

## 1. Facts and figures

**Type of organisation:** Multilateral financial institution

**Established in:** 1966

**Headquarters:** Manila, Philippines

**Number of country offices:** 27 resident missions and 3 representative offices

**Head of organisation:** To be elected in 2013/President Takehiko Nakao

**Board of Directors:** The Board consists of 12 directors, who are permanently stationed at the ADB headquarters in Manila. Japan, the USA and China each have their own representative, while other countries collaborate in constituencies. Norway shares a director with Canada, other Nordic countries, the Netherlands and Ireland. Canada heads the constituency on a permanent basis since it has the largest share capital of all the countries in the constituency. Other positions rotate between the Netherlands and the Nordic countries.

**Number of Norwegian staff:** 2

**Competent ministry:**

Norwegian Ministry of Foreign Affairs

**Website:** [www.adb.org](http://www.adb.org)

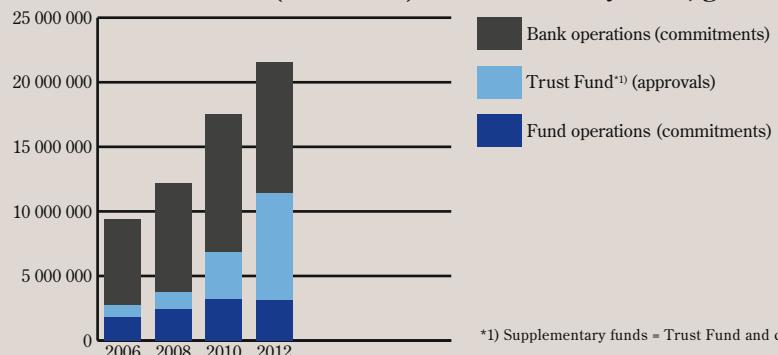
**The five largest shareholders of the bank, and Norway:**

Country	%
1 Japan	12.78
2 USA	12.78
3 China	5.45
4 India	5.36
5 Australia	4.93
31 Norway	0.57

**The five largest donors of supplementary funds, and Norway, in 2012 (1000 USD):**

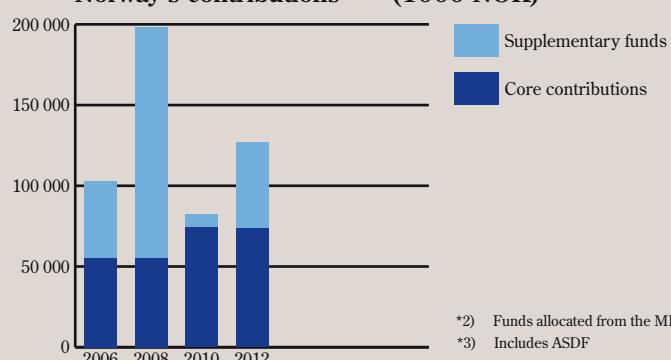
Country	Amount
1 Japan	679 070
2 Australia	145 600
3 USA	100 120
4 UK	93 900
5 Canada	57 570
13 Norway	19 840

**Total revenues (1000 USD). Broken down by loans, grants.**



\*1) Supplementary funds = Trust Fund and co-financing

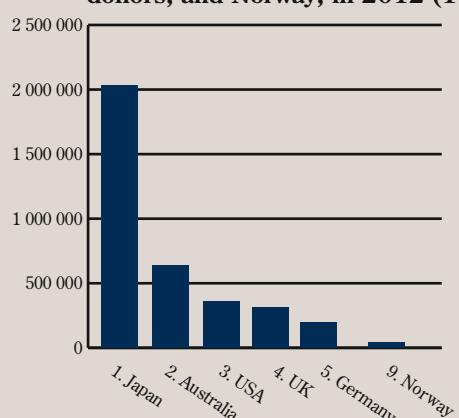
**Norway's contributions<sup>\*2)\*<sup>3)</sup> (1000 NOK)</sup>**



\*2) Funds allocated from the MFA's budget

\*3) Includes ASDF

**Latest replenishment of fund and the five largest donors, and Norway, in 2012 (1000 USD)**



Total capital replenishment: 3 769 436 466 UA

Replenishment years: 2011, 2012, 2013



## Mandate and areas of activity

The primary aim of the Asian Development Bank (ADB) is to help to reduce poverty and achieve the UN Millennium Development Goals (MDGs) in Asia and the Pacific region by providing loans, grants and technical assistance to governments and the private sector in qualifying Asian member countries.

The overarching vision of ADB's long-term Strategy 2020 is to reduce poverty in the region. An important objective for realising this vision is to promote inclusive growth by creating and expanding economic opportunities, expanding access to services such as education and health and creating jobs, and to prevent extreme poverty and distress.

To achieve this objective, ADB concentrates its lending on investments in five core operational areas: infrastructure (including investments in clean energy and power supply), environment and climate change, finance-sector development (including development of financial institutions, and micro-credit schemes), regional cooperation and integration, and education. The Bank's goal is to concentrate 80 per cent of the Bank's investments in these areas.

Loans and grants are provided through two lending windows:

- The ordinary lending window provides loans to medium-income countries. ADB finances these loans through borrowings on international capital markets, based on ADB's share capital and loan repayments. ADB's share capital, to which all the member countries have contributed, makes the institution highly creditworthy and enables the bank to borrow funds on favourable terms. Loans are provided to member countries on terms that are far better than those that the borrowers themselves could have obtained on the capital markets. The four largest shareholders in terms of percentage of share capital are Japan, China, India and Australia. The regional members hold 63 per cent of the share capital.
- The Asian Development Fund provides loans and grants to the poorest countries. The Fund is primarily financed through grants made by donor countries through replenishment negotiations every four years, but also through the repayment of loans and transfers from ADB's ordinary budget. The largest donors are Japan, the USA, Australia and Germany. The tenth replenishment round of the Asian Development Fund was concluded in 2012 and resulted in a replenishment of USD 12.4 billion. This replenishment covers the years 2013–2016 and is a 9.5 per cent increase on the previous replenishment round.
- The amount that each country may borrow or receive as grants is determined after an assessment of past performance, implementation capacity, need and level of indebtedness.

## Results achieved in 2012

Loans and grants totalling almost NOK 130 billion (USD 21.6 billion), including co-financing of USD 8.3 billion, were approved in 2012. Around NOK 4 billion (USD 700 million) was provided as grants to the poorest countries. The largest individual sectors supported were transport and ICT and energy, which accounted for just over 20 per cent each. A total of 85 per cent of new programmes now lie within ADB's five core operational areas.

The ADB Development Effectiveness Review report shows that progress has been made in relation to all of the indicators in the results framework since 2008, and that performance has improved demonstrably in eight out of ten sectors for the period 2010–2012, compared with 2009–2011. Results were slightly weaker in the finance and education sectors. Technical and vocational training appear to have been particularly challenging target areas. The Bank has contributed to better schools and educational programmes for over 11 million pupils, access to electricity for over 2.3 million new households, the creation of over 3.7 million new microfinance accounts, access to new, improved roads for over 300 million people and better access to water for over 6 million households.

Despite the progress in a number of areas, in 2012 ADB did not entirely fulfil its own ambition of at least "satisfactory" performance in 80 per cent of projects and programmes. Over-ambitious plans, complex projects, delays in project implementation due to poor preparations, unpredictable political and economic factors and overestimation of recipient capacity are some of the causes of a poorer performance than expected. The Bank has therefore initiated a number of measures to enhance its performance, including efforts to improve project design and planning, focus on tendering processes and closer project monitoring.

The Bank normalised its relations with Myanmar by establishing an office in the country and resuming technical assistance projects. A preliminary country strategy was adopted in 2013 and Myanmar was given a large loan that cancelled its debt to ADB.

ADB began work on a comprehensive review of the 2008 results framework. A new and improved framework was adopted in January 2013. However, Norway and several other donors had called for even more specific indicators for inclusive growth, such as a specific target of increasing the number of projects that support arrangements for direct cash transfers to vulnerable groups.

### Both good results and hard-earned experience from focus on vocational training in Vietnam

In April 2013, ADB's Independent Evaluation Department presented the findings of an independent evaluation of decades of focus on technical and vocational education in Vietnam. The country's economic reforms had created a great need for a skilled workforce. The project has provided training for 120,000 Vietnamese in 48 occupations. The project has cost a total of USD 86.3 million, and is assessed as an effective but expensive investment with significant delays. The evaluation shows that the project design could have been better adapted to the target group, and that this type of programme requires strong focus on coordination and integration with the recipient country's own systems.

The report can be downloaded here: <http://www.adb.org/documents/viet-nam-vocational-and-technical-education-project>

## 2. Assessments: Results, effectiveness and monitoring

### The organisation's results-related work

ADB was the first of the development banks to introduce results-based management and to develop a results framework for its operations. The results framework is the cornerstone of the Bank's results-based management system and is designed to communicate information on performance, i.e. how ADB's activities contribute to poverty reduction and promote development in the region, as well as on other factors, such as the Bank's effectiveness, mainstreaming of cross-cutting considerations, including gender, and project quality. Based on the results framework, annual development effectiveness reports are prepared for discussion both internally in the Bank and by the Bank's Board of Directors.

On the basis of these reports, proposals are drawn up for follow-up action in areas in which ADB has not achieved its objective. The Bank itself considers the framework to be a good management tool that is used in the planning and preparation of general strategies, country strategies, programmes and projects. All country strategies now focus clearly on results, an indication of how ADB plans to help countries attain their own objectives and how the strategy is aligned with the priorities set out in ADB's Strategy 2020. The results framework contains clearly formulated goals and expected results at all result levels. This is one of the areas in which ADB has scored high marks in reviews such as the MOPAN performance assessment.

In 2012, ADB began work on a comprehensive review of the results framework. A final, revised framework was adopted in January 2013. The new results framework has been improved in several ways. Among other things, the concept of inclusive growth has been further operationalised, with additional indicators. There are also several indicators that measure the results (user impacts) of ADB projects, as well as several indicators that measure how many women as opposed to men have benefited from ADB-financed projects.

### Planning and budgeting systems

Strategy 2020 establishes a strategic framework for ADB's priorities and is operationalised through the Bank's results framework. In addition to the long-term strategy, general strategic planning is carried out through rolling budgets and

plans, thematic strategies and other policy guidelines issued by the Board. The Asian Development Fund receives policy signals from donors through replenishment negotiations, which are summarised in the Deputies' Report and followed up on in a mid-term review. Each year, the Board of Directors approves rolling work programmes and budgets. Resources are allocated to recipient countries on the basis of such factors as past performance, implementation capacity, needs and level of indebtedness. The projects for which countries may loan funds or receive grants are determined by ADB's strategy and the countries' national strategies.

ADB has no results-based budget in which expenditures are linked directly to a target area. However, budget allocations for the various units are based on the units' results-based work programmes with reference to past expenditures and improvements in effectiveness. The budget allocations also take into account outcomes and assessments resulting from the annual Development Effectiveness Review report.

### Oversight and anti-corruption

Efforts to fight corruption have been intensified in the past few years. New guidelines and whistle-blowing procedures that facilitate both internal and external anonymous whistle-blowing have been adopted. The Bank's Office of Anticorruption and Integrity (OAI) is independent and reports to the Board of Directors. In 2012, OAI received 240 allegations of breaches of ADB guidelines, the highest number ever. A total of 38 individuals and 42 firms were debarred. In addition to investigating cases of suspected corruption, OAI is also responsible for preventing corruption by conducting its own investigations of procurement procedures and processes and providing relevant training for ADB's own employees, and also by increasing awareness in civil society and the private sector of the negative consequences of corruption and how it can be prevented.

ADB has a separate, independent unit that undertakes internal audits of the Bank's portfolio, while an international auditing firm, selected on the basis of competitive tendering, audits the Bank's financial statements. Audit recommendations are followed up by the Board of Directors' Audit Committee.

The Bank's new guidelines on transparency were introduced in 2012. The revised guidelines allow increased access to information, including access to audited financial statements from projects, and earlier public disclosure of governance documents and country strategies. ADB's internal audit reports are not publicly available. Nonetheless, the 2012 MOPAN performance assessment points out that the Bank has established rules and procedures that are in line with internal audit standards.

### **Institution-building and national ownership**

Due to ADB's strong Asian ownership, it works in close partnership with the governments of the countries concerned. The Bank's country strategies are based on recipient countries' own priorities and areas that coincide with ADB's strategy and comparative advantages. In recent years, the Bank has made greater use of recipient countries' financial systems and limited its use of parallel implementation units. However, there is still potential for improvement, for instance with regard to application of the countries' rules on tendering.

ADB's high standards as regards economic and financial controls and requirements regarding the safeguarding of social standards and the environment can present challenges in connection with use of the borrower countries' systems. The degree to which the Bank cooperates with other development

actors varies. To enhance cooperation, ADB has in recent years made considerable efforts to strengthen its partnership with civil society in its projects. The 2012 Development Effectiveness Review report shows that one of the main reasons for failure to achieve an objective, or for delays in achievement, is often overestimation of the capacity of recipient countries, and that the Bank should to a greater degree lower its ambitions as regards recipients' capacity and contribute to building up necessary capacity.

### **Willingness to learn and change**

Since the adoption of its long-term strategy, ADB has carried out significant reforms to increase the efficiency and effectiveness of the organisation, make it more results-oriented and prepare it to deliver on the strategy's ambitions and objectives. The organisation has shown and continues to show a considerable willingness to learn and change.

Based on the annual Development Effectiveness Review report and after Board discussions, ADB regularly adjusts its course and implements necessary measures. As a result of the 2011 report, the Bank adopted more stringent criteria for assessing project quality, and carried out a review of environmental and sustainability standards. To increase focus on project and portfolio monitoring, field visits are now carried out more frequently.

## **3. Norway's policy towards ADB**

ADB has extensive knowledge of conditions in the region and enjoys great legitimacy. The Bank also plays an important role in providing input for regional and national development policy. Several of the Bank's general objectives coincide with Norway's priorities. Since Norway's bilateral development assistance in the region is limited, it is strategically important that we are a member of ADB.

Through Nordic cooperation and alliance-building, Norway seeks to ensure:

- that ADB's general goal of poverty reduction and inclusive growth is mainstreamed in all the Bank's projects and programmes and in its dialogue with recipient countries.

- that ADB, in its operationalisation of inclusive growth, emphasises distribution policy, including a dialogue on taxation as a distribution policy instrument.
- that important cross-cutting issues such as environment/climate change, gender equality and good governance are addressed, and that the Bank continues its efforts to establish a more transparent personnel policy, further decentralises its operations and maintains focus on anti-corruption and transparency.
- that the process of improving results-based management, both internally within the Bank and in borrower countries, is continued.

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