

The [Second Chittagong Hill Tracts Rural Development Project](#) aims to increase average annual household income in project areas by building sustainable, community-identified rural infrastructure and supporting micro-agribusiness schemes. Most land in the project areas is settled by Indigenous Peoples under a customary land ownership system. The national land acquisition law has no provision on customary ownership, whereas ADB’s [Safeguard Policy Statement](#) considers such ownership equivalent, in terms of eligibility for compensation, to titled ownership and this was reflected in the project’s involuntary resettlement framework.

The challenge for the project designers was to uphold ADB’s eligibility and compensation standards. Due diligence found that, in a completed predecessor project (the Chittagong Hill Tracts Rural Development Project, 2002–2009), the government acquired all the land through voluntary donation. This was because a funding source for land acquisition was not available and the customary landowners were not eligible for compensation under the local system. Through intensive consultation involving affected communities, Indigenous Peoples leaders, civil society, and government representatives, a process whereby ADB loan funds would be used to support land acquisition and resettlement was jointly developed. The process involved a detailed methodology for valuation of acquired land through land market surveys conducted by a nongovernment organization, using formal land transaction data and informal data from consultations, and validation by a property valuation advisory team. The [project’s involuntary resettlement framework](#) details the source of funds, implementation arrangements for payment, and a robust system for monitoring the resettlement and land acquisition process.

Figure 15. Environment and Social Categorizations, 2011–2012 (number of projects)



Box 17. Empowering Women in Rural Nepal

In 2004, ADB approved a \$10 million loan to reduce poverty in rural Nepal by empowering poor rural women and members of other disadvantaged groups. By 2011,

- 52,000 households were benefitting from improved toilets, drinking water facilities, roads, trails, irrigation, and micro hydro;
- almost 11,000 households had installed improved cooking stoves and water mills;
- over 62,000 women were involved in savings and loan groups and 5,000 women were engaged in income-generation projects;
- over 9,000 women received skills development training, and 8,000 women were provided with knowledge about legal rights; and
- 80% of women in the project area had received citizenship certificates, with 76.5% having registered their marriages and obtained a birth certificate.



Social Protection and Gender Equity

Improving labor market operations is important to develop human capital, address gender discrimination, and enhance welfare and productivity. Thus, labor market policies and programs form an important part of ADB's [Social Protection Strategy](#) and Strategy 2020's agenda to promote inclusive social development, emphasize greater access to economic opportunity by improving the productivity of the workforce, and expand human capacities. In promoting good labor relations, ADB is guided by the internationally recognized [core labor standards](#) and committed to supporting their application as part of ADB's social protection strategy.

>READ MORE <http://www.adb.org/sectors/social-protection/main>

[Gender equity](#) is an important driver of change. Without harnessing the talents, human capital, and economic potential of women, the region risks significant economic and social costs (Box 17). ADB's [Policy on Gender and Development](#) identifies gender mainstreaming as the key for promoting gender equality and women's empowerment across all sectors. In 2012, ADB's gender mainstreaming performance reached 56% of all projects and 58% of the ADF operations, against targets of 40% and 50%, respectively. Good progress was evident across all three areas of the [Gender and Development Plan of Action, 2008–2012](#)—country partnership strategies and lending operations, policy dialogue and support to developing member countries, and organizational effectiveness. ADB's new corporate results framework includes gender mainstreaming targets of 45% of all and 55% of the ADF operations, with a new indicator to measure the results.

>READ MORE <http://www.adb.org/themes/gender/main>

Being Accountable

The [Accountability Mechanism](#) provides a forum where people adversely affected by ADB-assisted projects can voice their problems, seek solutions, and report alleged noncompliance of ADB's operational policies and procedures. The Accountability Mechanism consists of two separate but complementary functions: problem solving through the Office of the Special Project Facilitator (OSPF) and compliance review through the Compliance Review Panel (CRP). The OSPF promotes informal, participatory, and consensus-based approaches to problem solving, and works with all parties for solutions leading to tangible short- and long-term benefits. The CRP independently investigates claims of violations of ADB's operational policies and procedures and recommends how to bring such projects back into compliance.

In 2012, ADB reviewed its Accountability Mechanism with a view to facilitating access to it, including enabling direct access with a single point of entry. The revised Accountability Mechanism, effective since May 2012, seeks to affirm the problem-solving function in responding to the concerns of ADB project-affected people and empowering them to become active participants in the development process.

>READ MORE: [Links to the Accountability Mechanism's Flowchart of Procedures For receiving complaints: http://www.adb.org/site/accountability-mechanism/complaints-receiving-officer](#)

For problem-solving function: <http://www.adb.org/site/accountability-mechanism/problem-solving-function/problem-solving-process>

For compliance review function: <http://www.adb.org/site/accountability-mechanism/compliance-review-function/compliance-review-process>

In 2011–2012, the OSPF received nine complaints, three of which were eligible for consideration. They raised matters pertaining to the environment, consultation, and resettlement. Two of the three were resolved and closed. The OSPF also completed action on a complaint in Cambodia.

During the same period, the CRP finished monitoring remedial actions for the [Sri Lanka Southern Transport Development Project](#). Internal dissemination of learning points focused attention on ensuring coordinated safeguards implementation and improving the grievance redress mechanism. The CRP received four eligible complaints and finished reviewing two during the period. Recommendations for subsequent project design related to addressing environment and health concerns raised, increasing due diligence and dialogue with stakeholders on resettlement planning and implementation, increasing participation of affected persons in monitoring, and assigning additional ADB resettlement staff.

>**READ MORE** <http://www.adb.org/site/accountability-mechanism/main>

Combating Corruption

ADB's [Second Governance and Anticorruption Action Plan](#) addresses risks to development outcomes posed by weak governance, poorly performing institutions, and vulnerability to corruption. To do this, ADB prepares governance risk assessments and risk management plans at country, sector, and project levels, focused on three thematic priorities—public financial management, procurement, and vulnerability to corruption. The assessment process helps ADB and its clients develop country programs that improve governance, enhance development effectiveness, and ensure that risks are mitigated in projects ADB funds.

ADB's [Office of Anticorruption and Integrity](#) aims to ensure that funds entrusted to ADB's care are used with regard to value for money for their intended purposes and not usurped for fraudulent or corrupt practices. The office's mandate includes investigating allegations of [integrity violations](#) in ADB-related activities and proactively undertaking [project-procurement-related reviews](#). At the end of 2012, ADB had [debarred](#) 42 firms and 38 individuals, for a total of 444 firms and 450 individuals since the adoption of the [Anticorruption Policy](#) in 1998, and had [cross-debarred](#) 57 firms and 51 individuals, for a total of 101 firms and 66 individuals since enforcement of the [Cross-Debarment Agreement](#) in 2010.

>**READ MORE** <http://www.adb.org/site/integrity/main>

MANAGING ADB'S FOOTPRINT

Key Achievements

- ADB is the first multilateral development bank to achieve ISO 50001 certification for its headquarters, a standard for energy management systems that was introduced in 2011.
- ADB's headquarters have been upgraded to improve the efficiency with which ADB uses resources (mainly energy, water, and paper) by installing solar panels, harvesting rainwater, providing shared bicycles, purchasing hybrid cars, and other measures.
- In 2011, ADB received LEED Gold certification for existing buildings.

Future Challenges

- New office space of 21,000 square meters is being built at headquarters to accommodate ADB's increased staff. Additional people and additional business travel increases pressure on resource consumption and waste generation.
- To pursue the human resources reforms introduced in 2011 with Our People Strategy, in order to further enhance diversity among staff members in nationality, gender, age, religion, disability, and lifestyle.

ADB is committed to providing an optimal working environment while minimizing the environmental impact of its headquarters and 31 field offices. ADB promotes sound, environmentally friendly technology; optimizes resource use; manages occupational risks; and has established institutional policies to strengthen the implementation of environmental programs and staff development.

ENVIRONMENTAL FOOTPRINT

Energy, Environment, Health, and Safety Management System

ADB is the first multilateral development bank to achieve ISO 50001 (Energy Management System) certification for its headquarters, a system introduced in 2011, and in 2003 was the first to achieve ISO 14001 and OHSAS 18001. The Energy Management System forms part of ADB's integrated Energy, Environment, Health, and Safety Management System (E²HSMS) certified under international standards—ISO 14001 and 50001 and OHSAS 18001. (ISO is the International Standards Organization, OHSAS is the Occupational Health and Safety Advisory Services, ISO 14001 is a standard for environmental management systems, ISO 50001 is a standard for energy management systems, and OHSAS 18001 is a standard for health and safety management systems.) The E²HSMS policy and procedures are reinforced by using a quality management tool (Lean Six Sigma), replacing inefficient capital equipment, and upgrading programs to reduce carbon emissions. Since 2009, ADB's Green Procurement Guidelines have been applied to the institutional procurement of goods and services for administrative operations. ADB's internal eCatalogue for office supplies categorizes how each

Box 18. Resource Saving Initiatives

Initiatives such as placing collection bins for electronic waste in headquarters to improve and document collection and disposal of ADB's or staff members' discarded cellphones, accessories, and spent batteries help reduce ADB's environmental footprint. In 2012, Food Services started to source additional eco-friendly products for its operations, such as wooden stirrers to replace plastic ones and brown recycled table napkins. Food Services promotes the use of personal mugs and increased the price of disposable food containers and paper cups to discourage their use.

product's environmental impacts are reduced, explaining whether resource savings are achieved through improved product recyclability, enhanced product performance, or a longer product life. For example, paper used for official documents is made from 100% post-consumer materials using a process that is 100% chlorine and acid free and notebooks are made from recycled materials.

Resource Consumption

The E²HSMS includes targets and associated actions to reduce use of electricity, potable water, and paper, and generation of solid waste and GHG emissions (Box 18 and Table 2). ADB's resource use is heading in the right direction, although 2011–2012 was a challenging period—staff numbers at headquarters increased by 7%, building occupancy by 11%, and loan approvals by 8.4% over the previous 2-year period (Figures 16–19). Despite savings made through resource efficiency initiatives, more people resulted in increased pressure on energy and water use at headquarters. Nevertheless, ADB's direct

Figure 16. Indirect Electricity Use, 2007–2012

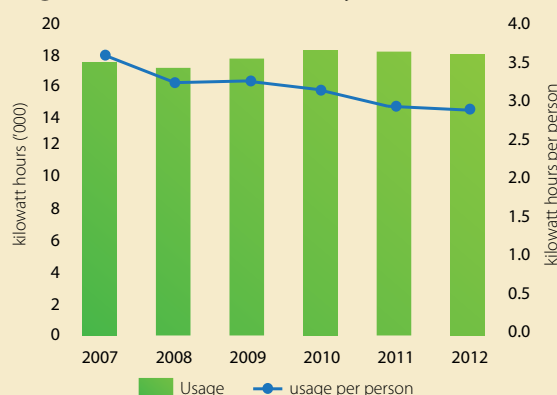


Figure 17. Potable Water Use, 2007–2012

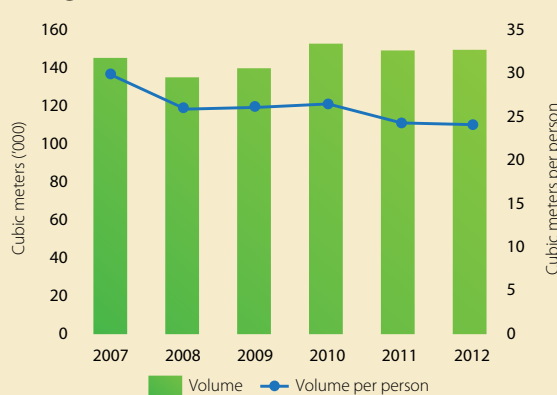


Figure 18. Paper Use, 2007–2012

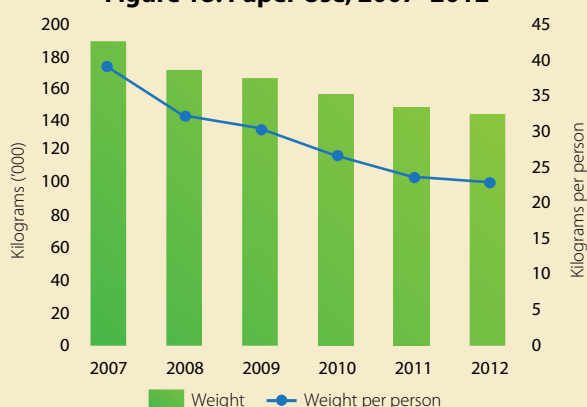


Figure 19. Solid Waste Generated, 2007–2012

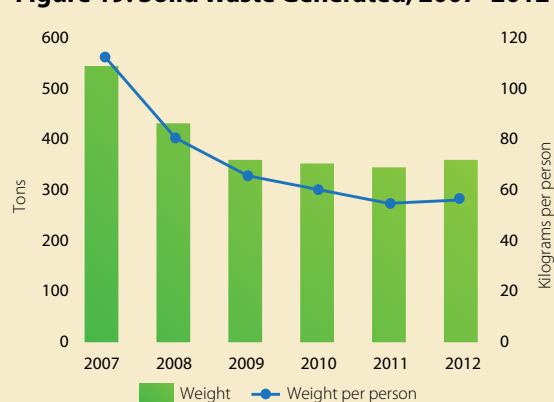


Table 2. Changes in Resource Consumption

Resource	Use, 2011–2012	Change in Use, 2009–2010 (%)	Targeted Change in Use (% per annum)
Indirect electricity consumption	36,209 MWh	+0.3	–1
Potable water use	296,116.5 m ³	+2.0	–2
Solid waste generation	695,303.1 kg	–2.0	–2
Paper use	291,254 kg	–9.7	–2
Direct and indirect GHG emissions (Scope 1 and 2)	21,100.94 t	+0.8	–1
Other indirect GHG emissions (Scope 3)	20,147.53 t	+29.7	–1

GHG = greenhouse gas, kg = kilograms, m³ = cubic meter, MWh = megawatt hour, t = ton.

GHG emissions and emissions associated with purchased electricity decreased by 13.8% and 1.8%, respectively, over 2011–2012, but indirect GHG emissions grew as a result of increased travel, particularly air travel (Figure 20 and Table 3). The need for more travel results from ADB's increased business—loan approvals were up by 8.4% over the previous 2-year period and 113% since 2007, requiring increased travel for project supervision and for consultations. Measures to continue reducing GHG

emissions are ongoing. An additional hybrid fuel-electric vehicle was added to the official fleet in 2011; by 2014 such vehicles are to comprise nearly half of all the sedan fleet. ADB's target of 75% recovery of solid waste has been exceeded (at 92%) and ADB used 9.7% less paper in 2011–2012 against the target to reduce use by 2.0% per annum.

No environmental incidents occurred during 2011–2012.

Figure 20. Greenhouse Gas Emissions: ADB Headquarters

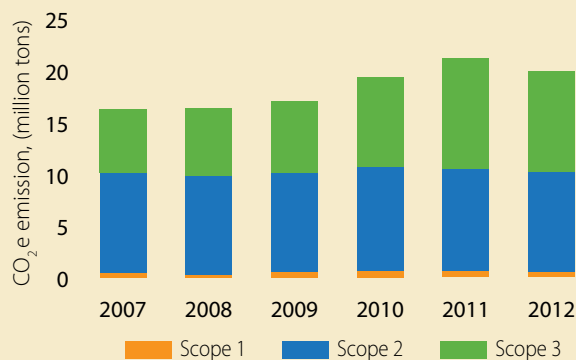


Table 3. Scope of ADB Greenhouse Gas Inventory

Scope 1	Scope 2	Scope 3
<ul style="list-style-type: none"> • Power generators • LPG-fired cook stoves and heaters • Official trips using ADB-owned vehicles • Refrigeration system (HFC-134a) 	<ul style="list-style-type: none"> • Electricity from supplier 	<ul style="list-style-type: none"> • Official trips using rented vehicles • Business travel arranged by ADB (air and hotel arrangements) • Transport of waste for disposal • CO₂ and methane from biodegradable waste • Postage and freight • Shipment of goods

CO₂ = carbon dioxide, HFC = hydrofluoro carbon, LPG = liquified petroleum gas.

LEED Certification

Efforts to reduce the headquarters' impact on the environment and to help address the challenge of climate change were recognized in 2011 when ADB received Gold-level certification for Leadership in Energy and Environmental Design (LEED) for existing buildings from the US Green Buildings Council. ADB gained credit toward achieving LEED Gold by action such as investing in an on-site sewage treatment plant and rainwater harvesting to help protect the environment and conserve resources; submetering utilities; enhancing energy efficient operations; ongoing commissioning of building systems; providing accessibility to public transport via the metro rail stop adjacent to headquarters; implementing a no smoking policy in the headquarters' building and compound (except in two designated smoking rooms outside the building, built to accommodate smokers, who are no longer allowed to smoke elsewhere the compound); implementing green purchasing guidelines; and using only nonpotable water for irrigation.

>**READ MORE** <http://www.adb.org/publications/asian-development-bank-headquarters-certified-gold-leed>

The new headquarters extension building is also being designed and constructed to meet the requirements for LEED Gold for new construction. Construction materials have been selected to be environmentally friendly and design features include rainwater collection, drip irrigation, low e-glass, light wells, natural ventilation in the new atrium, and solar panels. In March 2011, the multistory car park was completed. It replaces ground level car parking space lost to the headquarters extension, uses energy-efficient LED light fixtures, and has solar panels on the roof deck. In future, an elevated covered walkway will link the headquarters extension and the adjacent metro rail station, to facilitate staff members' access to this sustainable transport mode.

During construction of the new atrium, which commenced in June 2012, dust and silt generation is being controlled. Noise levels are kept within permissible limits according to Occupational Safety and Health standards. Much of the construction waste is being recycled or reused. For example, phenolic boards serving as the formworks for concrete work were reused as materials for lockers for the contractor's personal. The scrap rebars for structural reinforcement were delivered to a material recovery facility for recycling to produce new steel. The contractor has reported that the volume of residual waste disposed of during June to December 2012 was equivalent to 30 tons, of which 26 tons (87.5%) were reused or recycled, leaving only about 4.5 tons (12.5%) as waste.

Safety and Security

ADB has a "zero" accident objective but this was not achieved for 2011–2012. Three work-related accidents were recorded in 2011. Of the 13 accidents recorded in 2012, 4 were work-related and 9 were sports-related (ADB has an on-site gym and sports events and classes).

ADB personnel live and work in a region prone to natural disasters. Some locations in which ADB works also present the risk of greater exposure to terrorism, crime, and political or social instability. The increased staffing and operations called for in Strategy 2020 are heightening the demands on ADB's security, safety, and disaster management resources. ADB continues to identify and implement measures to provide its personnel with appropriate safety and security support in line with ADB's "duty of care" responsibilities. For example, during the monsoon rains in 2012, ADB's Safe Haven, housed in the gym at headquarters, provided a temporary shelter for staff and dependents. In May 2012, ADB held a meeting on Individual and Family Preparedness and an Emergency and Security Supplies Fair.

In February 2011, ADB built two smoking rooms as smoking is no longer permitted on the compound outside the headquarters building. Each room is equipped with lights and a ventilation system that uses activated carbon filters to clean the contaminated air before it is directly exhausted into the atmosphere.

Business Continuity

To ensure that ADB can function even in the event of a disaster, the Business Continuity Management program provides the Crisis Management Committee with the tools necessary to ensure that ADB's critical processes resume and continue.

SUPPORTING STAFF DIVERSITY

Organizational Transformation

[Strategy 2020](#) identified that organizational transformation was necessary for the strategy to be effectively implemented. [Our People Strategy](#), introduced in 2011, provides a blueprint for ADB to be the premier development institution in Asia and the Pacific. The strategy defines the principles ADB follows to recruit, retain, and develop staff and managers and to improve its workplace environment, ensuring it has the right people to achieve the institutional goals. The Human Resources Strategic Framework and Action Plan specifies the initiatives, actions, milestones, and deadlines needed to translate Our People Strategy into practice. The three goals are

- a strong mix of high-caliber, motivated, client-responsive staff working in partnership;
- inspiring leadership and proactive people management; and
- a supportive and enabling workplace environment and culture.

>**READ MORE** <http://www.adb.org/site/careers/what-ADB-look-for>

To promote positive organizational change, ADB completed a staff engagement survey during 2012 to measure progress achieved since the previous survey in 2010. The results identified ADB's specific strengths, including goals and objectives, physical work environment, job satisfaction, and employment security, as well as priority areas for improvement, including career development, rewards and recognition, stress, balance and workload, and performance evaluation. The

survey results serve as vital inputs into prioritizing ADB's ongoing human resources reforms.

As part of implementing Our People Strategy, ADB is strengthening its approach to staff development. Staff development discussions are held separately from the annual performance appraisal review process so staff members and supervisors can focus on identifying the development needs and future career interests while ensuring consistency with organizational goals. ADB also offers a number of programs for lifelong learning and skills management.

Diversity and Representation

ADB promotes diversity among its staff members in nationality, gender, age, religion, disability, and lifestyle. [Our People Strategy](#) contains key principles to encourage diversity and an inclusive work environment. At the end of 2012, staff members came from 61 of ADB's 67 member countries, although, because ADB is based in Manila, the large majority of staff members are Philippine nationals.

ADB offers all staff members competitive remuneration and a comprehensive benefits package that includes worldwide medical insurance cover for staff and dependents, life and disability insurance, leave, benefits for contingent events, and retirement benefits. ADB uses the World Bank Group as a proxy for the global and local markets in determining annual changes in the salary structure; for national and administrative staff in headquarters, the salary structure is compared to a set of 15 companies and international organizations in Manila. A comprehensive review of salaries and benefits for national and administrative staff based in the People's Republic of China, India, Indonesia, and the Philippines was completed in 2011. The review was limited to local comparators in each location. In 2012, a similar review was conducted for field offices in Germany, Japan, the Lao People's Democratic Republic, Mongolia, Tajikistan, and Uzbekistan. The review process showed that, overall, ADB's compensation package is competitive and no major immediate changes are needed. Reviews of the remaining field offices are scheduled to be completed during 2013–2015; then a comprehensive review of the compensation package for all ADB staff members will be undertaken.

>**READ MORE** <http://www.adb.org/site/careers/what-ADB-offer> and <http://www.adb.org/sites/default/files/salary-benefits-review-2012.pdf>

To handle ADB's increased funding and strengthen its capacity to implement Strategy 2020, a major staff

Table 4. ADB Staff Profile (number)

Staff Members	2008	2009	2010	2011	2012
Total Number	2,506	2,602	2,833	2,957	3,051
Location					
Headquarters	1,987	2,034	2,114	2,319	2,377
Field offices	519	568	719	638	674
Gender					
Women	1,407	1,469	1,609	1,710	1,802
Men	1,099	1,133	1,224	1,247	1,249
Nationality by Region					
Asia and the Pacific	2,167	2,245	2,436	2,537	2,637
Nonregional	339	357	397	420	414
ADB Member Countries Represented on Staff	57	58	59	59	61

expansion program during 2010–2012 added 500 new positions. More resources, including staff, were deployed at resident missions to strengthen implementation through decentralization. Table 4 shows the profile of ADB staff.

As a result of active recruitment practices, the proportion of female international staff has increased from less than 28% in 2008 to 34.2% at the end of 2012, against a target of 33%–37%. Representation of women at senior levels reached an all-time high of 26.5% at the end of 2012, reflecting the progression of women through the levels of the organization. ADB’s Gender Action Program to 2012 focused on increasing representation and leadership by female international staff, fostering gender balance, and ensuring management accountability for improving ADB’s gender balance and providing an inclusive work environment. For 2013, ADB is developing a diversity and inclusion program, taking a broader approach to diversity in the workplace inclusive of gender.

ADB is committed to creating a workplace free from harassment, characterized by mutual respect. ADB’s Staff Association seeks to promote and safeguard the rights, interests, and welfare of staff members. The Staff Association’s elected body, the Staff Council is a channel of communication between staff and the management team.

Because ADB is an international organization, it does not fall under the jurisdiction of employment tribunals or national courts in member countries. However, ADB provides an internal process for staff with grievances. Administrative review is the first of three formal stages, followed by an appeal and administrative tribunal.

During 2012, ADB instituted an ombuds function as an additional avenue for resolving staff members’ concerns. The ombudsperson provides a neutral, independent, informal, and confidential avenue to raise workplace concerns and enable the resolution of

conflicts in a fair manner. The ombudsperson can enable a fresh start for issues and people who have felt that their concerns have not been heard through other channels. The ombuds function is in addition to and does not replace the existing grievance process.

Staff Integrity

ADB continues to ensure that all staff members are aware of ADB’s [Anticorruption Policy](#) and their obligation to comply with it. Mandatory “Say No to Corruption” briefings on the importance of fighting corruption were introduced in 2010. In 2011, specialized workshops on integrity and due diligence on money laundering and financing of terrorism were also introduced. In December 2011 and 2012, in the lead up to International Anticorruption Day, a week-long series of learning events entitled iACT were organized for staff.

>**READ MORE** <http://www.adb.org/publications/search/1189>



REACHING OUT TO ADB’S COMMUNITY

Staff Community Fund

The ADB Staff Community Fund (SCF) has been supporting community and livelihood development

projects in the Metro Manila area for 15 years. During this time, the SCF has transformed the lives of thousands of less fortunate people in the communities surrounding the ADB headquarters. Beneficiaries include street children who needed a roof, even a temporary one, over their heads; abused children seeking a refuge and guidance; promising students needing scholarships; feeding programs in some of Manila's poorest slum areas; and educational support for deaf children (Box 19). Monitoring of the projects' beneficiaries found that malnourished children were gaining weight, abused children were gaining confidence, and abandoned children were gaining some self-respect and some education.

The SCF raises much of its funding from staff members by focusing efforts around the annual "SHOW" held at ADB. In 2011, the SCF supported 20 organizations, approving funding of PHP3.8 million; in 2012, 21 organizations were supported, and PHP5.1 million was approved for disbursement. In August 2012, heavy southwest monsoon rains swamped Metro Manila and nearby provinces and a joint SCF and Staff Council drive raised PHP1.2 million for Luzon flood victims, including an SCF donation of PHP300,000 and a large amount of relief goods. The donations were given to the Philippine National Red Cross to aid families in need.

Spouses Association

The ADB Spouses Association (ADBSA) Social Welfare Committee organizes support for community assistance within Metro Manila through activities including cooking demonstrations, cultural events, and used book sales. In 2011–2012, the ADBSA donated over PHP1 million to social welfare organizations, including a preschool and development center for poor children, an orphanage for abandoned and neglected children, and two microfinance institutions. The ADBSA Scholarship Committee, which receives financial support from the SCF alongside its own funding of over PHP500,000 was sponsoring 44 students from 5 schools, including high schools, technical colleges, and universities.

Institutional Donations

Since 2010, ADB has offered financial assistance to the St Francis Charity Clinic, Tulay Lingap ni Padre Pio, a nonprofit organization serving indigent families in Mandaluyong and Pasig where the ADB headquarters is located. In 2011 and again in 2012, ADB sponsored one free clinic day per week. In June 2011, ADB staff members planted trees at the Balara Filtration Facility in La Mesa Watershed, Quezon City. ADB also donated 100 mahogany seedlings for planting to help restore the Marikina Watershed. The seedlings were cultivated using vermi compost produced at the ADB Plant Nursery and litter from trees in the compound. In October 2012, ADB staff members, in cooperation with Gawad Kalinga, helped a poor community in Quezon City build homes.

Information technology and other office equipment that no longer serves ADB's purposes is donated to community organizations. In 2012, donations included 45 desktop computers and 6 printers, office equipment and furniture, and an ambulance. Donations went to organizations such as public schools in Metro Manila, a state university in Bulacan Province, and charitable institutions and foundations in Metro Manila.

The ADB library's book donation program helps disseminate information and strengthen Philippine government and state universities libraries. In 2011–2012, the library donated over 5,000 books on subjects such as agriculture, economics, finance, food, education, gender, management, and law. Donations went to six government and seven university libraries. In 2012, ADB also donated library supplies and furniture. Recipients of the donation program included the Cordillera Administrative Region Library Consortium; Philippine Military Academy Library; University of the Philippines College of Law; Autonomous Region of Muslim Mindanao Liaison Office in Manila; and university libraries in Bulacan, Kalinga–Apayao, Nueva Ecija, and Quirino provinces.

Box 19. Staff Community Fund Hosts Bazaar

Fourteen nongovernment organizations set up stalls in ADB's headquarters on 1–2 December 2011 to raise money for their development activities. "This is an important fund raiser for us so we don't depend only on donations," said Julie Gadiano, bookkeeper for Tahanan Santa Luisa, a rehabilitation center for abused street girls. "We need these funds for food, utilities, and clothing." Tahanan Santa Luisa is a beneficiary of the ADB Staff Community Fund, and the annual bazaar is an opportunity to inform ADB staff members about the beneficiaries' activities and to raise money directly through the sales of goods, often made by the beneficiaries themselves.

ACKNOWLEDGMENTS

Preparation of the report was overseen by WooChong Um, Officer-in-Charge, Regional and Sustainable Development Department (RSDD), and Hyong-Jong Yu, Principal Director, Office of Administrative Services (OAS), and led by Nessim J. Ahmad, Director of the Environment and Safeguards Division, RSDD. Key support was provided by Daniele Ponzi, Lead Environment Specialist and Emma Marsden, Environment Specialist, RSDD; and by Chatiya Nantham, Lead Facilities Planning and Management Specialist, and Natasha Davis, Senior Planning and Coordination Specialist, OAS. Marie Antoinette Virtuuccio and Jill Gale de Villa (consultant) were also members of the core team. Vivian Meneses helped coordinate information from OAS. Ma. Charina Munda and Christopher Tabungar provided valuable support. Phil Hughes (consultant) provided technical guidance. Michael Cortes (consultant) of Design Muscle, Inc. provided the design, layout, and typesetting.

The focal points, who provided essential information and advice, are Joy Arcinue, Juan Armando de Borja, Maria Amparo Dato, Natasha Davis, Christina Dueñas, Elizabeth Fischelis, Nirmal Ganguly, Anne Gin, Saadia Hassan, Imrana Jalal, Michiko Katagami, Harumi Kodama, Kanokpan Lao-Araya, Philippe Leclercq, Joy Macaisa-Viray, Josefina Miranda, Paolo Obias, Cynthia Reyes, Ma. Roserillan Robidillo, Ko Sakamoto, Catherine Santiago, Lei Lei Song, Merceditas Soriano, Michelle Tumilba, Chris Vaughan, and Victor You.

Assistance was also gratefully received from numerous people, including Medardo Abad Jr., Layla Amar (consultant), Charles Andrews, Sunde Aquino, Arlene Artajo, Marissa Barcenas, Lillyanne Buenaventura, Carolyn Dedolph Cabrera, Erwin Casaclang, Cecile de Castro, Janeth Comia-de-Belen, Melanie Dela Cruz, Paul Curry, Bruce Dunn, Terence Dunn, Haidy Ear-Dupuy, Bart Édes, Jennifer Francis, Ruel Gatchalian, Matthew Howells, Sunniya Durani-Jamal, Mark Kunzer, Norman Lu, Rusdian Lubis, Xiaoying Ma, Vanessa Manuel, Kee-Yung Nam, Chatiya Nantham, Lawrence Obias, Christopher Omega, Susan Onday (consultant), Seiji Noda, Hyo Eun Park, Walter Poick, David Raitzer, Mirko Rizzuto, Alberto Roldan, Jindra Samson, Paulino Santiago, Anna Sherwood, Indira Simbolon, Alexander Tarnoff, Masami Tsuji, In-Em Unkavanich, Giovanni Verlini, Hendy Widjaja, and Ye Yong.

Asia Development Bank Sustainability Report Investing In Asia And The Pacific's Future

The *Asian Development Bank (ADB) Sustainability Report* has been issued every 2 years since 2007. For 2013, the *Sustainability Report* contains selected sustainability performance highlights of ADB's operations and its corporate footprint during 2011–2012. The *Sustainability Report* is accompanied by an expanded online version that provides a more detailed review of ADB's performance, including an extensive response to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Both are available online at www.adb.org/documents/asian-development-bank-sustainability-report-2013.

The content of the *Sustainability Report* and the further information available online allows stakeholders to assess ADB's sustainability performance during 2011–2012. In relation to ADB's operations, the focus is on key issues related to the drivers of change and core operational areas under Strategy 2020. In relation to ADB's corporate footprint, administration, and management, the focus is on its environmental footprint, staff, and community engagement as topics of material interest.

The content of the *Sustainability Report* is of material interest to ADB's stakeholders, including its 67 member countries; public and private sector borrowers; numerous development partners, such as other multilateral development agencies, government aid agencies, and nongovernment organizations; civil society organizations; the beneficiaries of ADB development projects; local communities affected by those development projects; local communities near ADB headquarters and field offices; academics; the media; and of course its staff.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.7 billion people who live on less than \$2 a day, with 828 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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