LEADING THE WAY TO TRANSFORMATION
Content
This Sustainability Report 2013 gives an update on the priorities set out by ADFIAP since we started benchmarking our sustainability performance against the Global Reporting Initiatives (GRI) disclosure guidelines in 2008. The report contains data and information on the various aspects of our operations and our performance for the 12-month period from January to December 2013.

In addition to annual updates in our sustainability performance, a more significant change in our report is our focus on the principle of materiality, in accordance with the GRI’s G4 sustainability reporting guidelines. By defining materiality, ADFIAP is able to prioritize issues relevant to the organization and our stakeholders on which we need to take action.

Audience
This report aims to address the information needs of our stakeholders. It is based on expectations that were expressed primarily by our member-institutions, partner organizations, and those with an advanced understanding of sustainability issues. In an attempt to make the report more reader-friendly and appeal to a wider audience, comic-style illustrations are used for the first time.

Reporting criteria
The content of this report was guided by the Sustainability Reporting Guidelines (G4) Sustainability Reporting Guidelines in accordance “Core.” We have also developed and implemented additional reporting criteria, based on research, stakeholder engagement and the feedback from our stakeholders. Comparative data for the past five years (2008-2013) were also included. All reports are available on ADFIAP’s website in PDF file format.

Data Collection
Environmental and social performance data for the report are collected annually from the operations of the ADFIAP Secretariat office located in Makati City, Philippines.

Data on economic performance represent the activities of the entire organization. The information provided in this report were selected on the basis of feedback and consultations with internal stakeholders. Financial information are obtained from ADFIAP’s accounting system and are presented in U.S. dollars.

Data validation
ADFIAP has been registering its sustainability reports with the GRI disclosure database and has been publishing sustainability reports annually since 2008. This demonstrates our commitment to promoting sustainable development and providing transparency on our commitments, policies, strategy and performance in economic, environmental and social aspects affecting our operations and stakeholders.

ADFIAP has appointed a Sustainability Officer who has developed a basic reporting protocol aligned with the GRI guidelines and keeps close track of our sustainability performance. This Sustainability Officer has undertaken sufficient training to make independent external assurances on the sustainability report of ADFIAP as well as other organizations.

For feedback, contact:
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2nd Floor, Skyland Plaza
Senator Gil Puyat Avenue
Makati City, 1200 Philippines
Email: inquiries@adfiap.org
Website: www.adfiap.org
ADFIAP’s SUSTAINABILITY AGENDA

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OUR 4 PILLARS

Key to ADFIAP’s sustainability agenda are FOUR PILLARS:

• Economic support of micro, small and medium enterprises (MSMEs);
• Social platform through social banking and microfinance;
• Environmental initiatives such as green banking programs, dialogues, and capacity-building/training; and
• Good Governance, promoting fair, transparent and accountable governance principles.

These Four Pillars also serve as ADFIAP’s sustainability reporting framework in describing the areas that are material to its operations.
No other organization that shares our mission on financing sustainable development can look back on a longer tradition than ADFIAP. Our success is due in large part to the fact that we have never focused on the short term. We have always set our sights on the bigger picture and the long term — and we intend to stay that way.

Transformation is a key part of our sustainability journey. For 37 years, we have been transforming our operations, as well as our product and service offerings, so that development banks and other financial institutions in the Asia-Pacific region will continue to rely on us as the focal point of sustainable development issues.

To remain constantly relevant and responsive to our members and partners, however, is no easy task. We live in a world that is continually besieged by turmoil and uncertainty. This poses greater challenges, as well as opens up opportunities, in using our network and resources to uplift the living standards in many communities.

Thus, sustainability for ADFIAP should mean more than just a buzzword or a box-ticking exercise, but as a fundamental approach to strengthening our role as an organization.

With your trust and support, ADFIAP will continue to lead the way to transformation so that more people will benefit from lasting economic, environmental and social development.

Datuk Wan Azhar Wan Ahmad
ADFIAP Chairman
ADFIAP is all about linking people, institutions and ideas to inspire leadership and spark achievement within the development banking and finance community. We facilitate the work of development financing institutions and professionals in advancing sustainable development through knowledge delivery and collaboration initiatives.

**History**
ADFIAP was founded as a non-stock, non-profit organization of development banks during the 6th Asian Development Bank Regional Conference for Development Financing Institutions held in October 1976 in Manila, Philippines. Its Secretariat holds office in Makati City, Philippines.

**Markets Served**
As of end-2013, there are 113 institutions representing nearly 50 countries and territories that comprise ADFIAP. In addition to its membership, it also serves the needs of global organizations that partner with ADFIAP to address issues related to sustainable development.

**Services**
ADFIAP provides knowledge and information for the development banking and finance industry and profession. Through the following business units, it is able to address the needs of its member-institutions and partner-organizations:

- **Asia-Pacific Institute of Development Finance (IDF)**
  Through IDF, ADFIAP conducts regular training and capacity-building activities that are organized and implemented together with partners and donor-institutions.

- **ADFIAP Consulting (AC)**
  AC serves as ADFIAP’s vehicle in providing advisory and business development services to its members and other institutions in pursuit of sustainable growth and development.

- **ADFIAP Responsible Citizenship Institute (The ARC Institute)**
  The ARC Institute serves as the corporate social responsibility and outreach unit of ADFIAP. It capitalizes and builds on the many years of ADFIAP’s experience, network and partnerships in the area of financing sustainable development initiatives, more specifically, in relation to environmental, governance and social issues.
ABOUT
ADFIAP

Products
As part of being a focal point of development financing institutions, ADFIAP offers publications that help raise awareness and promote its various advocacies. It also strives to minimize the environmental impact of these products by increasingly disseminating information electronically via its website, www.adfiap.org, and other microsites.

Publications
• Sustainability Reports
• SME Toolbox
• Governance Digest
• Greenbank
• Memogenda
• ADFIAP News
• Journal of Development Finance
• Books
• Sustainable Development Projects

Online Publications
• ADFIAP e-Library
• A-Nex
• iamadfiap
• Environmental Governance Standards
• DFIs for Corporate Governance
• SME Finance Initiative
• e-newsletter

Events
ADFIAP holds various events designed to build awareness for the valuable role that development banks, financial institutions and professionals play in advancing sustainable development and engage various stakeholders. These events include the following:

• Annual Meetings
• CEO Forums
• Country Host Program
• DFI-to-DFI exchange
• Study tour programs
• Seminars
• Briefings
• Business networking
• ADFIAP Awards

Supply Chain
ADFIAP is committed to building and driving a sustainable supply chain by integrating sustainable practices into its procurement policies and procedures. As its work mostly involves producing publications, holding events, and conducting seminars and workshops, it mainly deals with service providers such as printers, online publishers, creative agencies, event venues, and suppliers of materials.
OUR FINANCIAL PERFORMANCE

- **Members' Contributions**: USD 310,089 (7% increase vs. 2012)
- **Lease Income**: USD 4,442
- **Grants**: USD 32,743 (35% decrease vs. 2012)
- **Interest Income**: USD 4,442 (71% decrease vs. 2012)
- **Miscellaneous**: USD 92,956 (18% increase vs. 2012)
- **Training Fees**: USD 92,323 (28% decrease vs. 2012)

LEADING THE WAY TO TRANSFORMATION
ADFIAP fosters an open, safe, inclusive and stimulating working environment. We seek to empower our people to make a positive difference to our members and partners, encourage them to grow and contribute to society.

ACHIEVING BALANCE IN THE WORKPLACE

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SM</th>
<th>RF</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Workforce</td>
<td>17</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Staff Training</td>
<td>324 average hours per year per employee</td>
<td>54%</td>
<td>22%</td>
</tr>
<tr>
<td>Ratio of Basic Salary &amp; Remuneration of Women to Men</td>
<td>67%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>New hires, employee turnover, return to work and retention rate after parental leave</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of employees covered by CBA</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum notice periods regarding operational changes</td>
<td>15 Days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Legend:
- SM: Senior Management
- RF: Rank and File
- C: Consultant
Sandra C. Honrado  
Senior Executive, Programs

Enrique I. Florencio  
Knowledge Management & Sustainability Officer

Lorina E. Cervantes  
Finance & Administration Officer

Robert B. Juan  
Information Officer

Ma. Sandra I. Lim  
Membership & Events Management Consultant

Susana F. Bajar  
Secretariat Affairs Consultant

Ma. Eloiza Rosario R. Olvina  
Membership Specialist

Ma. Cristina O. Arenas  
IT Specialist

Jordan R. Isidro  
Reginal M. Villaflor  
Staff Support

Elmer P. Enerva  
Staff Support / IT Staff

Jasper Glenn S. Sancho  
Staff Support - Finance & Administration

(From top row, L-R)
MINDING OUR FOOTPRINT

As a staunch sustainable development advocate, ADFIAP takes its environmental responsibility seriously. Its advocacy involves leading by example and showing its stakeholders various ways to mitigate the environmental impact of their operations, and complying with all relevant environmental laws and regulations.

MATERIALS

Paper Consumption
ADFIAP acknowledges its responsibility in the use of paper in our day-to-day operations and various activities as an organization. The ADFIAP Secretariat continues to pursue paperless initiatives to cut down on paper consumption, which helps save trees and raise work productivity.

Ink Consumption
In addition to its shift to an ink tank printer system that started in 2012, ADFIAP also kept close tab of its ink consumption. Its gradual shift to online publications also enabled it to save on ink consumption.

ENERGY

Energy Use
ADFIAP pursues initiatives to continually reduce its operating costs and conserve energy. It initiates energy conservation efforts at the ADFIAP Secretariat Office, including the use of energy-efficient computers and lighting systems. It also strives to avoid the unnecessary use of electricity, especially during seminars and other activities.

WATER

Water Use
Consumption of water at the Secretariat office continued to decline as ADFIAP pursued initiatives towards water conservation.

TRANSPORT

Travel
As a resource provider, senior officers of the ADFIAP Secretariat travel to member-institutions’ and partners’ countries to attend or conduct conferences, meetings, and other events. The travel miles logged during the journey contribute to greenhouse gas emissions, which ADFIAP aims to minimize by using internet-based video conferencing programs such as Skype and webinars.

PRODUCTS AND SERVICES

Online Publications
As part of being a focal point of development financing institutions, ADFIAP offers products and services that raise awareness and promote its various advocacies. It strives to minimize the environmental impact of these products and services by increasingly disseminating information electronically via its website, www.adfiap.org, and other microsites.
## OUR SUSTAINABILITY PERFORMANCE
### 2013 vs. 2012

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Amount</th>
<th>% change</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel-related carbon emissions</td>
<td>135,806 kilometers of airmiles</td>
<td>24%</td>
<td>Due to use of alternative channels for meetings such as online via Skype and webinars</td>
</tr>
<tr>
<td>Water consumption</td>
<td>137.67 cubic meters</td>
<td>16%</td>
<td>Due to the repair of water pipes leak and other water conservation measures</td>
</tr>
<tr>
<td>Electricity consumption</td>
<td>1,315 kilowatts</td>
<td>4%</td>
<td>Due to extended work hours of operations, meetings and conferences at the ADFIAP head office</td>
</tr>
<tr>
<td>Paper</td>
<td>80 reams</td>
<td>38%</td>
<td>Due to increased use of recycled papers, online channels that provide digital copies that can be downloaded from the website</td>
</tr>
<tr>
<td>Ink</td>
<td>74 catridges</td>
<td>38%</td>
<td>Due to increased use of online channels (mainly website) for offering one-page publications</td>
</tr>
</tbody>
</table>
ENGAGING OUR
STAKEHOLDERS

Stakeholders play an important role in ADFIAP’s continued success as an advocate. It strives to take into account their varied perspectives and engages them by exchanging relevant information, understanding their views better, and determining opportunities to collaborate and reach common goals.

Much of our stakeholder engagement focuses on key aspects of our operations.

2013 HIGHLIGHTS

January
ADFIAAP joined a consortium of global institutions in the EU-funded SMART Myanmar Project.

February
Vnesheconombank became a full member of ADFIAP.

March
ADFIAAP Knowledge Management Unit Head & Sustainability Officer spoke at the Entrepreneurship Educators Association of the Philippines Conference in Iloilo City, Philippines.

April
ADFIAAP took part in a two-day workshop sponsored by the ADB on “Financial Accessibility for SMEs” held at the ADB Manila Headquarters.

ADFIAAP’s Institute of Development Finance (IDF) conducted a study tour on microfinance initiatives and trends in China.

May
More than 100 members and partners attended the 36th ADFIAP Annual Meetings in Ulaanbaatar, Mongolia from May 22-24, 2013.

June
ADFIAAP participated in the Japan International Cooperation Agency (JICA) seminar on DFIs in African countries.
STAKEHOLDER GROUPS

Members
ADFIAP is the community affiliation of choice for development banking and finance industry and professionals. Member-institutions are represented typically by their Chairpersons, Chief Executive Officers or other senior decision makers.

As of end-2013, ADFIAP has a roster of 113 member-institutions from 45 countries and territories. Below is a chart that shows the composition of ADFIAP’s membership by type of institution:

Membership by Type

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal banks, investment banks and commercial banks</td>
<td>32%</td>
</tr>
<tr>
<td>Housing banks</td>
<td>10%</td>
</tr>
<tr>
<td>Islamic banks</td>
<td>7%</td>
</tr>
<tr>
<td>Export-import banks and pension funds</td>
<td>4%</td>
</tr>
<tr>
<td>Universal banks, investment banks and commercial banks</td>
<td>19%</td>
</tr>
<tr>
<td>SME banks</td>
<td>12%</td>
</tr>
<tr>
<td>Technology bank</td>
<td>10%</td>
</tr>
<tr>
<td>Microfinance</td>
<td>2%</td>
</tr>
<tr>
<td>Agricultural banks</td>
<td>1%</td>
</tr>
<tr>
<td>Others</td>
<td>2%</td>
</tr>
</tbody>
</table>

Partners
In addition to being the premier umbrella organization of development financing institutions, ADFIAP also plays an active role in the global sustainable development arena through the following involvements:

- Founding member, World Federation of Development Financing Institutions, which has 328 member-institutions in 154 countries belonging to similar regional associations in Africa, Latin America and the Middle East;
- NGO in consultative status with the United Nations’ Economic and Social Council;
- Member, United Nations Environment Programme Finance Initiative’s Asia-Pacific Task Force;
- Collaborating partner, Asia Pacific Economic Cooperation (APEC) Business Advisory Council;
- Partner of ECO Switch Asia in the SMART Cebu and SMART Myanmar Projects of the European Union; and
- Organizational Stakeholder (OS) Member of the Global Reporting Initiative (GRI), and among 84 organizations from 38 countries worldwide belonging to the GRI G4 Pioneers Program

Stakeholder Feedback
Through its regular activities such as annual meetings, advocacy and capacity building programs, ADFIAP is able to address the needs of its members, particularly those related to sustainable development issues. Members’ and partners’ views and concerns are heard through these activities and projects.

July
ADFIAP and the European Organization for Sustainable Development held the Global Sustainable Finance Conference and Global Sustainable Finance Awards 2013 in Karlsruhe, Germany.

August
ADFIAP Consulting conducted two briefings on sustainable consumption and production (SCP) as part of the SMART Myanmar Project.

September
ADFIAP and the Brussels-based International Factors Group (IFG) signed a Memorandum of Cooperation to explore programs of mutual interest.

October
ADFIAP visits Ohio, USA-based Council of Development Finance Agencies to explore joint programs of mutual interest.

November
ADFIAP attended the 28th ADFIP Annual Meetings held in Rarotonga, Cook Islands and hosted by the Bank of Cook Islands.

December
The ADFIAP Board of Directors held its 78th meeting on December 3-4, 2013 in Manila, Philippines.
One of the Four Pillars that ADFIAP adheres to is the promotion of good governance principles and practices by actively advocating for efficient and transparent activities. It also strives to enhance the organization’s values through complying with laws and regulations, addressing environmental issues, actively holding dialogues with stakeholders, among others.

**GOVERNANCE STRUCTURE**
ADFIAP is led by its Board of Directors, which governs all decisions related to key sustainability initiatives of the organization. Among the 23 members of the Board, six belong to the 30-50 age group while 17 members are from ages 50 and above.

The Board is supported by the Secretariat, which ensures that all relevant activities and key decision-makers are involved in sustainability management activities. The Secretariat is led by the Secretary General who coordinates key sustainability initiatives throughout the organization and supports ADFIAP’s operating units with their implementation.

**Mission, values, codes of conduct, and principles**
ADFIAP is all about linking people, institutions and ideas to inspire leadership and spark achievement within the development banking and finance community. It facilitates the work of development financing institutions and professionals in advancing sustainable development through knowledge delivery and collaboration initiatives.

Members are expected to adhere to a Code of Conduct that aims to establish ADFIAP as an association of institutions with high standards of integrity and ethics in the conduct of their business, as well as to serve as guiding principles of the Association and its members in their undertakings. This Code was set during the ADFIAP General Membership Meeting held in Istanbul, Turkey in 1998.

**Addressing the precautionary principle**
The ADFIAP Secretariat ensures that its operations comply with relevant government regulations. The lack of scientific certainty or government regulation, however, does not limit the organization from seeking measures to address the risks that may be associated with its sustainability agenda.

**Ethics and integrity**
As the focal point of development financing institutions, ADFIAP is subject to legal systems that often differ greatly from one country or region to the next. Thus, all ADFIAP members, as well as the Secretariat staff, are expected to abide by high standards of professional behavior.

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**Diagram:**
- **General Assembly**
  - Composed of 113 members who meet at least once a year during Annual Meetings
- **Board of Directors**
  - Composed of 23 members who convene at least twice a year during regular Board of Directors Meetings
- **Secretary General**
  - Leads the Secretariat in implementing Board decisions/policies
- **Secretariat**
  - Composed of 12 staff who run ADFIAP’s day-to-day operations
Financial inclusion is the delivery of financial services at affordable costs to the disadvantaged and low-income segments of society. Through these projects, ADFIAP members are able to help impoverished and unbanked citizens get out of poverty.

Harnessing technology to bring banking services to the poor

With IDBI Bank’s solution process flow, financial inclusion is not just empty talk. The bank makes it a living principle by bringing banking to the poorest rural and urban households who are no longer limited by physical distance and other factors.

Tasked by the Reserve Bank of India to provide financial solutions through leveraging technology, IDBI Bank runs the Financial Inclusion Plan to bring savings, remittances, entrepreneurship loans, and other banking services right to the customer’s doorstep through biometric smart cards and handheld devices.

The process kicks off with pre-enrollment communication in the villages and other locations, and a one-page form is filled out. Once the account is opened, the customer’s account details are stored in a smart card, which are encoded in a terminal to take biometrics and to activate. A customer can either come to a fixed transaction point or request the bank’s agent to come at his or her doorstep. After successful key authorization and fingerprint verification, the transaction begins and the agent hands over the cash and transaction slip, with the smart card’s final balance updated.

The bank has also started to offer the Kiosk Banking Solution for online, web-enabled biometric authentication banking services. This allows the bank to reach out to rural masses and effectively bring them into mainstream banking.

At the launch of the project in three villages in Maharashtra, India, IDBI Bank also donated 30 solar lamps as one of its steps toward community development.

IDBI Bank complements easy, convenient banking with financial literacy campaigns to equip the impoverished individuals and families with money smarts and tools for effective, sustainable livelihood.
Fighting poverty one herd at a time

The Mongolian government combats poverty in various ways. One is through the Sustainable Livelihoods Project (SLP), which it jointly implements with the World Bank, to improve access of low-income households and micro-enterprises to financial services.

The Microfinance Development Bank (MDF) was created to provide wholesale loans to commercial banks and non-bank financial institution to assist rural dwellers in the country.

Now on its second phase, the SLP offers loans to herder households and other rural businesses. It enables them to identify and manage livelihood risk, diversify their income sources, and invest in livelihood and other productive ventures.

The rural poor is taught how to forecast livelihood risks, as well as get prepared and respond to them. These risks could range from weather conditions to market price changes. This way, pasture lands are better and more sustainably managed and used. Communities and local authorities are also guided on fund management.

With concerted efforts like this to improve access to useful financial tools and resources, economic empowerment is now within reach of Mongolians in the countryside.

No longer Ah Long and winding road for Bumiputeras

The time has come for Bumiputeras or indigenous Malaysians to have an ally in kickstarting or expanding their business, where they no longer have to resort to the Ah Long or loan shark system to build a Ramadan stall, beauty salon, or retail enterprise.

TEKUN Nasional, an agency under the Ministry of Entrepreneurial and Cooperative Development, serves as a strategic entrepreneur development partner instead of being a mere financing body. It provides startup fund and additional capital for small businesses in the form of microcredit. From 1998 to 2011, it has already disbursed RM1.85 billion in loans of up to five years and benefited about 200,000 borrowers.

Going beyond financing, it guides and monitors the development of qualified SMEs, finds new market for their products, and sharpens tools in their toolbox through training and expert advice.

The range of microfinance programs is a way to save Bumiputeras from entities that do not lend out money to retailers, but make sure they are indebted to them by allowing installment payment or lower prices for supplies.

Through dynamic platforms set by TEKUN Nasional, entrepreneurial minds in Malaysia get not only the funds they need for startup and growth, but also enhanced financial literacy, marketing capabilities, and networking that bring endless possibilities.
The global community’s increasing call to stop climate change is sparking investments in innovative projects. It is also driving development financial institutions, including ADFIAP members, towards “green financing,” pouring money into clean and renewable-energy technologies.

Painting the town green through building certification

For owners of office buildings and logistics facilities in Japan, it pays to go green.

Seeing the increasing demand for urban development that takes environmental conservation and disaster prevention into account, the Development Bank of Japan, Inc. (DBJ) launched the Green Building Certification System in 2011 as a unique move to provide real estate investment and loan support for clients owning buildings that represent a high environmental and social awareness.

Apart from ensuring tenants’ welfare and being better equipped against disaster, the green-certified buildings ensure harmony with the surroundings, collaboration with stakeholders, and environmental activities among investors.

Many have joined the green movement and are reaping the benefits. Among them were Tokyu Corporation, a leading railway operator in Tokyo; and Logi Port Sagamihara, which used LED lighting, solar power generation panels, efficient floor designs, and seismic base isolation for business continuity, among others.

The DBJ developed a simple, practical scoring model to meet the needs of the building owners and stakeholders. Owners that qualify are ranked and their certification is periodically reviewed to recognize improvements and make way for rank upgrades. The program not only grants support for new developments and refurbishments, but enhances the building’s standing in the Japanese real estate market.

The DBJ aims to take further initiatives to increase awareness of green structures, paving the way for a real estate finance market where green buildings are properly evaluated - and are seeing their timely boom.
Climate change spawns ‘green bug’

The signs and science point to the Philippines as one of the most vulnerable to the pernicious effects of climate change. It also serves as fertile ground for “green finance” initiatives, such as those from the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (Landbank).

Under its Green Financing Program, DBP has earmarked US$464 million to help industries and local government units in integrating environmentally friendly processes and technologies. The state-owned bank also mounts immediate relief for flood-prone areas around the country through the DBP Forest Program.

Landbank has also shelled out billions in loans for renewable energy and biofuel projects in the country. Its flagship program called Carbon Finance Support Facility (CFSF) helps promote climate change mitigation projects. Target beneficiaries include pig farm owners and landfill operators, as well as other industries that reduce emission of greenhouse gases, generate power, are compliant with environmental laws, and earn carbon credits as an additional revenue stream for clients.

With local development banks doing their due diligence in funding eco-friendly and sustainable undertakings, the “green bug” spreads and infects the nation and its people.

From sun to Blue Sky: Making China a green powerhouse

Urumqi is a bustling regional transport hub in China, as well as a cultural and commercial center. The area, however, is also being known as one of the most polluted in the country and the world, covered with heavy haze attributed to energy-heavy industries and a coal-firing heating system.

This prompted China Development Bank (CDB) to commit RMB1.58 billion in loans to Urumqi’s “Blue Sky” Coal Replacement Phase I, which will replace coal with gas at 189 coal-fired heating companies. The project increased the gas source heating areas to 76% in the city. In 2012 alone, it reduced coal consumption by five million tons, which would have released worsened air quality.

This is just among the many green initiatives of CDB, which is rapidly making a name as one of the world’s largest lenders for green projects. It also made the world’s largest investment in a photovoltaic power project, the Golmud Solar Park, which generates 200 megawatts of renewable energy by taking advantage of light and heat resources in Tibet.

The bank is also funding deals such as the installation of water purification equipment in central and western Zhucheng to address the recurring water shortages in the area.

These bold investments show that China’s financial systems have started to turn “green,” and will likely stay on that course for a sustainable tomorrow.
Small and medium enterprises (SMEs) are considered the lifeblood of many economies in Asia and the Pacific. This is why for many ADFIAP member-institutions, SME financing is more than just good business sense; it is also a sure-fire way of revving up their economies and helping the majority of the workforce.

**Banking on flavor: Lending a taste of Thai**

The SME Development Bank of Thailand (SME Bank) cooks up something wonderful for SMEs engaged in native Thai cuisine and culture – and promoting its singular taste and appeal abroad.

The “Thai Cuisine to the World” scheme, now in Phase II, is a financing opportunity for entrepreneurs in the so-called “food cluster,” including Thai restaurants, franchisers, and those in the hospitality sector, such as Thai-style spas and traditional massage establishments, looking to invest overseas.

SME Bank has set up a Bt2-billion fund for this initiative, offering a credit line of up to Bt100 million for qualified SMEs. This easy financing scheme is part of a bid, not only to benefit the “laboring poor,” but also to bring Thai cuisine closer to the rest of the world.

Thai cuisine and savvy entrepreneurs have been given the exposure they deserve, with SME Bank already handing out hundreds of millions in loans to restaurants and related businesses that support the supply chain. SME Bank has arranged with state-run Krung Thai Bank to use its overseas branches for facilitating business.

The bank’s main customers are restaurant operators in the United States, the Netherlands, the United Kingdom, Japan, and Saudi Arabia.

SME Bank also partnered with Rajabhat Institute Suan Dusit to train 1,000 local chefs to work in overseas restaurants to address the shortage problem, one among many shows of support to the “Kitchen of the World” policy of the government.

This program is only one among the many rich flavors of banking with SME Bank. Now, Thai entrepreneurs can choose from various SME-friendly bank products and services as their proven recipe for success.
In business as in other areas of life, it is always good advice to start young. Just like how Malaysia develops a new breed of business-minded citizens through SME Bank Malaysia Berhad’s Young Entrepreneur Fund (YEF), which provides alternative access to entrepreneurial youth in starting a new business or funding an existing venture.

Based on the Syariah financing concept, the program offers a 2% interest rate subsidy for loans up to RM100,000, with a seven-year repayment period. It provides a working capital of up to 100%, in addition to financing the purchase of brand-new tools, machinery, and equipment.

YEF is a ray of light for young entrepreneurs, including fresh graduates, who are not qualified to borrow money from commercial banks or other funding schemes. It also saves them from transacting with unlicensed money lenders.

Among these training initiatives is the Young Entrepreneur Programme (YEP), a three-day course that teaches the fundamentals of successful start-ups and how to run them.

SME Bank Berhad has disbursed part of the fund to about 700 recipients nationwide, and there are high hopes for the government to allocate a higher budget to better assist future business leaders and game-changers.

Fiji is one of the most developed economies in the Pacific Islands because of its rich forest, mineral, and fish resources. Sugar processing and tourism are its main sources of foreign exchange, but these are fraught with challenges: decline in sugar production and political turmoil in 2006 hurt tourism and investment.

But there is room for recovery for a small country with a large subsistence sector. Fiji Development Bank (FDB) is contributing to a better standard of living for Fijians through agriculture and resource-based SME lending, empowering farmers and individuals with small businesses with a range of financial solutions.

The bank is keen on financing those with a business proposal or are already running a beneficial resource-based project in agriculture, fisheries, forestry, mining and quarry, and other industries.

FDB believes that developing the country’s natural resources is not confined to primary production, but includes value-adding and downstream processing, such as turning logs into sawn timber and then to furniture, or coconut into copra and then biodiesel.

FDB has the largest network of branch operations in Fiji, positioned in main municipalities and remote locations such as Nabouwala, Seaqaqa, and Taveuni. It is committed to what it calls “access to affordable finance” to help the rural poor discover the sweet equation to empowerment.
Development finance institutions in Sri Lanka are a beacon of hope for SMEs as they introduce special loan schemes, targeting the needs of women and young entrepreneurs, farmers and fisherfolk, and those doing the daily grind in various industrial sectors.

DFCC Bank, the country’s premier development bank that takes the lead in project financing, walks the talk when it comes to SMEs. Through the Smile II SME Loan, DFCC Bank offers soft loans, payable for up to 10 years. Its focus is on lending to industries such as plastic, leather, rubber, wood, and metal products, as well as food processing, textiles and garments, and horticulture.

The bank is also a pioneer funder of the Renewable Energy for Rural Economic Development (RERED), which jumpstarted Sri Lanka’s renewable energy sector and has been able to provide electricity in remote areas through off-grid renewable energy technologies as well as with help in power generation for the main grid.

Lankaputhra Development Bank, established to support the local economy through SME empowerment, is also strengthening humble business ventures in the North Western province. It lends to the self-employed members of the Fishery Societies, Women’s Societies, and Cooperative Societies in the province.

The promise of prosperity for Sri Lankan SMEs are clearer and closer to realization with special loans that allow SMEs to beat the odds in their finances and flourish.

Good governance is a concept that the Development Bank of Turkey (DBT) understands well and strives to live up to.

The bank provides financial and technical support to SMEs, which make up nearly 100% of all businesses in Turkey. Good governance is an integral part of the implementation of its strategies and activities, as well as its corporate social responsibility.

Good management also permeates other crucial areas, including customer satisfaction, sustainable stakeholder relations, and staff development. DBT’s Statement of Compliance with Corporate Governance Principles outlines shareholder information, transparency policies, stakeholders’ participation in management, social responsibility, and risk management and internal control.

In 2007, it established a Corporate Management Committee to monitor observance of governance management principles, as well as conduct activities in this light. The bank also gained ISO 14001 certification for good management of administration and environment, and has been organizing training programs on Environment Management Information Systems.
ADFIAP believes that sustainable development can only be achieved through fair, accountable and transparent principles and practices of good corporate governance. Its member-DFIs support institution-building programs and best practice benchmarking on good corporate governance.

The bank also receives increased funding from international financial institutions, along with awards including those from the Finance Central Europe in 2002, the League of American Communications Professionals (LACP) in 2010, and the ADFIAP Development Awards in 2002 and 2006.

It is said that state-owned enterprises such as DBT differ from private enterprises because of the political factor, and the need to act in support of national policies. Good governance thus becomes a vital context for banks like DBT, which connect SMEs with the financial services they need for significant change.

A high regard for and commitment to corporate governance is no longer a matter of contingency, as shown by development financial institutions like the Business Development Bank of Canada (BDC).

Recognized for its governance model by the World Bank study, BDC operates at arm’s length from the Canadian government, and is ultimately accountable to Parliament through the Ministry of Industry.

It is required to submit an annual five-year corporate plan to the State, outlining its objectives and purposes, as well as expected outcomes.

In 2013, BDC had a 46% uptake in demand for its Machinery and Equipment Loan, as clients looked to improve their productivity.

The bank also continued to expand its network of partners for better service, with collaborative relationships including one with the Community Futures Development Corporations to support over 1,060 entrepreneurs.

The bank continues to reap the rewards of its good corporate governance practices, as shown in its solid financial performance and strong clientele base.

For BDC, good governance is something that generates positive outcomes and should be institutionalized, especially in the pursuit of sustainable development.
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ADFIAP became one of the few organizations in the Global Reporting Initiative’s (GRI) G4 Pioneer Program in 2013. G4 is the enhancement of the G3.1 sustainability reporting guidelines, focusing mainly on the materiality aspect of sustainability reporting. GRI is a leading organization in the sustainability field that promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development. To know more about applying G4 guidelines, contact the ADFIAP Secretariat or go to www.globalreporting.org.
## Specific Standard Disclosures

### ECONOMIC

#### DMA

**Aspect: Economic Performance**
- Generic disclosures on management approach ........... 3-5

**G4-EC1**
- Economic value generated and distributed, including revenues, operating cost, employee compensation, donation and other community investments, retained earnings, and payment to capital providers and governments .......................... 5

**G4-EC3**
- Coverage of the organization's defined benefit plan obligations ........................................ N/A

#### Market Presence

**DMA**
- Generic disclosures on management approach ........... 3-5

**G4-EC5**
- Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation ........................................ 6-7

#### Indirect Economic Impacts

**DMA**
- Generic disclosures on management approach ........... 3-5

**G4-EC8**
- Significant indirect economic impacts, including the extent of impacts .......................... 10-11

### ENVIRONMENTAL

#### DMA

**Aspect: Materials**
- Generic disclosures on management approach ........... 8

**G4-EN2**
- Percentage of materials used that are recycled input materials ........................................ 9

**Aspect: Energy**
- Generic disclosures on management approach ........... 8

**G4-EN7**
- Reductions in energy requirements of products and services ........................................ 9

**Aspect: Water**
- Generic disclosures on management approach ........... 8

**G4-EN8**
- Total water withdrawal by source ........................................ 9

**Aspect: Products and Services**
- Generic disclosures on management approach ........... 8

**G4-EN27**
- Extent of impact mitigation of environmental impacts of products and services ........................................ 9

**Aspect: Transport**
- Generic disclosures on management approach ........... 8

**G4-EN30**
- Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce ........................................ 9

### SOCIAL

#### DMA

**Aspect: Employment**
- Generic disclosures on management approach ........... 6

**G4-LA1**
- Total number and rates of new employee hires and employee turnover by age group, gender and region .......................... 7

**G4-LA2**
- Benefits provided to fulltime (permanent) employees ........................................ 7

**G4-LA3**
- Return to work and retention rates after parental leave, by gender ........................................ 7

#### Aspect: Labor/Management Relations

**DMA**
- Generic disclosures on management approach ........... 6

**G4-LA4**
- Minimum notice periods regarding operational changes ........................................ 6

#### Aspect: Training and Education

**DMA**
- Generic disclosures on management approach ........... 6

**G4-LA9**
- Average hours of training per year per employee by gender, and by employee category ........................................ 7

#### Aspect: Diversity and Equal Opportunity

**DMA**
- Generic disclosures on management approach ........... 6

**G4-LA12**
- Composition of governance bodies and breakdown of employees per employee category ........................................ 12

#### Aspect: Equal Remuneration for Women and Men

**DMA**
- Generic disclosures on management approach ........... 6

**G4-LA13**
- Ratio of basic salary and remuneration of women to men by employee ........................................ 6

#### Aspect: Local Communities

**DMA**
- Generic disclosures on management approach ........... 3-5

**G4-SO1**
- Percentage of operations with implemented local community engagement, impact assessments, and development programs ........................................ 6

#### Aspect: Customer Health and Safety

**DMA**
- Generic disclosures on management approach ........... 6

**G4-PR1**
- Percentage of significant product and service categories for which health and safety impacts are assessed for improvement ........................................ N/A

#### Aspect: Product and Service Labeling

**DMA**
- Generic disclosures on management approach ........... 4

**G4-PR5**
- Results of surveys measuring customer satisfaction ........................................ N/A
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