



ASIAN DEVELOPMENT BANK
**SUSTAINABILITY
REPORT**

Investing in Asia and
the Pacific's Future

Asian Development Bank

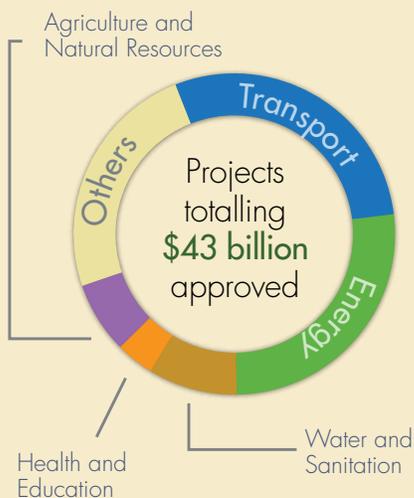
SUSTAINABILITY HIGHLIGHTS 2011–2012



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



ASIAN DEVELOPMENT BANK
**SUSTAINABILITY
REPORT**

Investing in Asia and
the Pacific's Future

Asian Development Bank

© 2013 Asian Development Bank

All rights reserved. Published 2013.
Printed in the Philippines.

ISBN 978-92-9254-367-9 (Print), 978-92-9254-368-6 (PDF)
Publication Stock No. RPS136190-3

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.

By making any designation of or reference to a particular territory or geographic area, or by using the term "country" in this document, ADB does not intend to make any judgment as to the legal or other status of any territorial entity.

ADB encourages use of the electronic version of this publication, which is available at <http://www.adb.org>, for copying information exclusively for personal and noncommercial use with proper acknowledgment of ADB. Users are restricted from reselling, redistributing, or creating derivative works for commercial purposes without the express, written consent of ADB.

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

6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 4442
www.adb.org

For orders, please contact:
Public Information Center
Fax +63 2 636 2584
adbpub@adb.org



Printed on recycled paper

THE PRESIDENT'S STATEMENT

Our long-term vision is of an Asia and Pacific free of poverty. The region's ability to reduce poverty, however, depends on inclusive economic growth and a well-managed natural environment. But climate change and other environmental challenges are endangering these goals. Our long-term strategy for 2008–2020 is based on supporting our developing member countries through inclusive, environmentally sustainable growth, and regional cooperation and integration.

It is essential for the projects we support in the short and medium terms to provide sustainable benefits for promoting inclusive growth, especially for the poorest segments of the population. Several signs of positive change have emerged since the Rio+20 Conference, including an increasing number of regional initiatives promoting green growth. By supporting this transition to green growth, we are increasingly investing in sustainable infrastructure, natural capital, and capacity development for environmental governance, while also mitigating and adapting to climate change. Of course, we remain accountable for any adverse impacts that our projects have on people and the environment under this agenda.

Our record shows that as an organization we take these matters very seriously. In 2012, gender was mainstreamed in 49% of our operations, against a target of 40%. The share in terms of number of projects with environmental sustainability as a theme in 2012 brought the 3-year average to 44%, exceeding our target of 25% for 2010–2012. And we achieved our 2013 target for investing \$2 billion a year in clean energy ahead of schedule. The ratio of sovereign operations involving civil society organizations rose to 98% in 2012, exceeding our target of 80%.

Standard & Poor's notes that, in comparison with the other multilateral development banks, ADB is consistently run with the lowest overhead. I am proud of this recognition and other notable accomplishments, including cutting processing time for most of our operations by two-thirds during the last 4 years. We have also put in place a new results framework to help us improve our focus on sustainability by including more outcome-orientated indicators. We were also awarded a LEED Gold certificate in 2011 for the environmental performance of our headquarters in Manila. Recently, we have also increased our headquarters office temperature to further reduce our energy footprint. Building on this achievement, we are aiming for LEED Gold recognition for the addition to our headquarters building, which will be completed in 2014.

But we know we can do more.

In response to the region's many needs, we continue to review and refine our operations to achieve maximum effectiveness; to learn from our experience and our development partners; and to develop policies, strategies, and programs that respond to the needs of present and future generations. Our role in the region is also changing, and our financing, innovation, and knowledge solutions are becoming more partnership-based to strengthen our ability to deliver our vision.

Combined with knowledge and leverage of additional resources, from both the public and private sectors, our assistance to developing member countries during 2008–2012 supported their rapid growth. We helped fill their infrastructure gaps and contributed to their progress on poverty reduction and the Millennium Development Goals. Some of these are within reach of the 2015 target, but several—including hunger, health, and sanitation—are behind schedule. The post-2015 agenda, anchored on sustainable development underpinned by inclusive growth and embedded in equity, seeks to drive transformational change. Recognizing the daunting task ahead, our donor members supported the Asian Development Fund by replenishing it with \$12.4 billion in 2012.

We will continue to invest in the future and work diligently to help Asia and the Pacific combat poverty and overcome the sustainability challenges ahead. We remain committed to our ongoing efforts to abide by the advice we give out and help the region transition to green growth.



A handwritten signature in black ink, which appears to read 'Takehiko Nakao'. The signature is stylized and written over a white background.

Takehiko Nakao
President
Asian Development Bank

FOREWORD

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. For the first time, the *Sustainability Report* is accompanied by an expanded online version (available at www.adb.org/documents/asian-development-bank-sustainability-report-2013) that provides a more detailed review of ADB's performance, including an extensive response to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. The content of the *Sustainability Report* and its expanded version allow stakeholders to assess ADB's sustainability performance during 2011–2012.

The *Sustainability Report* focuses on two main areas: ADB's operations and its corporate footprint.

Sections 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 ADB's mission to help developing member countries improve the living conditions and quality of life of their people. As a multilateral development bank, assistance offered is primarily financial but, more and more, leveraging of resources and the dissemination of knowledge and information play a crucial role. The midpoint of Strategy 2020 is fast approaching and ADB is currently taking stock of its progress toward meeting its operational and institutional goals. These include escalating assistance to support environmentally sustainable development, including efforts to reduce carbon dioxide emissions and climate change, in line with the recently adopted Environment Operational Directions 2013–2020 promoting transitions to green growth. The midterm review of Strategy 2020 is to be completed in May 2014.

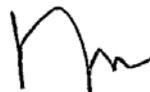
In relation to ADB's corporate footprint, administration, and management, the focus is on ADB's environmental footprint, staff, and community engagement as topics of material interest. Being the first multilateral development bank to achieve ISO 14001 and OHSAS 18001 in 2003 and more recently ISO 50001 for energy management in 2012, ADB must continue to ensure that what it advocates on environmental sustainability is put into practice closer to home. ADB owns its headquarters (which houses 77% of staff) and the buildings in which 2 of its 31 field offices are located: in Bangladesh and India. For building performance, data are currently only recorded for ADB headquarters in Manila. Recognizing its area of influence is much larger, ADB is arranging for this information to be collected for all field offices in the future to provide a more accurate picture of its environmental footprint.

As in previous years, the *Sustainability Report* responds to the GRI standard disclosures. In addition, for 2011–2012, ADB reports 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. Details of ADB strategies, policies, operational plans, and individual investments are provided on the ADB website and are not reported herein.

The *Sustainability Report* is the result of an organizationwide effort, with inputs from staff from all relevant departments and offices. Its preparation was overseen by us and led by Nessim J. Ahmad, Director of the Environment and Safeguards Division, with key support from Daniele Ponzi, Lead Environment Specialist, and Emma Marsden, Environment Specialist from the Environment and Safeguards Division of the Regional and Sustainable Development Department; and Chatiya Nantham, Lead Facilities Planning and Management Specialist, and Natasha Davis, Senior Planning and Coordination Specialist from the Office of Administrative Services. Thanks are extended to all the focal points who supplied information to address to the GRI disclosures and commented on the draft versions of the *Sustainability Report* and its expanded version, liaising with their offices as needed. Feedback is welcomed and can be sent to njahmad@adb.org.



WooChong Um
Officer-in-Charge
Regional and Sustainable Development Department



Hyong-Jong Yu
Principal Director
Office of Administrative Services

CONTENTS

The President's Statement	iii
Foreword	iv
Strategy and Structure	2
Investing in the Future	4
Improving ADB's Operations	8
Managing ADB's Footprint	11

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
BRT	bus rapid transit
CAREC	Central Asia Regional Economic Cooperation
CO ₂	carbon dioxide
CTI	Coral Triangle Initiative
E ² HSMS	Energy, Environment, Health, and Safety Management System
GHG	greenhouse gas
GMS	Greater Mekong Subregion
ISO	International Organization for Standardization
LEED	Leadership in Energy and Environmental Design
OHSAS	Occupational Health and Safety Advisory Services
SCF	Staff Community Fund
WWF	World Wide Fund for Nature

STRATEGY AND STRUCTURE



As the multilateral development bank specializing in Asia and the Pacific, the Asian Development Bank (ADB) has its own legal status and operates according to its Charter (and bylaws), under which ADB was established in 1965. ADB is owned by its 67 member countries. To achieve its vision of an Asia and Pacific region free of poverty, ADB assists the public sector—the primary clients are the national governments of its developing member countries—and the private sector through loans, grants, equity investments, guarantees, policy dialogue, technical assistance, leveraging of resources, 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.

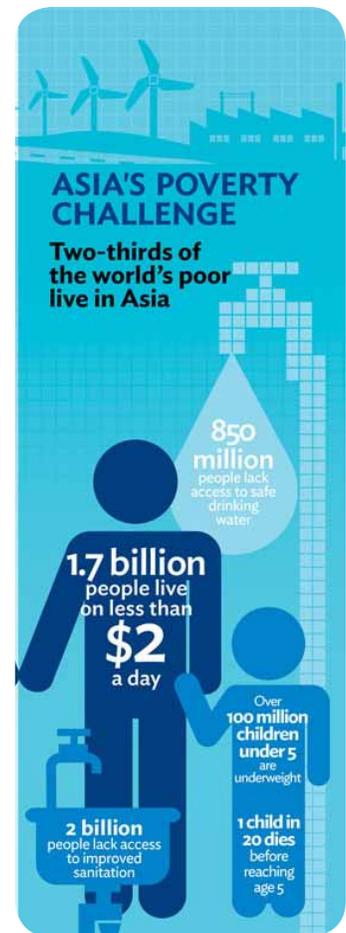
ADB's Approach to Investment

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 developing member countries improve their living conditions and quality of life. To achieve this, ADB will support three complementary development

agendas: inclusive economic growth, environmentally sustainable growth, and regional integration.

Strategy 2020 identifies the drivers of change that will be stressed in all ADB's work—private sector development and operations, good governance and capacity development, gender equity, knowledge solutions, and partnerships. Strategy 2020 also directs 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 operational areas best support ADB's agenda and reflect developing member countries' needs and ADB's comparative strengths, while complementing efforts by development partners. However, ADB will continue selective operations in health, agriculture, and disaster and emergency assistance, in close cooperation with partner agencies.

Under the umbrella of Strategy 2020, all ADB policies, strategies, and projects seek to ensure that, by funding effective development focused on its drivers of change and core operational areas, ADB continues to promote inclusive, environmentally sustainable development in Asia and the Pacific.





Managing for Development Results

ADB's structured program of Managing for Development Results encompasses the processes and tools needed to deliver optimal results and ensure transparency and accountability. In 2013, a review of ADB's outcomes vis-à-vis the corporate results framework showed that the number of operations that successfully delivered results had increased, but that issues of inadequate project readiness and project management continue to constrain operational effectiveness. Actions identified as a result of the review include completion of the Diversity and Inclusion Framework 2013–2016.

In 2012, ADB also reviewed its corporate results framework to ensure its continued relevance and usefulness as a performance management tool, and updated targets that expired in 2012. The resulting new framework will be implemented from 2013.

Sustaining ADB's Finances

Most of ADB's lending is sourced from its ordinary capital resources, a pool of long- and medium-term funds offered at near-market terms to lower- and middle-income countries. For this pool, ADB raised \$13.2 billion in 2012 and \$14.0 billion in 2011. Due to its strong credit fundamentals and conservative financial policies, ADB has a AAA credit rating. ADB also provides loans and grants from the Special Funds and trust funds it administers. The Asian Development Fund, the largest of ADB's Special Funds, offers loans at very low interest rates and grants that help reduce poverty in ADB's poorest countries. In 2012, donors agreed to a \$12.4 billion replenishment.

Key Challenges, Goals, and Targets

In response to key challenges for the region identified during the preparation of, and elaborated in, Strategy 2020, ADB has set targets to

- have 80% of its operations in the core operational areas by 2012, and has met the target;
- scale up private sector development and private sector operations, reaching 50% of annual operations by 2020;
- significantly increase support for environmentally sustainable development, including projects to reduce carbon dioxide (CO₂) emissions and to address climate change; and
- increase assistance for regional cooperation and integration to at least 30% of total activities by 2020.

The corporate results framework helps ADB to measure results and monitor progress in implementing Strategy 2020, as well as take corrective actions where required.

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 includes goals and targets for human resources management that are aligned to the performance indicators in the corporate results framework.

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 practice what ADB advocates on environmentally sustainable development is set out in the integrated Energy, Environment, Health, and Safety Management System (E²HSMS) for headquarters. To safeguard the occupational health and safety of staff, business partners, and the 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. E²HSMS includes objectives, targets, and indicators for resource conservation and accident reduction.

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.

Investing in Inclusive Economic Growth

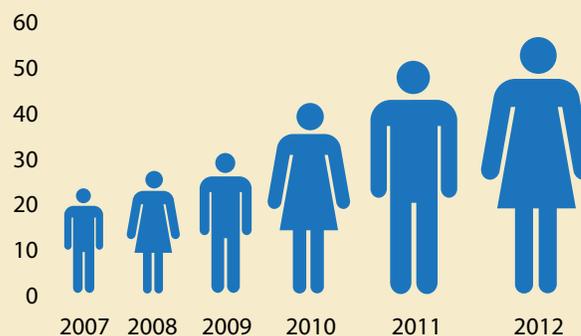
The gap between the region's rich and poor has widened significantly in the last 2 decades. The pattern and quality of economic growth is critical to ensure that the poor and disadvantaged are not left behind. Social protection systems and the application of core labor standards are important levers in achieving inclusive economic growth. Ensuring gender equity will help harness the talents and economic potential of women (Figure 1 and Box 1). ADB contributes to providing effective solutions to the needs of the rural and urban poor for transport and for information and communication technology. Such solutions improve the poor's access to economic opportunities and social services such as hospitals and schools. In 2011–2012, ADB approved education projects totaling \$951 million to help education systems become equitable and inclusive, cost-efficient, of high quality, and more responsive to the labor market's needs.

Good health also improves people's capacity to learn, be productive, and earn higher income. In 2012, two ADB health projects that had been completed in Viet Nam were evaluated as effectively benefiting 4 million women, children, ethnic minorities, and poor and disadvantaged people by improving the quality of primary health care. Through an emergency assistance project in Bangladesh, completed in 2012, ADB helped ensure food security for poor and vulnerable people affected by natural disasters and rising food prices.

ADB's Water Operational Plan 2011–2020 was approved in 2011. It works to increase investments and support reforms from local community to river basin levels. Investing in water supply and sanitation can significantly improve health outcomes, especially for the poor; improves the efficiency with which water is used; and minimizes pollution. Investing in drainage and irrigation enhances farming livelihoods and food



Figure 1. Share of Gender Mainstreaming in all ADB Projects (%)



Box 1. 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 benefiting from improved toilets, drinking water facilities, roads, trails, irrigation, and micro-hydro;
- almost 11,000 households had installed improved cooking stoves and water mills;
- more than 62,000 women were involved in savings-and-loan groups and 5,000 women were engaged in income-generation projects;
- more than 9,000 women received skills development training, and about 8,000 women were provided with knowledge on legal rights; and
- 80% of women in the project area had received citizenship certificates, with 76.5% having registered their marriages and obtained birth certificates.



security. The Water Operational Plan's priority thrusts are implemented through the Water Financing Program, which continues to drive investments to achieve the adequate distribution of water for competing rural and urban uses. Under the program, ADB aims to invest \$20 billion during 2011–2020.

Strengthening public financial management and procurement systems, as well as combating corruption, are at the core of ADB's governance work. ADB is committed to ensuring that its limited resources are effectively used. The Second Financial Sector Program in Cambodia supported the efficient issuance and better management of government securities, and strengthened anti-money-laundering activities by establishing a financial intelligence unit to monitor suspicious transactions. ADB also supports financial institution and market infrastructure development, while promoting good governance to ensure sustainable private-sector-led growth.



Figure 2. Projects with Environmental Sustainability as a Theme: Loan Amount and Number of Projects (2001–2012)



Investing in Environmental Sustainability

To help the region transition to green growth and address the causes and consequences of climate change, ADB focuses 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 mitigation of and adaptation to climate change effects (Figure 2). To facilitate the transition to green growth, ADB provides knowledge about and invests in clean energy, sustainable transport, urban development, conservation of natural capital, and improved country safeguard systems. For example, ADB supports better management of critical ecosystems through assistance to the Coral Triangle, Heart of Borneo, and Greater Mekong Subregion Biodiversity Conservation Corridors initiatives. These ongoing initiatives are helping to restore, maintain, and



Papua New Guinea, Samoa, Tajikistan, Tonga, and a regional program for the Pacific. In partnership with the United Nations Environment Programme and with cofunding provided by the Global Environment Facility and others, ADB is piloting a climate technology finance center in Manila. ADB's integrated disaster risk management framework brings together elements of disaster risk reduction, climate change adaptation, and financing to manage disaster risk.

Cities have been the drivers of the Asian economy and have lifted millions out of poverty. However, the environmental consequences of this unmanaged rapid urbanization are apparent. ADB's Green Cities agenda promotes investments to

enhance the productivity of natural resources for the economic and social well-being of people who depend on them, while preserving ecological functions.

ADB's 2009 Energy Policy targeted lending for clean energy investments at \$2 billion a year by 2013, which ADB achieved ahead of schedule in 2011. In 2011–2012, ADB's \$4.4 billion investments in clean energy and energy efficiency equaled a 29.7 million ton CO₂ equivalent reduction in greenhouse gas (GHG) emissions yearly (Box 2). ADB's Carbon Market Program helps access critical financing and technology for low-carbon investments through the Kyoto Protocol's Clean Development Mechanism. In 2012, ADB boosted climate adaptation financing with a total net investment of \$896 million for climate-proofing projects and for adaptation and climate resilience activities. This included ADB's Strategic Program for Climate Resilience—under the Climate Investment Funds—for Bangladesh, Cambodia, Nepal,

improve urban environments—including water supply and wastewater, solid waste management, district heating and cooling systems, urban transport, and energy efficiency—by cooperating with public and



Sucheta Das

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.



private partners. The Urban Operational Plan 2012–2020 supports this agenda.

The transport sector is globally responsible for around a quarter of energy-related GHG. Guided by the Sustainable Transport Initiative, ADB's transport portfolio is rapidly shifting toward supporting low-carbon modes such as public transport (Box 3). In 2012, ADB led a group of eight multilateral development banks at Rio+20 to deliver a voluntary commitment of \$175 billion for more sustainable (accessible, affordable, efficient, financially sustainable, environment friendly, and safe) transport in developing countries during the next 10 years.



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.

Promoting Regional Integration and Cooperation

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, enabling slow-moving economies to speed their own expansion. In ADB's support for regional economic integration, developing cross-border infrastructure (such as transport) plays a critical role by enabling growth in trade. Cooperation on regional public goods, such as clean air, control of communicable diseases, and natural disaster management, is also necessary because these issues transcend political boundaries and are thus of regional or even global concern (Box 4). ADB is working with multiple partners in supporting regional programs such as the Central Asia Regional Economic Cooperation (CAREC). In 2012, CAREC agreed on a \$23 billion action plan for new regional transport infrastructure projects, together with energy and trade initiatives, to help connectivity and prosperity in the subregion.

Box 4. Cooperation in the Greater Mekong Subregion

The Greater Mekong Subregion (GMS) Economic Cooperation Program began its third decade in 2012. Since its inception, the GMS 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 sustainable 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.

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 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.



Improving Communications

ADB's own policies, strategies, and practices have been adapted to embrace and facilitate more active civil society participation, and to enable greater engagement of affected people in the early stages of project preparation. ADB's new Public Communications Policy became effective in April 2012. It 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. To provide guidance on consultation and participation within operations, in 2012 ADB launched *Strengthening Participation for Development Results: An ADB Guide to Participation*. The guide gives special attention to participation pertaining to ADB's work involving safeguards, gender, governance, HIV/AIDS and infrastructure, and water and sanitation.

Ensuring Effective Development

To ensure that ADB invests responsibly, it continually reviews its operations to assess their effectiveness; learn from experience; and improve the development of

future policies, strategies, programs, and projects. As a result, operations that had taken an average 37 months to complete prior to 2009 were by 2012 taking only 11 months. In 2012, ADB endorsed the Busan Partnership for Effective Development Co-operation, a framework for development cooperation that embraces client countries, development partners, civil society organizations, and providers of private funds, as part of ADB's commitment to support global efforts to enhance aid effectiveness.

Knowledge and Partnerships: Driving Change through Finance++

The dissemination of relevant, high-quality knowledge to and from ADB's client countries, development partners, and other stakeholders helps drive change and assists regional integration. By strengthening our partnerships and knowledge management, ADB aims to offer "Finance++" (finance plus leverage plus knowledge) to maximize and accelerate effective development (Box 5 and Figure 3). ADB's *Public–Private Partnership Operational Plan 2012–2020* articulates a common priority to leverage its assistance through public–private

Box 5. 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 the 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.



partnerships across all operations. ADB knowledge solutions are becoming increasingly more partnership-based (Box 6). In 2012, ADB established a Knowledge Sharing and Services Center. ADB also established, in collaboration with Australian AID, the Japan International Cooperation Agency (JICA), and the World Bank, a regional community of practice on safeguards. The community aims to provide capacity support for developing environment and social safeguard systems in the region.

Safeguarding the Future

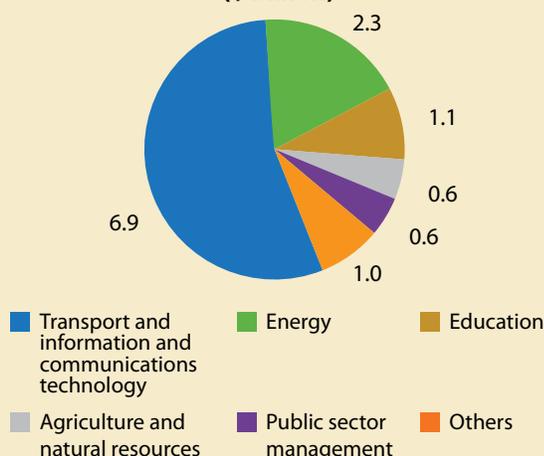
ADB's environment, involuntary resettlement, and Indigenous Peoples safeguards are central to achieving inclusive, environmentally sustainable growth, seeking to minimize, mitigate, and compensate for, if not avoid, adverse impacts on people and the environment (Figure 4 and Boxes 7 and 8). ADB monitors safeguard compliance during project implementation, and assesses development effectiveness to identify any actions needed to improve compliance. ADB screened all projects approved during 2011–2012, in accordance with ADB's safeguards, as embodied in the *Safeguard Policy Statement* (Figure 4). Depending on the significance

Box 6. 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 Southeast Asia 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.

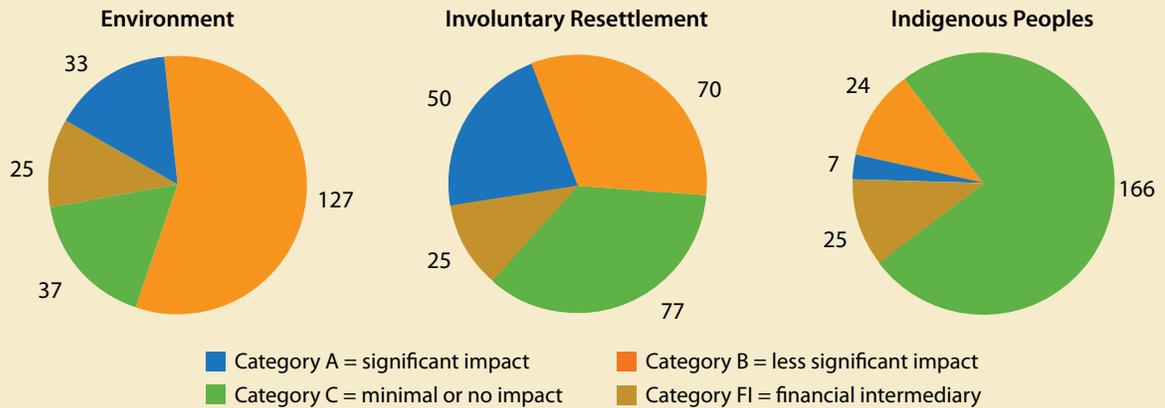


Figure 3. Official Cofinancing by Sector 2008–2012 (\$ billion)



of expected impacts, each was classified as A, B, or C, or as FI for projects involving a financial intermediary. For all A, B, and FI projects, environment, involuntary resettlement, and/or Indigenous Peoples safeguard plans were prepared, were satisfactorily disclosed, and are being carried out during project implementation. Under the regional technical assistance project for Strengthening and Use of Country Safeguards Systems, ADB is supporting 15 countries to enhance their legal frameworks and/or build their capacity to implement environmental and social safeguards.

Figure 4. Environment and Social Categorizations, 2011–2012 (number of projects)



Box 7. Improving Project Design in the People’s Republic of China

ADB’s review of the Environmental Impact Assessment for the Shaanxi Weinan Luyang Integrated Saline Land Management Project identified that constructing a large flood management lake would result in the loss of 11% of a salt pan habitat. Guided by the Safeguard Policy Statement’s 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 8. Enhancing Social Sustainability through Safeguards in Bangladesh

The Second Chittagong Hill Tracts Rural Development Project aims to increase average annual household income 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. In contrast to national land acquisition law, ADB’s Safeguard Policy Statement considers such ownership equivalent to titled ownership, in terms of eligibility for compensation. The challenge was to ensure the project upheld ADB’s eligibility and compensation standards. Intensive consultation involving affected communities, Indigenous Peoples’ leaders, civil society, and government representatives resulted in the joint development of a process whereby ADB loan funds would be used to support land acquisition and resettlement. The project’s involuntary resettlement framework, detailing the source of funds and implementation arrangements for payments to affected people, also details a robust system for an external expert to monitor implementation.

Being Accountable

In 2010, ADB initiated a review of its Accountability Mechanism to examine its effectiveness. The nearly 2-year-long review included public consultations with a full range of stakeholders, comprising several regional consultation meetings, as well as multiple rounds of web-based consultations. The review resulted in clear and closer collaboration between the functions of problem solving (through the Office of the Special Project Facilitator) and compliance review (by the Compliance Review Panel). The complaints receiving officer—a newly created position—became the single entry point for receiving complaints from affected persons and directing them to the appropriate office within ADB. These changes have made the mechanism more credible, efficient, and effective in addressing the concerns of people affected by ADB projects.

Combating Corruption

The Office of Anticorruption and Integrity recognizes that ADB staff members form the front line in ADB’s fight against corruption, and are obligated to uphold the highest professional and ethical standards. The office continues to inform and empower staff, civil society, and the private sector with tools to fight fraud and corruption and to prevent abuse of funds. During 2012, ADB 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. In 2011–2012, hands-on support and skills transfer for staff in operations departments helped improve project supervision and thus ensure that projects fully deliver their intended development outcomes.



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.
- ADB will 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.

Environmental Footprint

ADB achieved ISO 50001 certification for its headquarters in December 2012. In 2003, ADB was the first multilateral development bank to achieve ISO 14001 and OHSAS 18001 certification. And in 2012, ADB's Energy, Environment, Health, and Safety Management System was recertified under international standards ISO 50001, ISO 14001, and OHSAS 18001. The system includes targets and actions to reduce consumption of electricity, potable water, and paper; generation of solid waste; and GHG emissions (Figures 5–9 and Table 1).



ADB's resource use is heading in the right direction, but 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. Despite savings made through resource efficiency initiatives (Box 9), more people resulted in increased pressure on energy and water use at headquarters, as shown in Table 2. The additional travel required for increased project supervision and loan consultations to process more loan approvals led to a 29.7% increase in indirect GHG emissions (Figure 5).



Supporting ADB's Diverse Staff

To ensure ADB has the right people to achieve its vision, in 2011 ADB introduced Our People Strategy. Ongoing human resources reforms are translating the strategy into practice. A major staff expansion program during 2010–2012 added 500 new positions at ADB and strengthened ADB's capacity to implement Strategy 2020. By the end of December 2012, ADB had 3,051 staff members

Figure 5. Greenhouse Gas Emissions: ADB Headquarters



Table 1. 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.

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.

Box 9. LEEDing by Example

ADB received Gold level Leadership in Energy and Environmental Design (LEED) certification for existing buildings from the United States Green Buildings Council. ADB has invested in its own sewage treatment plant, rainwater harvesting, and solar photovoltaic panels to help protect the environment and conserve resources.



Since gaining LEED certification, initiatives such as placing collection bins for electronic waste in headquarters to improve the proper and documented collection and disposal of ADB-issued or personally owned used, obsolete, or defective cellphones, accessories, and spent batteries have helped reduce ADB’s environmental footprint further. In 2012, ADB’s Food Services sourced alternative eco-friendly and recycled products for its operations. They also increased the price of disposable food containers and paper cups to discourage their use.

In 2012, ADB started constructing a new building within the grounds, to house its expanding staff. The new building is designed and being constructed to meet the requirements for LEED Gold for new construction. The construction entails using environmentally friendly materials, and energy-efficient technology is incorporated into the new building.

Figure 6. Indirect Electricity Use, 2007–2012

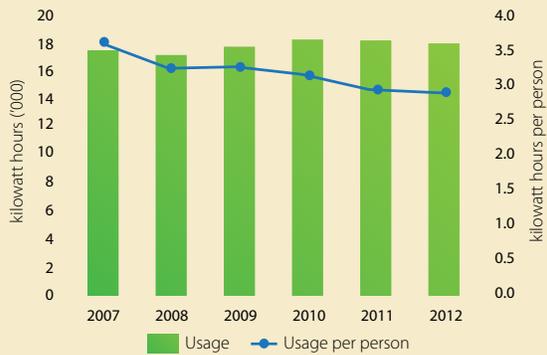


Figure 7. Potable Water Use, 2007–2012



Figure 8. Paper Use, 2007–2012



Figure 9. Solid Waste Generated, 2007–2012



Table 3. 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

Box 10. 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.

(Table 3). More resources, including staff, were deployed at resident missions to strengthen implementation through decentralization.

ADB's Gender Action Program has 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. The proportion of female international staff has increased from less than 28% in 2008 to over 34% at the end of 2012, against a target range of 33%–37%. Representation of women at senior levels reached an all-time high of 26.5% at the end of 2012.

The Office of the Ombudsperson started operations in January 2012, supplementing and complementing the formal dispute mechanism channels for staff.

Reaching Out to ADB's Community

The ADB corporate donation program, Staff Community Fund (SCF), and Spouses' Association provide goods and financial support to community and livelihood development projects in the Metro Manila area, transforming the lives of thousands of less fortunate people in the communities surrounding ADB headquarters (Box 10). For example, in 2011–2012, the SCF raised about \$250,000, which helped support 20 organizations in 2011 and 28 in 2012. 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 flood victims. The donations were given to the Philippine Red Cross to help families in need.

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.

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org

 Printed on recycled paper



Printed in the Philippines