



Azerbaijan: Improve Financial Service Outreach for Agriculture - Finca Azerbaijan

Project Name	Improve Financial Service Outreach for Agriculture - Finca Azerbaijan		
Project Number	49137-001		
Borrower/Company	Finca Azerbaijan		
Country	Azerbaijan		
Location			
Approval Number			
Type or Modality of Assistance	Loan	US\$ 20.00 million	Proposed
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Knowledge solutions Partnerships Private sector development		
Sector / Subsector	Finance - Banking systems and nonbank financial institutions		
Gender Equity and Mainstreaming	Some gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Private Sector Financial Institutions Division		
Responsible ADB Officer	Paul Flegler		
Project Sponsor(s)			
Description	<p>An A-loan of up to \$20,000,000 or its AZN equivalent to Finca Azerbaijan (FIA), and a proposed B-loan of up to \$5,000,000 to FIA to be funded by participating commercial banks, to support farm investments and working capital and enterprises operating in the agriculture value chain in Azerbaijan. ADB funding will improve rural income generation and livelihood in Azerbaijan. With only 16% of credit flowing to Azerbaijan's regions, and only 5% to agriculture, finance is largely unavailable in rural Azerbaijan. Agriculture is fragmented into 1.2 million small farms employing 38% of the working population and contributing only 6.2% to GDP (2013). However, agriculture witnessed robust growth of 4% p.a. over the past decade and has substantial growth potential to meet growing domestic and import demand for food (fruits, vegetables and dairy products). Farms and MSMEs are the most important source for employment and income generation in the regions. Lack of funding is one of the main reasons limiting their growth.</p>		
Objectives and Scope	The expected outcome is improved ability of FIA to provide financial services to farmers, and agriculture MSMEs.		
Linkage to Country/Regional Strategy	The loans will reach agriculture MSMEs and farmers, providing longer tenors for their investments. This is consistent with government and ADB strategy to promote private non-oil activities.		

Safeguard Categories

Environment	FI
Involuntary Resettlement	FI-C
Indigenous Peoples	FI-C

Summary of Environmental and Social Aspects

Environmental Aspects	FIA will apply ADB's prohibited investment activities list; exclude subloans categorized A for environment; ensure that investments using ADB funds abide by applicable national laws and regulations, as well as ADB Safeguard Policy Statement (2009)
Involuntary Resettlement	FIA will apply ADB's prohibited investment activities list; exclude subloans categorized A or B for involuntary resettlement; ensure that investments using ADB funds abide by applicable national laws and regulations, as well as ADB Safeguard Policy Statement (2009)
Indigenous Peoples	FIA will apply ADB's prohibited investment activities list; exclude subloans categorized A or B for indigenous peoples; ensure that investments using ADB funds abide by applicable national laws and regulations, as well as ADB Safeguard Policy Statement (2009)
Stakeholder Communication, Participation, and Consultation	ADB team conducted several consultations with potential end-borrowers and farmers in rural Azerbaijan.

Timetable for assistance design, processing and implementation

Concept Clearance	26 Jan 2015
Due Diligence	
Credit Committee Meeting	09 Mar 2015
Approval	22 Apr 2015
Last PDS Update	13 May 2015

Project Page	https://www.adb.org/projects/49137-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=49137-001
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