Early Warning System

ADB-49093-001

AZE: Improving Financial Service Outreach for Agriculture - AccessBank Azerbaijan

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Quick Facts

Countries	Azerbaijan
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	C
Voting Date	2015-04-22
Borrower	AccessBank Azerbaijan
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 75.00 million
Loan Amount (USD)	$ 75.00 million

Project Description

According to ADB website, the loan will support farm investments and working capital and enterprises operating in the agriculture value chain through Access Bank Azerbaijan (ABA). ADB funding will improve rural income generation and livelihood in Azerbaijan. With only 16% of credit flowing to Azerbaijans 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.

The expected outcome is improved ability of ABA to provide financial services to farmers, and agriculture MSMEs.

Early Warning System Project Analysis

The ADB categorized the project risks as follows:
Environment - FI;
Involuntary Resettlement - FI-C;
Indigenous Peoples - FI-C.

As stated on the project disclosure page:
ABA 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);
ABA 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);
ABA 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).

Investment Description

- Asian Development Bank (ADB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- AccessBank CJSC (Azerbaijan) (Financial Intermediary)

Private Actors Description

As stated on the company's website, AccessBank Azerbaijan is "one of the leading financial institutions in Azerbaijan".

The company's LinkedIn profile states that "AccessBank focuses on micro and small business because this sector is vital for the development and diversification of Azerbaijan's economy, the creation of jobs and the elimination of poverty."

Contact Information

Project Officer: Hruschka, Stefan A.
Private Sector Operations Department
No contact information provided at the time of disclosure.

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

- K@nd T@s@rrufati ucun Maliyy@ Xidm@ti @hat@sinin T@kmill@sdirilm@si - AccessBank Az@rbaycan : Layih@ [Original Source]
- Project Disclosure PDF [Original Source]
- Report and Recommendation of the President to the Board of Directors

Media

- Three ADB Private Sector Loans to Support Azerbaijan’s Finance Sector