

With regard to aid effectiveness and the Paris Declaration and Accra Agenda for Action, due to ADB's strong Asian ownership it works in close partnership with the governments in those countries, and projects are generally well aligned with the countries' own priorities. In recent years, ADB has also made greater use of the financial systems of recipient countries and limited the 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 the use of the borrower countries' systems. The degree of cooperation with other development actors varies. Reports from embassies indicate that ADB is increasingly participating in joint coordination meetings and working in partnership with other donors at country level.

ADB has an independent Office of the Auditor General that undertakes internal audits of the Bank's portfolio, while an international auditing firm appointed on the basis of competitive tendering audits the Bank's financial statements. Auditors' recommendations are followed up on by a special committee in the Board of Directors. In its annual report, the committee points out

that 71 per cent of the recommendations had been implemented as of 31 December 2009, and that all high-risk recommendations had been implemented.

Efforts to combat corruption have been strengthened in the past few years. New guidelines and notification procedures that facilitate both internal and external anonymous whistle-blowing have been adopted. ADB's investigations unit is now independent and reports to the Board of Directors. In 2010, the investigation unit received 188 allegations of breaches of ADB guidelines, resulting in the blacklisting of 47 individuals and 37 firms. In 2010, the World Bank and the regional development banks entered into an agreement on the mutual recognition of blacklists.

Important challenges in the time to come will be to ensure that the focus on poverty is maintained in ADB's operations and that the Bank continues its effort to implement adopted reforms. ADB guidelines for publication of documents and its dispute settlement mechanism designed to ensure that the Bank complies with its guidelines for social standards and environment are to be adopted in 2011. It is hoped that this will help to make ADB an institution characterised by even greater transparency and integrity.

### 3. Norway's policy towards ADB

Given its focus on Asia, ADB has broad-based knowledge of conditions in the region and enjoys great legitimacy. The Bank also plays a proactive role in providing input for regional and national development policy. Since Norway's bilateral development assistance in the region is limited, and since ADB's general goals coincide with Norway's priorities. Norway's ADB membership is of strategic importance.

In our policy towards ADB, Norway wishes to focus on ensuring:

- that the general goal of poverty reduction is mainstreamed in all the Bank's projects and programmes
- that important cross-cutting issues such as gender equality, good governance and environment/climate are safeguarded and that ADB continues its efforts to achieve a more transparent personnel policy, further decentralise its operations and maintain focus on anti-corruption
- that the process of improving results-based management, both within the Bank and in borrower countries is continued

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<http://www.regjeringen.no/en/dep/ud/selected-topics/un>.

## 1. Facts and figures

**Type of organisation:** Multilateral financial institution

**Established in:** 1966

**Headquarters:** Manila, Philippines

**Number of country offices:** 29

**Head of organisation:** President Haruhiko Kuroda (Japan)

**Board of Directors:** 12 representatives (Executive Directors). Japan, USA and China each have their own representative, while other countries collaborate in constituencies. The Executive Directors are permanently stationed at the ADB headquarters in Manila, and each heads his/her constituency office. Norway shares an Executive Director with Canada, other Nordic countries, the Netherlands and Ireland. Canada heads the constituency on a permanent basis since it has provided the most share capital of all the countries in the constituency. Other positions rotate between the Netherlands and the Nordic countries

**Number of Norwegian staff:** 4

**Responsible ministry:** Norwegian Ministry of Foreign Affairs (MFA)

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

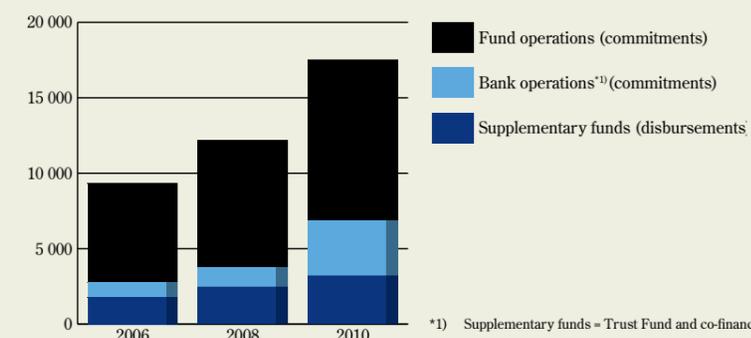
**The five largest shareholders in the bank, and Norway, in 2010:**

Countries	%
1 Japan	12,7557
2 USA	12,7557
3 China	5,4419
4 India	5,3519
5 Australia	4,9172
31 Norway	0,5701

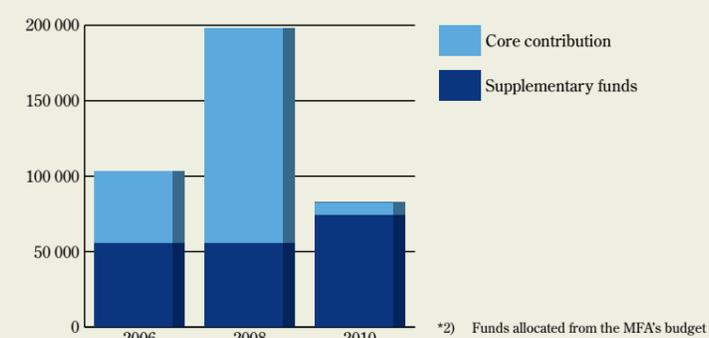
**The five largest donors of supplementary funds, and Norway, in 2010, in USD million :**

Countries	Millions
1 Japan	596,4
2 Australia	141,7
3 Canada	82,2
4 UK	71,2
5 Sweden	56,6
15 Norway	11,6

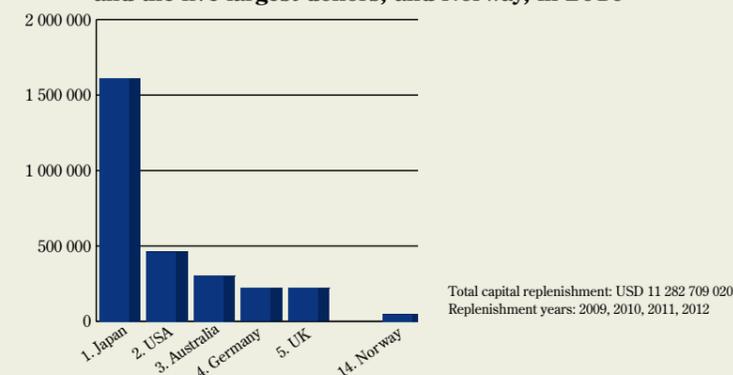
**Total resources (in US\$ 1000), by loans, grants:**



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



**Latest replenishment of fund (in US\$ 1000) and the five largest donors, and Norway, in 2010**



### Mandate and areas of activity

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

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 the ADB's share capital, and through loan repayments. ADB's share capital, to which all the member countries have contributed, make 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, USA, Australia and Germany.

The amount that each country may borrow/receive in grants is determined after an assessment of past performance, implementation capability, need and level of indebtedness.

In accordance with its long-term strategy up to 2020, the ADB focuses its efforts on five areas:

- infrastructure (including investments in clean energy and energy supply)
- environment and climate
- finance sector development (including the development of financial institutions and microcredit systems)
- regional cooperation and integration
- education

### Results achieved in 2010

After three intensive years of focus on the preparation and adoption of several institutional reforms and provision of assistance to member countries in connection with the financial crisis, 2010 was a normal year for the ADB.

Loans and grants totalling USD 13.845 billion were approved in 2010. Approximately USD 1 billion was provided as grants to the poorest countries. A total of 92 per cent of approved loans and grants provided through the ordinary lending window went to the priority areas, while the same figure for the Asian Development Fund was 88 per cent. The largest individual sectors were transport and ICT, which accounted for over 30 per cent, and energy, which accounted for about 20 per cent.

ADB's results report for 2010 confirms, on the basis of a sample of projects approved in the period 2003-2006 and completed by 2010, that the bank will attain its targeted goals by 2012.

The same report points out that the region saw aggregate growth in GDP in 2010, compared with 2009, and that access to basic infrastructure has improved during the period 2005-2008. Yet there are major disparities between and within countries. For instance, there are still 900 million poor people in the region. None of the countries appear likely to achieve the MDG on ensuring that all children complete basic education, and 30 out of 40 countries will probably not reach the MDG on reducing child mortality and ensuring access to clean water and better sanitation.

In the period up until 2010, ADB has helped to build and rehabilitate 19 000 classrooms, provide 760 750 more households with access to electricity, more than 1.9 million people with access to micro-credit and more than 3 million people with access to clean water.

The results report also shows that ADB has made substantial progress in terms of mainstreaming gender equality considerations, personnel administration, improving the quality of project design and reducing processing time. However, the report also shows that ADB has potential for improvement in terms of documenting and ensuring the development effectiveness of projects. A special working group has now been appointed to propose specific ways in which the ADB can increase and document the development effectiveness of projects.

### Does access to electricity generate greater prosperity?

In the period 1995-2000, ADB helped to give one third of all rural households in Bhutan access to electricity. To find out what impact access to electricity had on standards of living, ADB carried out an evaluation based on an analysis of 3,000 households. The evaluation confirmed that providing households with electricity had a positive impact on the inhabitants' quality of life and environment. The number of persons with respiratory ailments and the number of days of sickness have been reduced because wood and paraffin have been replaced by electricity as an energy source for cooking and heating. Moreover, a higher percentage of children, especially girls, completed more years of schooling. The projects have also had a positive environmental impact since fewer trees have been cut down and the use of polluting energy sources such as paraffin has been reduced. Incomes are also higher than in non-electrified villages, since the inhabitants are now able to engage in income-generating activities in the evenings, such as weaving or carpentry. The percentage of persons who have taken up employment outside the home has also increased.

At the same time, the study shows that the effect in terms of income generation is limited because households' use of electricity is limited to lighting, cooking and water. The effect in terms of income generation also depends on other factors, such as access to markets, etc.

## 2. Assessments: results, effectiveness and monitoring

Several reviews (carried out by Multilateral Organisation Performance Assessment Network (MOPAN) in 2011, the Multilateral Development Bank's Common Performance Assessment System (COMPAS) in 2008 and the UK's Multilateral Aid Review 2011) point out that ADB has implemented important reforms in the past few years and, on the whole, give the Bank relatively good marks for effectiveness, focus on results, legitimacy and monitoring. The British review notes that ADB is a significant development actor, particularly in terms of financing basic infrastructure and assisting member countries to facilitate environmentally sustainable development. At the same time, several of the reviews point out that ADB still has potential for improvement with regard to gender equality, alignment with and use of national systems, decentralisation and maintaining focus on results-based management. Norway agrees with the assessment that ADB has made significant progress and implemented important reforms that lay a foundation enabling the Bank to fulfil its long-term objectives.

In 2009, donor confidence in the ADB resulted in a 200 per cent increase in capital, which helps to ensure that the Bank is well equipped to implement its long-term strategy towards 2020.

ADB was one of the first development banks to introduce results-based management and to develop a results framework for its activities. The results framework is the cornerstone of the Bank's results-based management structure and is designed to provide information on ADB's performance, i.e. how the Bank's activities help to reduce poverty and promote development in the region, but also on other aspects such as the Bank's effectiveness and the mainstreaming of cross-cutting considerations, including gender equality and project quality. Based on the results framework, annual results reports are prepared for discussion both within ADB and by the Bank's Board of Directors. On the basis of these reports, proposals are drawn up for follow-up action in areas where objectives have not been achieved. ADB itself

considers the framework to be a good management tool that is used in the planning and formulation of general strategies, country strategies, programmes and projects. However, the main challenge in the further process of implementing results-based management appears to lie in documenting projects' impacts on users and thereby highlighting the link between ADB's efforts at project level and regional development trends. For further information, see <http://www.adb.org/mfdr/>.

ADB has an Independent Evaluation Department that reports to the Bank's Board of Directors. The Board also approves the department's budget. Strategies, guidelines, programmes and projects are all evaluated. MOPAN's 2011 review of ADB emphasises the high quality of the evaluations and points out that the Bank has good procedures for ensuring learning and following up on the evaluations carried out.

Special guidelines for social standards and the environment have been drawn up to ensure that focus on social and sustainable development is integrated into all ADB activities. New guidelines came into force in 2010, and more resources have been allocated to ensure their effective implementation. ADB also has a special disputes settlement mechanism, to which individuals or organisations who consider that the Bank has breached the guidelines for social standards and environment can submit complaints about the Bank for independent assessment.

ADB's growing focus on gender equality appears to be producing results. According to the Bank's results report for 2010, ADB achieved its objective of ensuring that gender equality considerations are integrated into 50 per cent of projects targeting the poorest countries, and 40 per cent of projects in the other countries. The percentage of women employees also rose, although little progress has been made as regarding senior management positions.