



FAST Report

Project Number: 54270-001
October 2020

Loan Credo Bank JSC Credo COVID-19 Support for Agriculture Borrowers Project (Georgia)

This is an abbreviated version of the document, which excludes information that is subject to exceptions to disclosure set forth in ADB's Access to Information Policy.

CURRENCY EQUIVALENTS

(as of 24 September 2020)

| | | |
|---------------|---|------------|
| Currency unit | – | lari (GEL) |
| GEL1.00 | = | \$0.3034 |
| \$1.00 | = | GEL3.296 |

ABBREVIATIONS

| | | |
|----------|---|--|
| ADB | – | Asian Development Bank |
| BOD | – | board of directors |
| BOM | – | board of management |
| CAR | – | capital adequacy ratio |
| COVID-19 | – | coronavirus disease |
| ESPP | – | environmental and social policy and procedure |
| FAST | – | Faster Approach to Small Nonsovereign Transactions |
| GDP | – | gross domestic product |
| GLP | – | gross loan portfolio |
| H | – | half |
| MSMEs | – | micro, small, and medium-sized enterprises |
| NBG | – | National Bank of Georgia |
| NIM | – | net interest margin |
| NPL | – | nonperforming loan |
| Q | – | quarter |
| SMEs | – | small and medium-sized enterprises |
| TA | – | technical assistance |

NOTES

- (i) The fiscal year (FY) of Credo Bank JSC ends on 31 December.
- (ii) In this report, “\$” refers to United States dollars.

| | |
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^a Outposted to the Georgia Resident Mission.

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PROJECT AT A GLANCE

| | | | |
|--|---|--|-----------------------------------|
| 1. Basic Data | | Project Number: 54270-001 | |
| Project Name | Credo COVID-19 Support for Agriculture Borrowers Project | Department/Division | PSOD/PSFI |
| Country | Georgia | | |
| Borrower | Credo Bank JSC | | |
| Portfolio at a Glance | https://www.adb.org/Documents/LinkedDocs/?id=54270-001-PortAtaGlance | | |
| 2. Sector | | Subsector(s) | |
| ✓ Finance | Small and medium enterprise finance and leasing | | ADB Financing (\$ million) |
| | | Total | 4.00 |
| 3. Operational Priorities | | Climate Change Information | |
| ✓ Addressing remaining poverty and reducing inequalities | GHG reductions (tons per annum) | | 0 |
| ✓ Accelerating progress in gender equality | Climate Change impact on the Project | | Low |
| ✓ Promoting rural development and food security | ADB Financing | | |
| | Adaptation (\$ million) | | 0.00 |
| | Mitigation (\$ million) | | 0.00 |
| | Cofinancing | | |
| | Adaptation (\$ million) | | 0.00 |
| | Mitigation (\$ million) | | 0.00 |
| Sustainable Development Goals | | Gender Equity and Mainstreaming | |
| SDG 5.1 | Effective gender mainstreaming (EGM) | | ✓ |
| SDG 8.3 | Poverty Targeting | | |
| | General Intervention on Poverty | | ✓ |
| 4. Nonsovereign Operation Risk Rating | | | |
| Obligor Name | | Obligor Risk Rating | Facility Risk Rating |
| Credo Bank JSC | | | |
| 5. Safeguard Categorization | Environment: FI | Involuntary Resettlement: FI-C | Indigenous Peoples: FI-C |
| 6. Financing | | | |
| Modality and Sources | | Amount (\$ million) | |
| ADB | | 4.00 | |
| Nonsovereign LIBOR Based Loan (Regular Loan): Ordinary capital resources | | 4.00 | |
| Cofinancing | | 0.00 | |
| None | | 0.00 | |
| Others^a | | 0.00 | |
| Total | | 4.00 | |
| Currency of ADB Financing: US Dollar, Lari | | | |

^a Derived by deducting ADB financing and Cofinancing from Total Project Cost.

I. INTRODUCTION

1. This is an eligible transaction under the Faster Approach to Small Nonsovereign Transactions (FAST) framework.¹ The transaction involves a loan of up to either (i) \$4,000,000 if the loan is denominated in United States dollars, or (ii) GEL12,300,000 if the loan is denominated in lari, to Credo Bank JSC for the Credo COVID-19 Support for Agriculture Borrowers Project in Georgia.²

2. The Asian Development Bank (ADB) will provide financing to Credo for onlending to micro, small, and medium-sized enterprise (MSME) borrowers in the agriculture sector to help mitigate the impact of the coronavirus disease (COVID-19) pandemic. The transaction entails an indirect COVID-19 response because it will assist agriculture businesses through the economic downturn by sustaining Credo's lending activities to the sector. Access to financing for MSMEs, and to the agriculture sector in particular, has historically been constrained in Georgia; however, the pandemic has exacerbated issues regarding access to sources of financing for this customer segment, as well as access to financing for MSMEs more broadly.

II. THE FINANCIAL INTERMEDIARY

A. Investment Identification and Description

3. **Impact of COVID-19.** The outbreak of COVID-19 has disrupted a trajectory of strong economic performance and robust macroeconomic fundamentals in Georgia. Economic performance was expected to have remained strong, with gross domestic product (GDP) growth forecasted at 4.3% for 2020 because of good macroeconomic management. Georgia's commitment to fiscal discipline translated into robust macroeconomic fundamentals from 2014 to 2020. In 2019, Georgia achieved its lowest fiscal deficit in 10 years (2.2% of GDP), a historically low current account deficit (5.1% of GDP), the lowest unemployment rate since the country's foundation (11.6%), and its lowest rate of poverty (still high at 20.1%, but nearly halved since 2007).

4. Georgia responded early and decisively to COVID-19 with border closures, a generally well implemented lockdown, and a state of emergency that was only gradually lifted in May. As of 5 October 2020, Georgia has had 8,696 cases, of which 4,619 have recovered and 52 have died.³ Georgia has one of the lowest per capita COVID-19 death tolls in the world and has significantly fewer cases than its neighboring countries. The COVID-19 pandemic, however, caused an immediate exogenous shock to the Georgian economy through four main transmission channels: (i) a slowdown in tourism, (ii) trade disruptions, (iii) capital outflow, and (iv) an increase in the cost of finance. Tourism, which contributed 11.6% to GDP in 2019,⁴ was severely hit by travel restrictions and recorded a 94.6% year-on-year decline in international visitor trips in May 2020.⁵ Reduced international trade affects exports and imports.⁶ Foreign direct investment is expected to decline by 20.8% in 2020, compared with 2019. Remittances are expected to reduce by 15% in 2020 compared with 2019.⁷ Recovery is only expected in 2021, with ADB projecting GDP

¹ Asian Development Bank (ADB). 2015. [Faster Approach to Small Nonsovereign Transactions](#). Manila.

² The final loan amount will be up to either \$4,000,000 or GEL12,300,000, depending on the funding arrangement chosen at the time of disbursement.

³ Government of Georgia. [StopCoV.ge: Prevention of Coronavirus Spread in Georgia](#).

⁴ Direct contribution to GDP. World Travel and Tourism Council. [WTTC Data Gateway](#) (accessed 1 July 2020).

⁵ Georgian National Tourism Administration. [International Travel \(Residence\)](#).

⁶ International Monetary Fund. 2020. [World Economic Outlook, April 2020: The Great Lockdown](#). Washington, DC.

⁷ NBG. [Money Transfers Mapper](#) (accessed 22 April 2020).

growth of 4.5%—supported by higher domestic demand, the revival of foreign direct investment, and a rebound in workers' remittances and tourism inflow.

5. **Agriculture sector.** Despite its relatively low contribution to GDP (7% in 2019), 40.9%⁸ of all active working age persons in Georgia work in agriculture—97% of whom are self-employed and often fall outside existing social welfare support systems.⁹ Further, low baseline incomes in the sector suggest that loss of economic activity could have a disproportionately high impact on the rise in poverty incidence compared with other sectors. As a result, measures to support firms in the agriculture sector are expected to be effective in mitigating the resurgence of poverty incidence, especially as other sectors are heavily affected by COVID-19. They also complement the government's efforts to increase domestic food production, with a view to protecting food-insecure households.¹⁰

6. Some 67% of Credo's clients are in the agriculture sector. These are small and micro enterprises, often family businesses, with small loan sizes averaging GEL1,900. While the agriculture sector is more resilient in times of economic downturn, the COVID-19 pandemic has had significant impacts on these borrowers. Many small agriculture borrowers and their families also derive income from tourism via family-run hostels, supplying or operating small restaurants, and offering transportation in the tourism industry in Georgia's rural areas, in addition to receiving remittances. With most of this income being eliminated, many of Credo's borrowers are expanding their agriculture operations and need additional financing. The transaction will enable Credo to provide additional lending to this sector and mitigate some of the adverse impacts of COVID-19 on agriculture borrowers.

7. Women's economic empowerment is also a key development issue in the agriculture sector, as women are overrepresented in own-account farm activities and unpaid work. Self-employment is the predominant labor market status in rural areas and about 56.5% of employed Georgian women work in agriculture, compared with the regional average of 16% in Europe and Central Asia.¹¹ Difficulties in accessing financing for the agriculture sector may affect women disproportionately because they are less likely to own property to meet collateral requirements for start-up capital and bank loans, leading to smaller and higher-interest loans than for men. The COVID-19 pandemic has also had a disproportionate impact on women. In addition to working in the agriculture sector, women were active in services and tourism, especially in rural areas, and have lost significant income. The closure of childcare options has further affected women because of the additional burden of caring for young children.¹²

8. **Borrower identification.** ADB has been active in Georgia's finance sector since 2007. It has provided loans to banks and nonbanks that primarily support small and medium-sized enterprises (SMEs) and affordable housing finance,¹³ including in areas outside Tbilisi. In 2015, ADB established a partnership with Credo when it provided a loan of GEL49 million and technical

⁸ National Statistics Office of Georgia. GEOSTAT Database. [Labour Force Survey](#) (accessed 1 July 2020).

⁹ Government of Georgia, Ministry of Economy and Sustainable Development. 2017. [Labour Market Analysis of Georgia](#). Tbilisi.

¹⁰ An estimated 1.3 million Georgians (about 35% of the population) are either moderately or severely food insecure. Food and Agriculture Organization of the United Nations. 2019. [The State of Food Security and Nutrition in the World: Safeguarding against Economic Slowdowns and Downturns](#). Rome.

¹¹ World Bank Group. 2016. [Georgia Country Gender Assessment](#). Washington, DC.

¹² UN Women. 2020. [Georgia: COVID-19 Exacerbates Women's Vulnerabilities and Gender Inequalities in Georgia](#). 17 June.

¹³ ADB. 2018. [Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance to Credo Bank JSC for Low-Income Housing Finance and Proposed Loan to TBC Bank JSC for Affordable Mortgage Finance in Georgia](#). Manila.

assistance (TA) to support its transformation from a microfinance lender to a bank.¹⁴ In 2018, following discussions with ADB, Credo developed two mortgage products for low-income households and ADB approved a GEL60 million transaction for affordable housing, which included TA to help improve outreach to rural women via digital services, support financial literacy campaigns, and build the home assets of households led by women (footnote 13).

9. **Lessons learned.** ADB learned from its previous transactions with TBC Bank and Credo in Georgia, as well as its operations in the Caucasus and Central Asia, that the provision of loans in local currency is important to reduce currency-induced credit risk for the target beneficiaries. ADB's loan resulted in lowering the risk of loan losses for Credo due to match-funding with subloans and sub-borrowers' lari cashflows. ADB's loan to Credo, provided in 2015, has been fully repaid and rated *successful*.¹⁵ The selection of a qualified intermediary such as Credo has been effective in developing services for beneficiaries in remote rural areas and will now support the micro agriculture sector, which is experiencing even greater difficulties in accessing financing because of the impact of COVID-19.

B. Business Overview and Strategy

10. Credo served 307,894 borrowers via 74 branches and 2,353 staff (of whom 51% are women) as of June 2020. Its loan book of GEL962 million as of June 2020 is well diversified. With Credo's large client base and small average loan size of GEL1,900, the loan book is highly granular and provides a favorable risk profile. Credo expects its loans to grow at a moderate compound annual growth rate of a maximum of 15% by 2023 compared with 21% during 2014–2017. With 52% of loans in agriculture, Credo has a strong rural footprint. In March 2017, Credo obtained a banking license to provide comprehensive payment, deposit, and lending services to its clients.¹⁶ These clients are predominantly low-income individuals and farm households that generate income from farming and business, including agritourism. As a result of the NBG policy of requiring lari for small loans, dollarization of Credo's loan book dropped substantially from 60% in 2014 to 9.8% in 2019, while that of its liabilities and equity was limited to 13% in 2019, thereby improving the currency risk profile of Credo and its clients.

C. Ownership, Management, and Governance

11. **Ownership.** Established in 1997 by World Vision as a microfinance organization, Credo was purchased in October 2014 by a consortium led by Access Microfinance Holding AG, Berlin, with a 60.2% share; two microfinance investment funds managed by Triodos Investment Management BV, with a 19.8% share; and investment funds managed by responsAbility Participation AG and responsAbility Investments AG, with a 20.0% share. Supported by its founder and shareholders, Credo has built a sound credit culture, high integrity standards, responsible finance policies, and quality lending services for low-income households in Georgia.

12. ADB conducted integrity and enhanced tax due diligence.¹⁷ It conducted integrity due diligence on Credo, its supervisory council and council of directors, shareholders, and their boards

¹⁴ ADB. 2015. [Report and Recommendation of the President to the Board of Directors: Proposed Loans and Technical Assistance to Credo Microfinance Organization, FINCA Bank Georgia, and TBC Bank for Financial Inclusion for Micro and Small Enterprise Growth in Georgia](#). Manila.

¹⁵ ADB. 2019. [Extended Annual Review Report: Loan to Credo Microfinance Organization for Financial Inclusion for Micro and Small Business Growth in Georgia](#). Manila.

¹⁶ Ownership, Management, and Governance (accessible from the list of linked documents in Appendix 2).

¹⁷ ADB. 2003. [Enhancing the Asian Development Bank's Role in Combating Money Laundering and the Financing of Terrorism](#). Manila; and ADB. 2016. [Anticorruption Policy: Enhancing the Role of the Asian Development Bank in Relation to Tax Integrity](#). Manila. Tax Due Diligence (accessible from the list of linked documents in Appendix 2).

of directors (BODs) and managers. None of the companies or individuals appear to constitute a significant or potentially significant integrity risk to ADB, as no unresolved or substantiated adverse media or other relevant information is related to them. ADB's review of the entities does not give ADB cause to believe that these have been established or are being used for money laundering or terrorism financing in the jurisdiction involved in the project. ADB conducted enhanced tax integrity due diligence on Credo for ADB's loan for the Low-Income Housing Finance Project, approved in November 2018. Tax analysis was disclosed in the report and recommendation of the President (footnote 13). Credo confirmed that no changes have been made to the tax integrity structure or the tax environment since that transaction. ADB does not believe that Credo has been established or is being used for money laundering, terrorism financing, or cross-border tax evasion.

13. Management and Governance. Credo is governed by the general meeting of shareholders and a two-tier board comprising the BOD and the board of management (BOM). The BOD oversees Credo's strategy and operations. All current BOD members are bankers with extensive international emerging market banking and BOD experience. Since obtaining its banking license, Credo has streamlined its BOM, which is composed of Zaal Pirtskhelava, the chief executive officer, who has a 20-year record with Credo; the chief financial officer; and the chief operating officer. The BOM is supported by an experienced management team whose members have mostly advanced from being loan officers. In 2016, Credo recruited Irakli Zatiashvili, an experienced Georgian commercial banker with a bank supervision background, as chief financial officer.

D. CONFIDENTIAL INFORMATION DELETED

III. THE ADB ASSISTANCE

A. The Assistance

14. The ADB assistance to Credo comprises a senior loan of up to either (i) \$4,000,000 if the loan is denominated in United States dollars, or (ii) GEL12,300,000 if the loan is denominated in lari, with a tenor of up to 3 years.

B. Implementation Arrangements

15. Use of proceeds. Credo will use the proceeds of the ADB loan to fund MSME borrowers in Georgia's agriculture sector.¹⁸

16. Reporting arrangements. The loan will be governed by an agreement that contains terms customary for loans of this nature and amount.¹⁹ ADB will monitor the transaction, providing annual monitoring reports. Credo will provide ADB with financial and other reports at predetermined regular intervals and as requested, including annual audited financial statements, quarterly compliance certificates, semiannual progress reports on the sub-loans financed by the ADB loan, and annual development indicator reports.

¹⁸ MSMEs are defined in accordance with the European Union definition as having annual business turnover of up to GEL50 million and up to 250 employees. Micro loans are loans below GEL50,000. SME loans are loans above GEL50,000.

¹⁹ Details of Implementation Arrangements (accessible from the list of linked documents in Appendix 2).

C. Value Added by ADB Assistance

17. **COVID-19 support.** The agriculture sector is important in the Georgian economy, contributing 40.9% of employment despite its 7.0% share of GDP in 2019. Access to finance in the agriculture sector, which is predominantly comprised of microenterprises, has always been challenging and has been exacerbated by the impact of COVID-19. Microenterprise agriculture borrowers and their families in rural Georgia have lost income from tourism via family-run hostels, supplying to or operating small restaurants, and providing transport in the tourism industry in Georgia's rural areas, in addition to a decline in remittances. Supporting the agriculture sector is crucial in maintaining the livelihoods of two fifths of the country's workers. This transaction will help Credo in sustaining and expanding its lending capacity to MSMEs in the agriculture sector while maintaining its liquidity coverage ratio requirements as mandated by the NBG.

18. **Access to local currency finance.** Raising additional local and foreign currency funds at affordable rates has always been challenging for banks in Georgia. The COVID-19 pandemic has exacerbated Credo's challenge to raise funds for customer lending. This transaction will provide the needed funds to Credo in support of its mission to provide affordable financing to MSMEs in the agriculture sector.

19. **Gender action plan.** The transaction will support Credo in implementing gender actions to sustain its lending capacity toward women-owned SMEs and microentrepreneurs during the pandemic. It will also contribute to reducing the gender gap that women in the agriculture sector face in accessing finance by enhancing Credo's product offerings through fintech solutions. Enhanced participation in the management development program and sexual harassment mechanism measures will benefit Credo's female employees and promote a more gender-equal workplace.

D. CONFIDENTIAL INFORMATION DELETED

IV. DEVELOPMENT IMPACT AND STRATEGIC ALIGNMENT

A. Development Impact, Outcome, and Outputs

20. **Impact.** The project is aligned with the Government of Georgia's Anti-Crisis Plan for Agriculture to minimize the damage of COVID-19 to the agriculture sector.²⁰ It complements the Anti-Crisis Plan's assistance to the sector, which includes financial assistance to farmers and medium-sized and large agricultural enterprises, access to cheaper fuel for agricultural activities, and waivers on irrigation fees.

21. **Outcome.** The outcome of the project is the continuity of Credo's capacity to support MSMEs in the agriculture sector ensured.

22. **Outputs.** The outputs are (i) Credo's capital and liquidity ratios maintained, (ii) gender equality of Credo's product offerings and COVID-19 response enhanced, and (iii) gender equality in Credo's business model improved.

B. Alignment with ADB Strategy and Operations

²⁰ Government of Georgia, Press Service of the Government Administration. 2020. [Government Unveils Anti-Crisis Plan on Agriculture, Entitled](#). News release. 12 May 2020.

23. **Consistency with ADB strategy and country strategy.** The transactions support the following key operational priorities of ADB's Strategy 2030: (i) addressing remaining poverty and reducing inequalities, (ii) promoting rural development and food security, and (iii) accelerating progress in gender equality through the gender action plan.²¹

24. **Consistency with sector strategy and relevant ADB operations.** ADB plays a tangible role in deepening the finance sector in Georgia. Since 2007, it has provided nonsovereign loans totaling \$375 million and TA to banks (Bank of Georgia, Credo, Finca Bank, and TBC Bank) and the NBG. Bank of Georgia, Basis Bank, and TBC Bank are also beneficiaries of ADB's Trade Finance Program. The loan to Credo is part of ADB's wider COVID-19 response and is expected to strengthen Credo's partnership with ADB.

25. ADB's nonsovereign efforts are aligned with its country partnership strategy, 2019–2023 and country operations business plan, 2020–2022 for Georgia. ADB's nonsovereign operations will continuously support the creation of an enabling environment to catalyze access to financial services for MSMEs, including women entrepreneurs.²² The loan to Credo complements ADB's sovereign operations support package to Georgia, which includes (i) a Countercyclical Support Facility Loan of \$100 million, approved on 28 May 2020;²³ (ii) a Social Protection and Fiscal Management programmatic policy-based loan of \$350 million, expected to be approved later in 2020; and (iii) other programs to support reforms in energy, urban water, and education.

V. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

26. ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement (2009).²⁴ This transaction is classified *category FI* for impacts on the environment, and *category FI treated as C* for involuntary resettlement and indigenous peoples. The borrower has an environmental and social policy and procedure (ESPP) that ADB approved in 2015, which was commensurate with the impacts and risks identified in its lending operations. The current ESPP was approved by Credo management in 2019 and remains aligned with the 2015 version approved by ADB. ADB's extended annual review report for the previous loan rated Credo's implementation of the ESPP and compliance with ADB requirements *satisfactory* (footnote 15).

27. The loan proceeds will be used for MSMEs operating in Georgia's agriculture sector. This customer segment comprises about 60% of Credo's portfolio. The bank's 2019 agriculture MSME portfolio had an average loan size of GEL1,900. The fishery subsector has the highest number of MSME loans, followed by vinery and other crops. Credo, through its ESPP, will continue to (i) apply ADB's prohibited investment activities list; (ii) exclude funding by ADB of subborrower business activities categorized *A* for environment and *A* or *B* for involuntary resettlement and indigenous peoples impacts; and (iii) ensure that investments using ADB funds comply with ADB's Safeguard Policy Statement and abide by applicable national laws and regulations, including labor laws, pursuant to ADB's Social Protection Strategy. The head of the environmental and social performance unit under Credo's marketing division continues to oversee the implementation of

²¹ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

²² ADB. 2019. [Country Partnership Strategy: Georgia, 2019–2023—Developing Caucasus's Gateway to the World](#). Manila.

²³ ADB. 2020. [Report and Recommendation of the President to the Board of Directors: Proposed Countercyclical Support Facility Loan to Georgia for the COVID-19 Active Response and Expenditure Support Program](#). Manila.

²⁴ ADB. [Safeguard Categories](#).

the ESPP across the bank and has been in this role since the first ADB loan. Credo will report regularly to ADB on its compliance with such laws and any measures taken.

28. The project will not contribute to the reduction of greenhouse gas emissions. No climate mitigation or adaptation financing has been estimated for this project.

29. **Gender equality.** The project is classified as Effective Gender Mainstreaming. Following ADB's Policy on Gender and Development (1998), Credo has incorporated measures to promote gender equality and/or women's empowerment in its business activities. With only 20% of women in middle management and 32% of women in first line management, compared with 58% of females in nonmanagerial positions, the borrower will adopt a gender action plan that aims to leverage the existing management development program to encourage additional participation of female professionals in terms of accessing managerial positions. Further, as the largest agriculture lender, Credo has extended its traditional branch distribution channels with modern fintech solutions, which the project aims to leverage to reach out to more women. Key features of the gender action plan are as follows: enhancement of Credo's product offerings by creating a specific module on business resilience and practical advice on dealing with COVID-19, to be accessible in Credo's dedicated web portal—aiming to reach female agri-business customers. Gender measures also include enhancing Credo's business model, expanding its development program to a broader pool of female professional staff, and effective implementation of its zero tolerance for discrimination or sexual harassment policy through the establishment of a dedicated complaint committee. Credo will submit periodic reports on implementation of gender measures to ADB.

B. Anticorruption Policy

30. Credo was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism; and remedies for ADB in the event of noncompliance.

C. CONFIDENTIAL INFORMATION DELETED

D. Assurances

31. Consistent with the Agreement Establishing the Asian Development Bank (the Charter),²⁵ ADB will proceed with the assistance upon establishing that the Government of Georgia has no objection to the assistance to Credo. ADB will enter into suitable finance documentation in form and substance satisfactory to ADB.

VI. THE PRESIDENT'S DECISION

32. The President, acting under the authority delegated by the Board, has approved the loan of up to either (i) \$4,000,000 if the loan is denominated in United States dollars, or (ii) GEL12,300,000 if the loan is denominated in lari, from the ordinary capital resources of the Asian Development Bank (ADB), to Credo Bank JSC for the Credo COVID-19 Support for Agriculture Borrowers Project in Georgia, and hereby reports this action to the Board.

²⁵ ADB. 1966. [Agreement Establishing the Asian Development Bank](#). Manila.

DESIGN AND MONITORING FRAMEWORK

| Impact the Project is Aligned with | | | |
|---|--|--|---|
| Government of Georgia's Anti-Crisis Plan for Agriculture to minimize the damage of the coronavirus pandemic to the agriculture sector (Anti-Crisis Plan for Agriculture) ^a | | | |
| Results Chain | Performance Indicators with Targets and Baselines | Data Sources and Reporting Mechanisms | Risks |
| Outcome Continuity of Credo's capacity to support MSMEs in the agriculture sector ensured | By 2023: a. Annual disbursements to MSMEs in the agriculture sector increased , with a share to women MSMEs, sustained b. Number of loans disbursed to MSMEs in the agriculture sector increased , with a share to women MSMEs, sustained c. Number of loans outstanding to SMEs in the agriculture sector increased, with a share to women SMEs, sustained d. Number of loans outstanding to microenterprises in the agriculture sector increased e. Number of active MSME clients in the agriculture sector maintained, with share to women MSME clients sustained | a.–e. Development effectiveness monitoring reports | COVID-19 pandemic severely restricts people's mobility and economic activities Macroeconomic uncertainties caused by extraordinary fluctuations in prices and exchange rates |
| Outputs 1. Credo's capital and liquidity ratios maintained 2. Gender equality of Credo's product offerings and COVID-19 response enhanced | 1a. Total capital adequacy ratio maintained at least above the NBG requirement ^b 1b. Liquidity coverage ratio maintained above the NBG requirement 2a. Credo's web portal, Kalo, integrates content on business resilience and practical advice on dealing with COVID-19 crisis impact 2b. Number of female agri-entrepreneurs using Credo's web portal, Kalo, increased | 1.–3. Development effectiveness monitoring reports | Macroeconomic and foreign currency risks |

| Results Chain | Performance Indicators with Targets and Baselines | Data Sources and Reporting Mechanisms | Risks |
|---|---|--|--------------|
| 3. Gender equality in Credo's business model improved | 3a. Credo's female staff in middle management participate in a dedicated development program to support their advancement 3b. Internal committee on anti-sexual harassment established | | |

Key Activities with Milestones

1. ADB executes loan agreement with Credo by Q4 2020.
2. ADB disburses loan to Credo by Q4 2021.

Inputs

ADB: either (i) \$4,000,000 if the loan is denominated in United States dollars, or (ii) GEL12,300,000 if the loan is denominated in lari (loan)

Assumptions for Partner Financing

Not applicable

ADB = Asian Development Bank; COVID-19 = coronavirus disease; Credo = Credo Bank JSC; MSMEs = micro, small, and medium-sized enterprises. Micro loans are defined as loans below GEL50,000; NBG = National Bank of Georgia; Q = quarter; SMEs = small and medium-sized enterprises, defined as loans above GEL50,000; Women SME or MSME = a women-owned enterprise is defined as any enterprise that meets at least one of three criteria: (i) at least 50% of the enterprise ownership belongs to women, (ii) at least 60% of senior managers are women, or (iii) at least 50% of the registered employees of the enterprise are women.

^a Government of Georgia, Press Service of the Government Administration. 2020. [Government Unveils Anti-Crisis Plan on Agriculture, Entitled](#). News release. 12 May 2020.

^b The NBG requirement could change, so 1a and 1b have no specific target.

^c Credo anticipates extending its fintech solutions to reach out to more female agri-entrepreneurs through (i) specific communications on targeted events, notably the International Day of Rural Women; (ii) the introduction of women's participation in promotional campaigns to attract female farmers; and (iii) scoping of potential content targeting cattle breeding, where women are highly active.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/FastReport/?id=54270-001>

1. Sector Overview
2. Contribution to Strategy 2030 Operational Priorities
3. Country Economic Indicators
4. Summary Poverty Reduction and Social Strategy