ADB ASIAN DEVELOPMENT BANK

Afghanistan: AFG: AFGHANISTAN INTERNATIONAL BANK

Project Name	AFG: AFGHANISTAN INTERNATIONAL BANK
Project Number	37903-014
Borrower/Company	
Country	Afghanistan
Location	Kabul
Approval Number	7199
Type or Modality of Assistance	7199 Equity US$ 2.60 million Approved
Strategic Agendas	Inclusive economic growth
Drivers of Change	
Sector / Subsector	**Finance** - Banking systems and nonbank financial institutions
Gender Equity and Mainstreaming	
Responsible ADB Department	Private Sector Operations Department
Responsible ADB Division	Portfolio Management Division, PSOD
Responsible ADB Officer	Chandrasekera Mudalige Manohari Gunawardhena
Project Sponsor(s)	Afghanistan International Bank
Description	The Project is to create one of Afghanistan's first private financial institutions. AIB will provide a range of financial services - including credit and savings, payment transfers, trade finance and SME lending. The bank will also aggressively market to NGOs and donor organizations as potential clients in order to support the efficient and secure mobilization of the capital necessary to facilitate Afghanistan's reconstruction efforts.
Objectives and Scope	The establishment of AIB is expected to have significant development impact by facilitating the emergence of the financial sector and a demonstration effect through the dissemination of best practice standards, in the development of the commercial banking sector in Afghanistan. AIB's existence early on in the emergence of Afghanistan's economy will facilitate the development of the banking regulatory and supervisory structure since the Central Bank will have daily interaction with bank management that possesses formidable experience in the operation of financial institutions in developing or transitioning economies.
Linkage to Country/Regional Strategy	The Project is consistent with ADB's strategy for private sector operations, which gives priority to investments in the financial sector.
Status of Development Objectives	ADB, as a key investor, continues to demonstrate its commitment and support to AIB, helping in the area of corporate governance, risk management, training and supervision through its presence on the Supervisory Board of the Bank. The Board consists of 5 independent members, in addition to 3 representing the shareholders, bringing in line with international best practices.

Safeguard Categories

Environment	FI
Involuntary Resettlement	
Indigenous Peoples	

Summary of Environmental and Social Aspects

Environmental Aspects	AIB is classified as a financial intermediary based on ADB's Environment Policy, which requires AIB to (i) adhere to ADB's Environment Policy and Environmental Assessment Guidelines, (ii) adhere to ADB's policies on involntary resettlement and indigenous peoples, and (iii) acknowledge that all borrowers comply with Afghanistan's health, safety, and environmental regulations and standards, and public consultation requirements. AIB has complied with these policies and no breach has occured. AIB also has environmental due diligence policies and procedures that are embedded in its documents, specifically in its artictles of association and credit policy. The bank's enviromental management system (EMS) includes an exlusion list of prohibited industries, which is an integral part of its credit risk management. AIB conducts environmental due diligency, and applies the equator principles in relation to its EMS. It has complied with ADB's social safeguard policies and no involuntary resettlement or impact on indigenous peoples resulted from its activities.
Involuntary Resettlement	No involuntary resettlement resulted from its activities.
Indigenous Peoples	No impact on indigenous peoples resulted from its activities.
Stakeholder Communication, Participation, and Consultation	

Timetable for assistance design, processing and implementation

Concept Clearance	28 Jan 2003
Due Diligence	25 Feb 2004
Credit Committee Meeting	-
Approval	13 May 2004
PDS Creation Date	17 Feb 2006
Last PDS Update	24 Sep 2014

Project Page	https://www.adb.org/projects/37903-014/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=37903-014
Date Generated	02 March 2017

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