



## Azerbaijan: Proposed Senior Loan to DemirBank for Supporting Micro, Small, and Medium-Sized Enterprises

Project Name	Proposed Senior Loan to DemirBank for Supporting Micro, Small, and Medium-Sized Enterprises		
Project Number	48320-001		
Borrower/Company			
Country	Azerbaijan		
Location			
Approval Number	7441/3234		
Type or Modality of Assistance	7441/3234	Loan	US\$ 20.00 million Approved
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Private sector development		
Sector / Subsector	<b>Finance</b> - Finance sector development - Small and medium enterprise finance and leasing		
Gender Equity and Mainstreaming	Some gender elements		
Responsible ADB Department	Office of Risk Management		
Responsible ADB Division	Credit Portfolio Monitoring Division, ORM		
Responsible ADB Officer	Rubleev, George Gordon		
Project Sponsor(s)			
Description	Senior loan of up to \$20 million to Demir Bank (Demir) to on-lend to micro, small and medium-sized enterprises (MSMEs) in Azerbaijan. Most Azerbaijani enterprises range in the micro and small sized category; however, they lack access to finance.		
Objectives and Scope	The proposed ADB assistance comprises a senior loan facility of up to \$20 million. The proceeds will be used to support DemirBank's plan to increase lending to MSMEs, including MSMEs in the underserved regions outside Baku. The assistance will enhance access to longer-term finance for the MSME segment, which is critical to support income and employment generation in the country.		
Linkage to Country/Regional Strategy	Finance sector development is a key focus of ADB assistance as set out in ADB's Private Sector Development Strategy and Enhanced Poverty Reduction Strategy, which identify economic growth, stimulated by private sector investment, as a key contributing factor in reducing poverty. The strategies note the importance of generating jobs, with private sector employment being the major source of income for workers and their families. The Private Sector Development Strategy emphasizes ADB's role in strengthening the finance sectors in its developing member countries. It provides that MSME beneficiaries of financial intermediation are important employers and providers of income to contribute to poverty reduction. The loan is consistent with ADB's finance sector operational plan and the 2007 report of the Working Group on Rural Poverty, which underscores the importance of rural finance, and promotes financial inclusion of underserved poor households, farmers, and MSMEs.		

### Safeguard Categories

Environment	FI
Involuntary Resettlement	FI
Indigenous Peoples	FI

### Summary of Environmental and Social Aspects

Environmental Aspects	FI
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Involuntary Resettlement	FI
Indigenous Peoples	FI
Stakeholder Communication, Participation, and Consultation	DemirBank has an ESMS to manage the environmental and social impacts and risks of its activities. It takes into account EBRD and IFC performance standards and requirements. The ESMS and the project portfolio of the bank were assessed. DemirBank's current practice ensures that all projects are evaluated against the current ESMS exclusion list and comply with national and local regulations, and the safeguard requirements of international financial institution stakeholders. DemirBank has committed to update the ESMS, satisfactory to ADB requirements, prior to the first disbursement. The financial intermediary's ESMS will include arrangements to comply with national labor laws and measures in relation to adherence to internationally recognized core labor standards (including provisions prohibiting any discrimination against women in hiring and providing equal pay for equal work of men and women), in compliance with ADB's Social Protection Strategy. As female clients are targeted to increase, the transaction is classified as some gender elements.

### Timetable for assistance design, processing and implementation

Concept Clearance	-
Due Diligence	
Credit Committee Meeting	-
Approval	10 Dec 2014
Last PDS Update	04 Mar 2015

Project Page	<a href="https://www.adb.org/projects/48320-001/main">https://www.adb.org/projects/48320-001/main</a>
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