

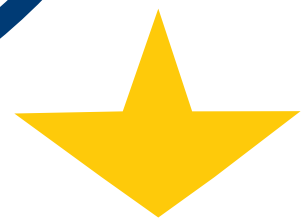


EU4Business

COUNTRY REPORT

2020

AZERBAIJAN



WWW.EU4BUSINESS.AZ

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[EXECUTIVE] [SUMMARY]

EXECUTIVE SUMMARY

FOR AZERBAIJAN:

2020 AT A GLANCE

The 2021 EU4Business Country Report for Azerbaijan shows that the difficulties and challenges due to the COVID pandemic continue to affect SMEs and are equally challenging for the delivery of support by EU partners and implementers. The immediate EU response to the COVID pandemic was to increase the budget of the EU4Business Portfolio and reorient projects to meet these peculiar circumstances.

This means that in 2020, the budgets available to support SMEs in the EaP rose by

+109.1%

representing an increase in

€29.25
million



Despite this, the multiple lockdowns across much of 2020 meant disbursements fell slightly

2020

€11.23 million

2019

€11.7 million

as projects, SMEs, and government closed down or worked remotely and travel restrictions were in force.

Despite this, EU4Business projects and programmes have supported

17,486 SMEs
in 2020

A rise of

90.11%
compared with 2019



This is a significant proportion of the

31,196

micro-, small-, and medium-sized enterprises
(based on national statistics data)

or **1** in **2**



SMEs in the Azerbaijan supported by the EU

(assuming each SME receives support once only).

PORTFOLIO FOR AZERBAIJAN IN 2020

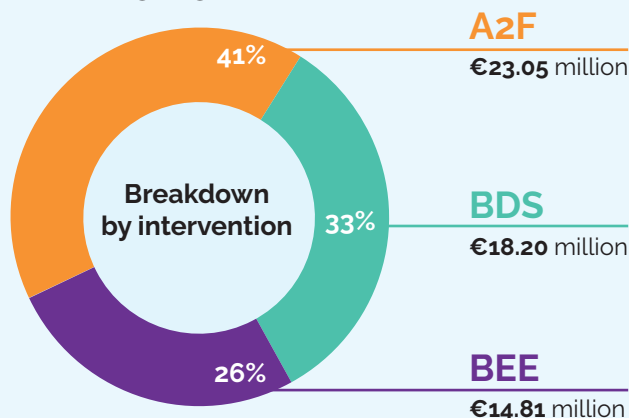
43
projects

Total budget of EU support
in Azerbaijan

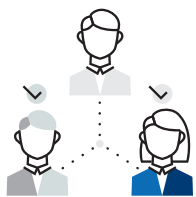
€56.07
million

Of which

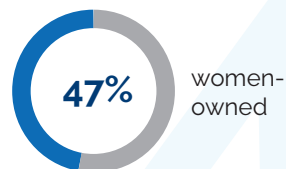
€11.23
million
was disbursed



RESULTS OF EU SUPPORT IN 2020



17,486 →
SMEs supported

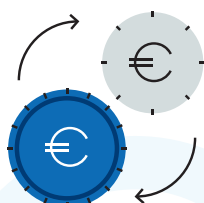


1,275
new jobs created



↑ **+13.04%**
these SMEs grew on average

€295.52
million
total turnover



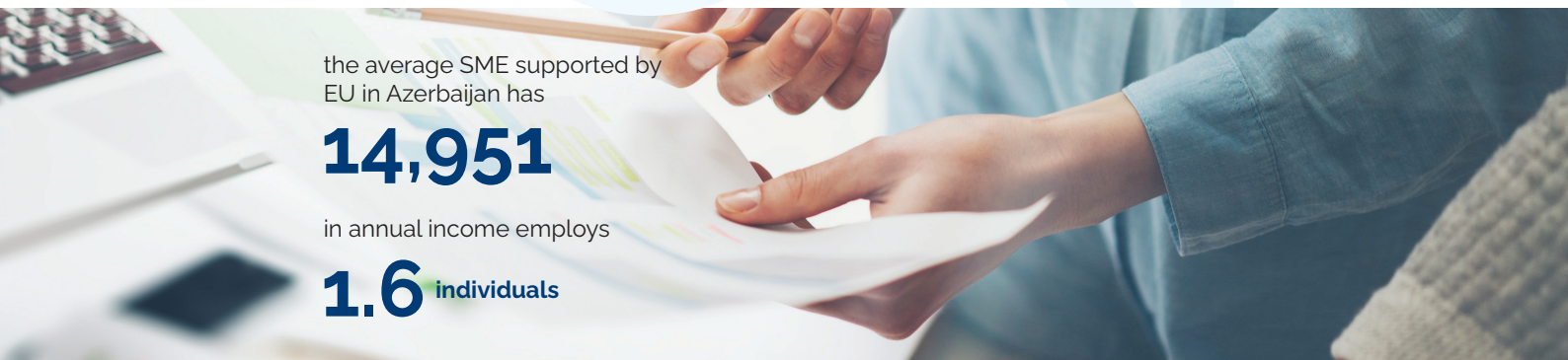
↑ **+0.19%**
more SMEs engaged in exporting

↑ **+4.7%**
expanded their staff

employing
28,409

€34.09
million extra income
generated

↑ **+7.3%**
EU-supported SMEs increased their exports



IMPACT OF EU SUPPORT

For every million euro
of EU support

€1
million

Compared 2019

1,557
SMEs
benefited

114
new jobs
were generated

€3.04
million
increase in income

786
SMEs
benefited

58
new jobs
were generated

€8.7
million
increase in income

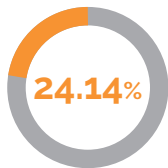
RESULTS PER PILLAR



Access to Finance (A2F):

85

SMEs received loans



to women-owned SMEs

€3.18

million
total value of loans

€37,398

average loan

6

partner financial institutions supported



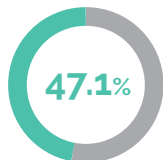
Business Development Services (BDS):

43

business support organisations improved their capacity

16,071

consultancy services delivered to SMEs



women-owned

1,300

SMEs participated in B2B events



Business Enabling Environment (BEE):

51

laws, policies, regulations and procedures reformed

64

public-private dialogue events held

5

government institutions improved their capacity

EU4BUSINESS FACILITY COMMUNICATIONS



50+

success stories and news items were generated in Azerbaijan and shared

Websites

1,000

website visits to Azerbaijan webpage during March — August 2021

2,800

webpage visits during March — August 2021



The new website was launched in March 2021

WWW.EU4BUSINESS.AZ

Newsletters

16

newsletters issued since August 2020

30%

growth in subscribers from Azerbaijan as of August 2021 in comparison to August 2020



Mark Hellyer
Team Leader,
EU4Business Facility



As businesses around the world continue to struggle with the effects of the COVID pandemic, the EU has demonstrated that it remains committed to supporting SMEs in Azerbaijan. Despite the challenges of delivering this support, EU4Business initiatives have continued to deliver support and the number of SMEs supported have risen significantly in 2020 compared to 2019. As we move forward into the post 2020 policy environment, with ambitious targets of support and impact, EU4Business will continue to respond to the challenges and, in our 2022 annual report, we are confident we will be able to report on more support, stronger growth, and more jobs for SMEs in Azerbaijan."



EU SUPPORT TO SMES IN AZERBAIJAN LIN 2020

[PORTFOLIO OVERVIEW]

The European Union's support for SMEs in Azerbaijan grew in 2020 by

+109.1%

2020

€56.07 million

2019

€26.82 million

**EU SUPPORT IS FOCUSING
ON THREE TYPES OF INTERVENTIONS:**



Access to
Finance (A2F)



Business
Development
Services (BDS)



Business
Enabling
Environment
(BEE)

43

Projects provided support to
SMEs in Azerbaijan in 2020

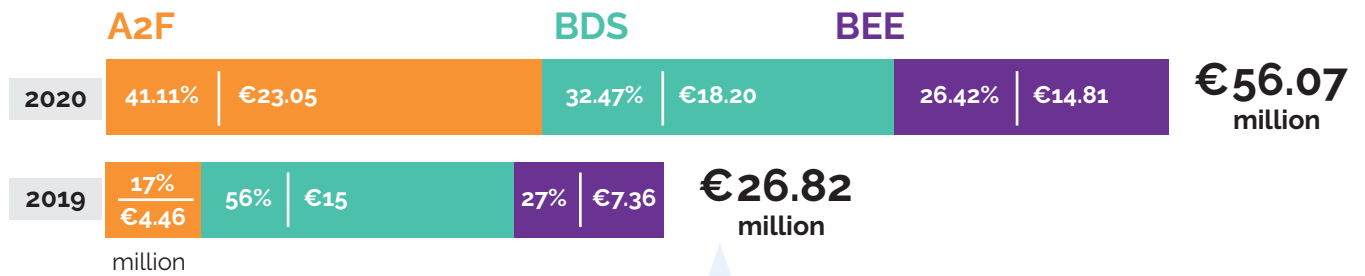
with a total budget of

€56.07
million

This is the total value of contracts
being implemented in 2020 rather
than disbursements

[BREAKDOWN]

BY INTERVENTION



Total budgets of projects in Azerbaijan

€ 56.07
million

Bilateral Projects

49.5%

of total budget

65% compared with 2019



Breakdown of Bilateral Projects in Azerbaijan by Intervention in 2020

Regional Projects

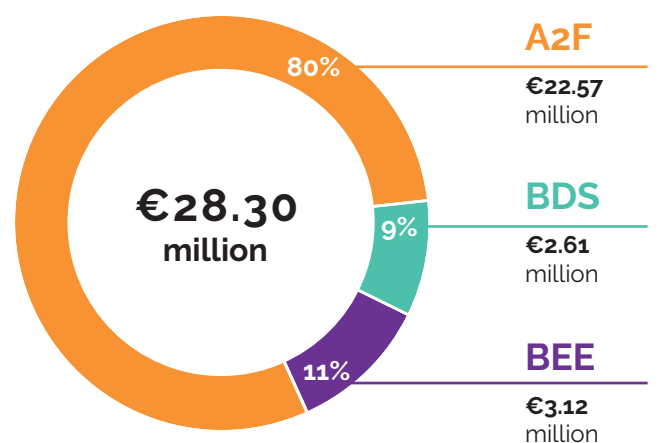
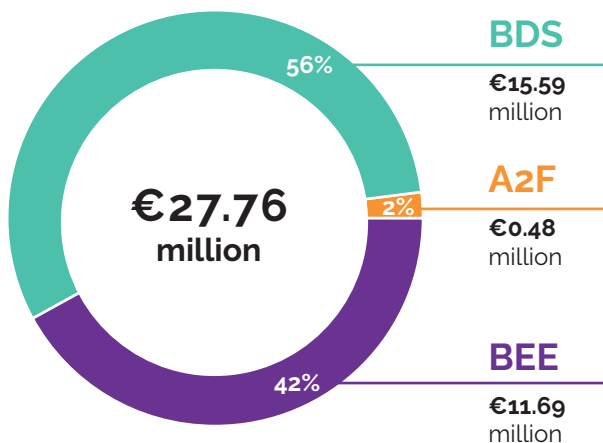
50.5%

of total budget

35% compared with 2019



Breakdown of Regional Projects in Azerbaijan by Intervention in 2020



OVERVIEW

BY TYPE OF INTERVENTION

ACCESS TO FINANCE (A2F)

A2F is the largest area of support in Azerbaijan representing **41.11%** of budgets in 2020

A total of
€23.05
million

+416.8%
Compared with 2019

In EU support was allocated to unlock access to finance in Azerbaijan in 2020

6

specific support instruments are used in Azerbaijan

A1

Capped Loss Recovery

This is a risk-sharing instrument in the form of a grant that the EU provides to an IFI. This grant is used by the IFI to partially cover the loss that any PFI, such as a local bank, would carry as a result of SMEs not repaying part or all of its loan. In this way, the PFIs feel more comfortable and are willing to use the credit lines from IFIs to lend to SMEs. However, the EU grant only partially covers the potential loss that PFIs could claim. The recovery of loss covered by this EU risk sharing instrument is

generally up to 10% of the total loan portfolio of the respective PFI (total value of the loans disbursed by the PFI from the respective credit line of the IFI) and generally up to 50% of each individual sub-loan. This actually means that if an SME does not pay back the loan to the local bank, the EU grant for capped loss recovery can actually cover half of the loss of the bank. In this way, the local banks are more willing to disburse loans to SMEs which are generally perceived as high-risk borrowers.

A2

Interest Subsidy

This instrument is a grant given by the EU to IFIs in order to lower the cost of their loans to SMEs in the EaP. The grant provides interest subsidies of up to 10%, which is applied to the

regular interest rate, with which the IFI lends to PFIs and further on to SMEs. The purpose of this instrument is to lower the final cost of finance for SMEs in the EaP.

A3

Targeted Assistance (TA) to PFIs

This instrument consists of technical assistance to PFIs in the form of consultancy services, mentoring, and specialised training. The main effect of this instrument is that the PFIs (local banks and microfinance institutions) become

more familiar with the modus operandi of the big IFIs, the characteristics of their credit lines, their reporting requirements, as well as the standards regarding financial and risk analysis of the potential borrowers.

* This was the total value of contracts being implemented, not disbursements in 2020.



A6

SME Incentive
Grants
(linked
to loans)

This instrument is different from regular grant schemes as the incentive grants are not given directly to SMEs as a "pure grant". The SME signs a loan contract from one of the credit lines of the IFIs via the PFIs. After the loan is disbursed, there is a verification process to check if the loan was used for the purpose listed in the business plan or feasibility study

and of the other pre-conditions for the loan disbursement. Once the verification report confirms compliance, a part of the loan is transformed into a grant, so that the total "cost" of financing is lowered. The most common incentive grants are between 10% and 15% of the loan value as is the case for the EBRD DCFTA facility 1 and 2.

A7

Grants
to SMEs

These grants are non-reimbursable and generally modest in value in order to support as many SMEs as possible. In general, SME grants are disbursed in order to target specific economic development goals such as

development in rural areas, poor communities, or a response to various types of crises. These grants are usually disbursed through Non-governmental Agencies (NGOs) with links into targeted communities.

A8

Structured
Funds

This instrument is implemented directly by EU participation as opposed to risk-sharing with IFIs. Typically, this involves direct loans or equity investment in a financial instrument or fund. As the EU does not have the capacity to disburse

direct loans to SMEs, this function is assigned to an intermediary. The most important EU investment in Direct Finance is shares in the European Fund for Southeastern Europe (EFSE).

TOVUZ NATIVE OPENS THE FIRST FITNESS CLUB FOR WOMEN IN HER REGION

Tovuz's Taliya Mammadova is currently the owner of the first fitness club for women in this county. Before opening her club, she worked as a teacher, although she always wanted to have her own business. Most of all, Mammadova was attracted to everything associated with sports and with a healthy lifestyle. She admits that she was overweight and opening a fitness club was a big motivator for her to lose weight herself. She also wanted to help other women do the same.

When she found out through the regional Women's Entrepreneurship Development Association about "Accelerating development of sustainable micro-entrepreneurship in rural regions of Azerbaijan" (ADSMIRRA), a project funded by the EU, Mammadova was plugged in to talented individuals and professional coaches.

[Read full story](#)



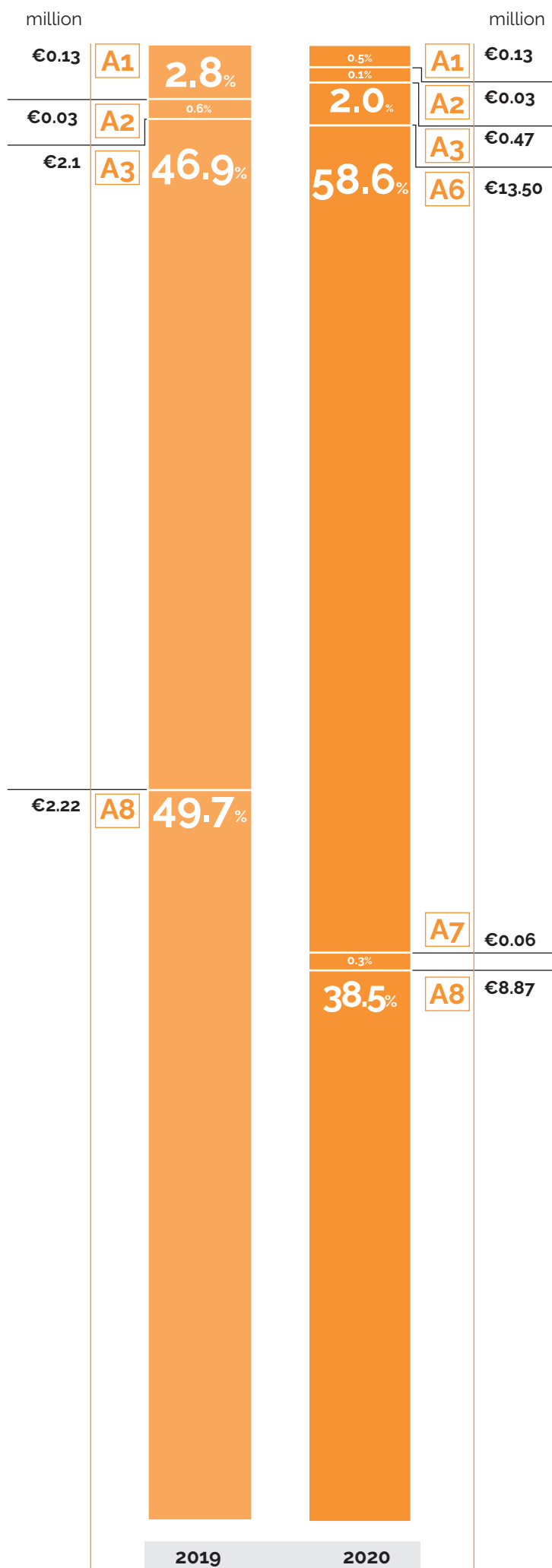
SUCCESS STORIES

I got the idea of a fitness club for ladies, which I opened before joining this project. But I was missing the necessary equipment, especially treadmills. Thanks to grant funding, I bought good quality treadmills. I was able to save time and make my customers happier and more comfortable. I saw strong people and I learned from them."

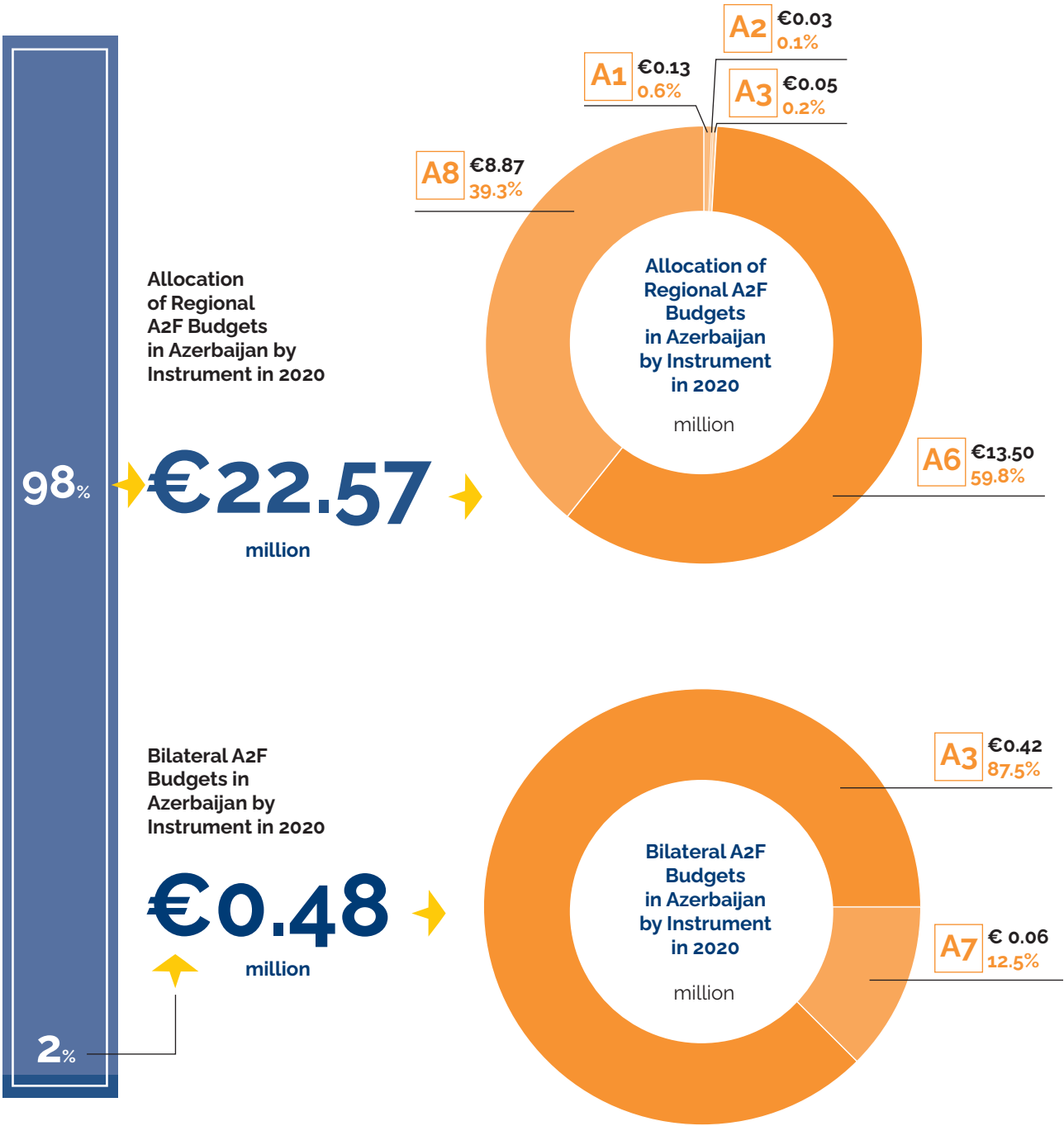
Taliya Mammadova,
owner of the fitness club

ALLOCATION OF A2F BUDGETS IN AZERBAIJAN BY INSTRUMENT

- A1** Capped Loss Recovery
- A2** Interest Subsidy
- A3** TA to PFIs
- A6** SME Incentive Grants (linked to loans)
- A7** Grants to SMEs
- A8** Structured Funds



ALLOCATION OF A2F BUDGETS BY REGIONAL AND BILATERAL INSTRUMENTS



- A1

Capped Loss Recovery
- A2

Interest Subsidy
- A3

TA to PFIs
- A6

SME Incentive Grants (linked to loans)
- A7

Grants to SMEs
- A8

Structured Funds

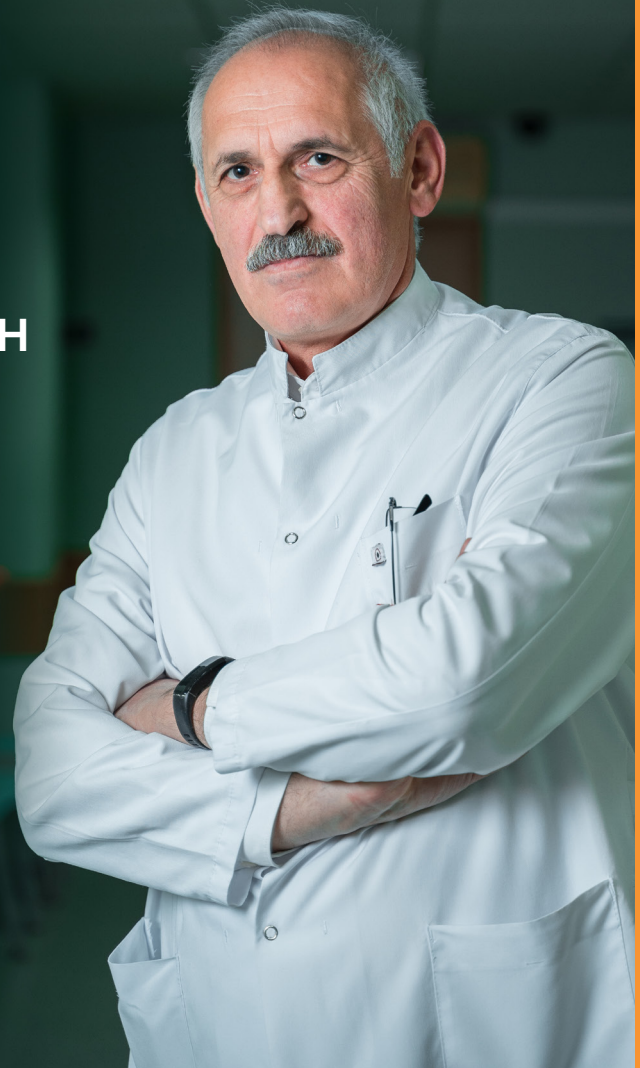


SUCCESS STORIES

AZERBAIJAN'S OKI CLINIC INVESTS IN LIVES THROUGH QUALITY HEALTHCARE

The EU and the EBRD have supported OKI, one of the first private clinics in Azerbaijan that employs more than 150 and provides the local population with preventive, therapeutic, diagnostic, advisory and rehabilitation services in more than 40 areas. In 2017, OKI successfully implemented the first EU-supported project related to programming healthcare management. In 2018, the implementation of the second project began – the OKI clinic is turning into a modern medical center. The strategy of this project is to provide better services for the diagnosis, management and treatment of cardiovascular risks. Namely, OKI plans to open a new angiography department and introduce the professional development of medical personnel, which includes exchange programs with leading foreign clinics. The second phase is ongoing.

[Read full story](#)



Development always requires investment. However, if you're an SME, there is no way to do on your own, even when it's really necessary. This is where the support of the EU and EBRD makes a difference. They invest in projects that contribute to the transition to an open market economy and to the development of private and entrepreneurial activities."

Malik Kerimov, OKI Director



BUSINESS DEVELOPMENT

SERVICES (BDS)

BDS remains the second largest area of support in Azerbaijan representing 32.47% of budgets in 2020

A total of

€ 18.20 million

+21.33%

compared with 2019

In EU support was allocated to providing better business services in Azerbaijan in 2020



7

support instruments used in Azerbaijan for BDS are defined below

B1

Consultancy Services for SMEs

Through this instrument, the EU4Business Initiative aims to directly increase the knowledge and skills of SMEs in EaP countries through the direct provision (fully or partly paid) of non-financial business services (these can range from basic start-up and registration, accounting, marketing, input

supply, technology and product development, training and technical assistance, infrastructure support, and advocacy). These services can be delivered through both international and/or local consultants, in both private firms/individuals, and/or business support organisations.

B2

Capacity Building of BSOs

This instrument aims at increasing the capacity of Business Support Organisations (such as chambers of commerce, SME associations, professional bodies, the Sector Trade Association, training institutes, etc) to deliver BDS services to SMEs (whether members

or not). The capacity building is achieved through mentoring, training trainers, advisory services, and study tours to either enhance existing services, build new ones, or improve organisational structures.

B3

Incubators

The business incubator is an organisation designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections.

The EU4Business Incubators Instrument generally shares the cost with the local authorities where

the EU bears the cost of refurbishment and cost-sharing arrangements for the running costs and/or service provision. One of the most important aspects related to this instrument is sustainability. As operation costs are high, the initial financial set-up is crucial for keeping the incubators viable after the EU4Business intervention ends.

B4

Clusters

This instrument involves group support to SMEs involved in the same field of activity but on different positions in the value chain or with common interests. The basis of the clusters approach is the synergy of creating a more

effective value chain within the cluster. The success of the SME cluster is tightly related to the level of value added in the respective field of activity.

B5

Trade Information

This instrument provides SMEs already exporting, exporting infrequently, or those interested in exporting with the range of information needed to move closer to exporting. This instrument can include generating the necessary information

(brochures, guides, market reports) or developing tools for accessing online resources and intelligent searches and covers market information, marketing guides, and market access requirements.

B6

B2B Activities

Business to Business (B2B) Activities support SMEs to make specific contact with nominally interested buyers (company decision makers in target export markets who regularly buy the export on offer). These can include participation in online buyer auctions, trade fair participation,

inward and outward trade missions, buyer meetings, etc. and EU4Business support can range from organisation, logistics, preparation and advice, as well as covering the costs of travel and/or stand and event costs.

B7

Export Strategies

This instrument is used at a national or sector level to develop a policy to increase a country's exports. This instrument is typically based on studies, analysis, and stakeholder consultation that assesses national production, market requirements, and export constraints and then, working with government and stakeholders, builds a common sector or national approach

(and action plan) to develop the exports of competitive products in target markets. In addition, this instrument can also include support in coordination with implementation of the strategy itself as well as national visibility and branding, support programmes, and stakeholder dialogue.

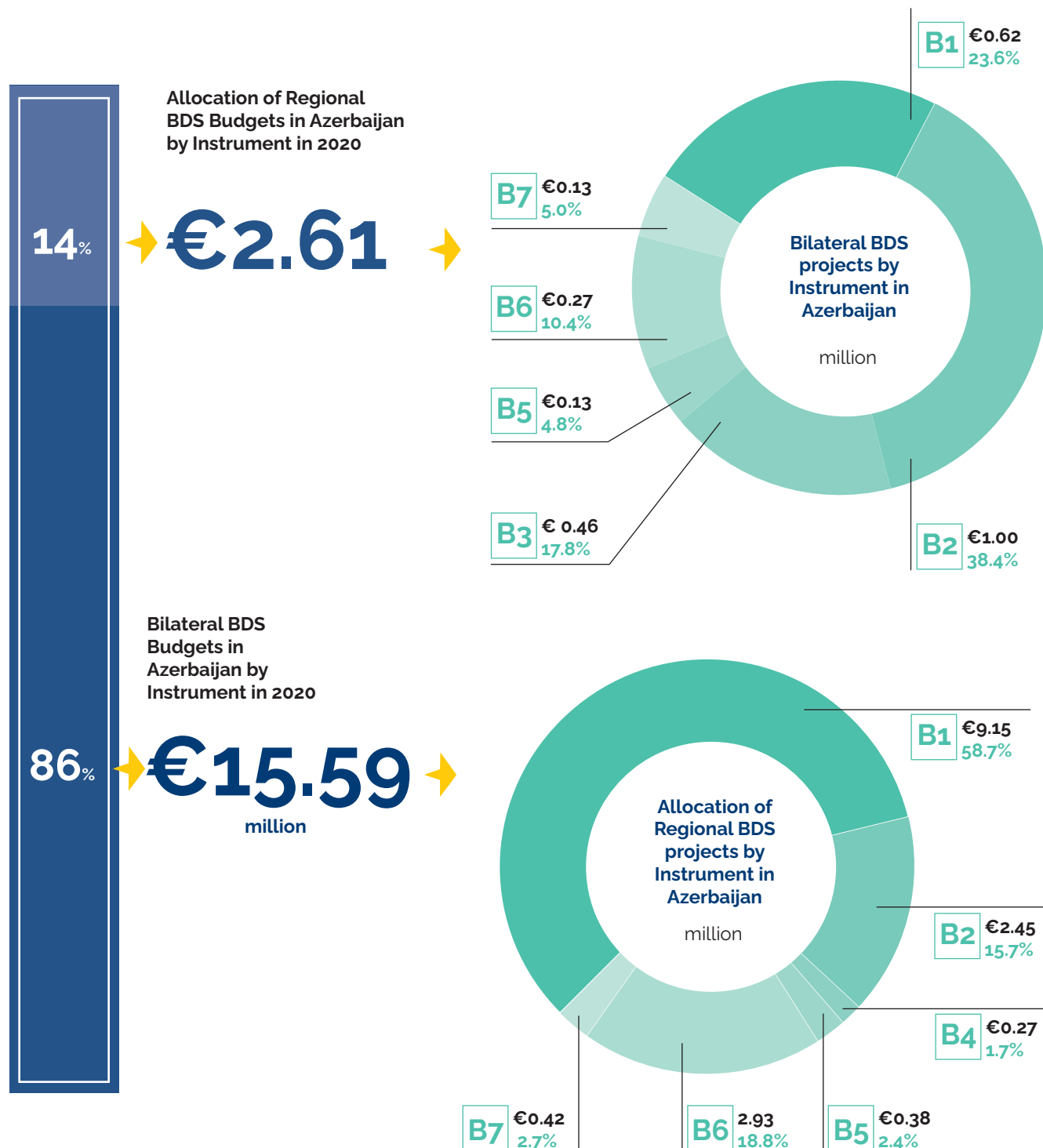


ALLOCATION OF BDS BUDGETS IN AZERBAIJAN BY INSTRUMENT

- B1** Consultancy Services for SMEs
- B2** Capacity Building of BSOs
- B3** Incubators
- B4** Clusters
- B5** Trade Information
- B6** B2B Activities
- B7** Export Strategies



ALLOCATION OF BDS BUDGETS BY REGIONAL AND BILATERAL INSTRUMENTS



B1 Consultancy Services for SMEs

B2 Capacity Building of BSOs

B3 Incubators

B4 Clusters

B5 Trade Information

B6 B2B Activities

B7 Export Strategies

SUCCESS STORIES

A CHILDHOOD DREAM COMES TRUE: 25 YEARS LATER YAGUT AKHMEDOVA FROM NAKHCHYVAN STARTS PAINTING AGAIN

Yagut Akhmedova has a talent for drawing since childhood. However, she had to quit creativity to become a lawyer, but finally returned to painting when she was 42 years old. Training and a grant under the EU4Business initiative and Azerbaijan Micro-finance Association (AMFA) helped Yagut plan and start her own small business: she learned how to do accounting, work management and how to approach her business professionally. She was also able to purchase all the necessary items for painting with the grant funds.

[Read full story](#)



Before the project, I could bring one or two paintings to an exhibition. Now I can offer ten. I learned how to work: not only for creative self-realisation, but to treat it as business."

Yagut Akhmedova,
artist and entrepreneur

BUSINESS ENABLING ENVIRONMENT (BEE)

BEE remains the third largest of area of support in Azerbaijan representing 26.42% of budgets in 2020

A total of

€14.81

million

In EU support was allocated to unlock access to finance in Azerbaijan in 2020



+101.2%

Compared with 2019



4 support instruments used in Azerbaijan for BEE are defined below

C1

Capacity Building among Policymakers and Regulators

Through this instrument, EU4Business interventions aim at strengthening the capacity of staff of various government agencies to ensure better, more transparent, and open policies and regulations that affect business, whilst ensuring appropriate controls in the six Eastern Partnership countries. This can

include making and amending policies, laws, and administrative procedures based on need and risk assessment. Through this instrument, EU4Business interventions deliver direct advisory, mentoring services, and study tours to the relevant staff involved in policymaking.

C2

PPD (Public Private Dialogue)

Public Private Dialogue is an instrument for more inclusive and targeted policymaking. Specifically, it involves effective consultation and collaboration between government and

the private sector and/or its representatives, in order to achieve effective reform and administration of regulations that affect SMEs.

C3

Regulatory Reform

Through this instrument, EU4Business interventions support the EaP countries to improve the regulatory environment based on best practices and most often approximation (to align their SME related legislations, rules, and regulations with

those of the EU). Approximation occurs in all six Eastern Partnership countries, but it is more intensely applied in the three DCFTA countries, which are committed to widespread adoption of EU business acquis under the Association Agreement (AA).

C4

Information and Communication to SMEs

Through this instrument, EU4Business interventions support government to inform SMEs on reforms and implications for their

business and steps to compliance with regulatory reform.

ALLOCATION OF BEE BUDGETS IN AZERBAIJAN BY INSTRUMENT

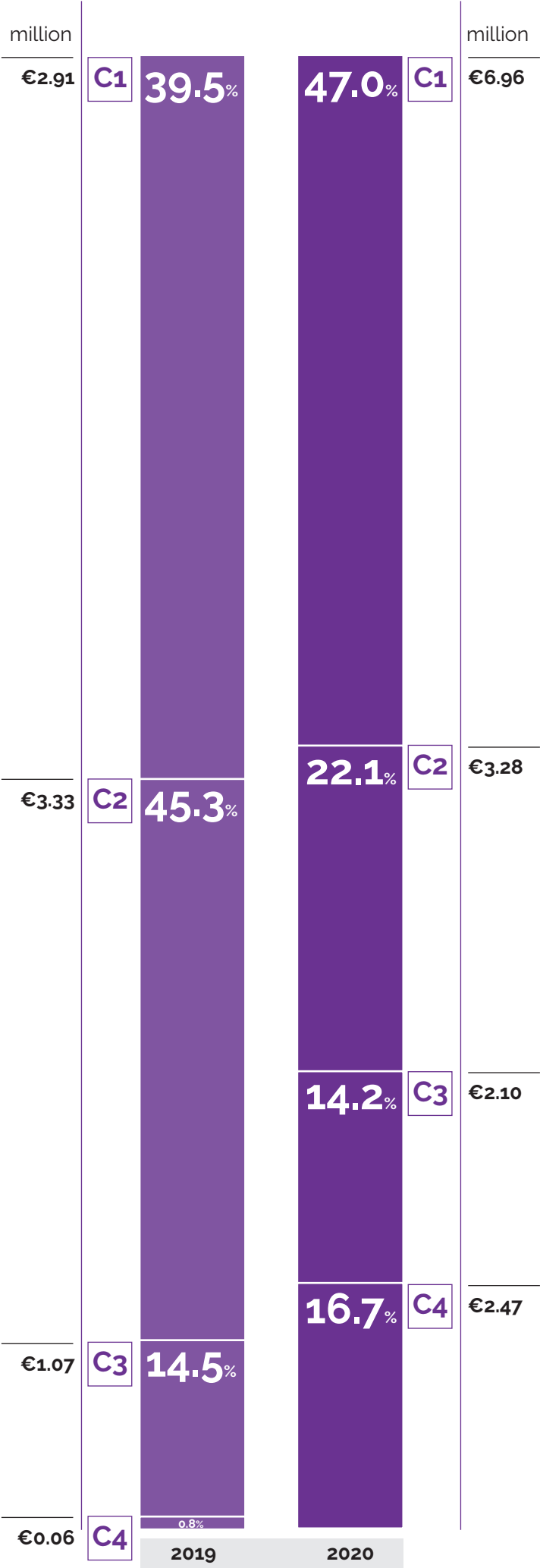
- C1

Capacity Building among Policymakers and Regulators
- C2

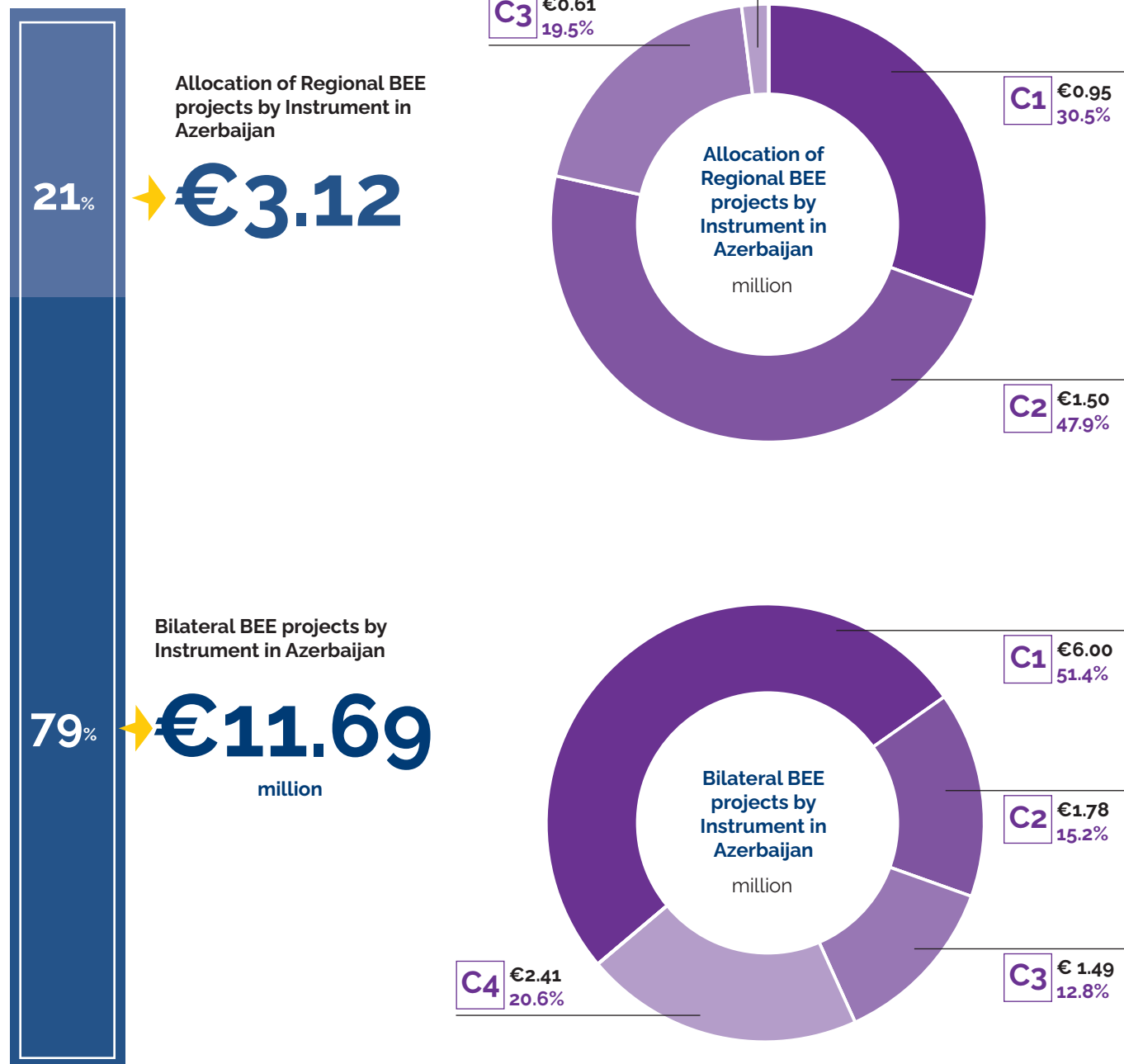
PPD (Public Private Dialogue)
- C3

Regulatory Reform
- C4

Information and Communication to SMEs



ALLOCATION OF BEE BUDGETS IN AZERBAIJAN BY INSTRUMENT



C1 Capacity Building among Policymakers and Regulators

C2 PPD (Public Private Dialogue)

C3 Regulatory Reform

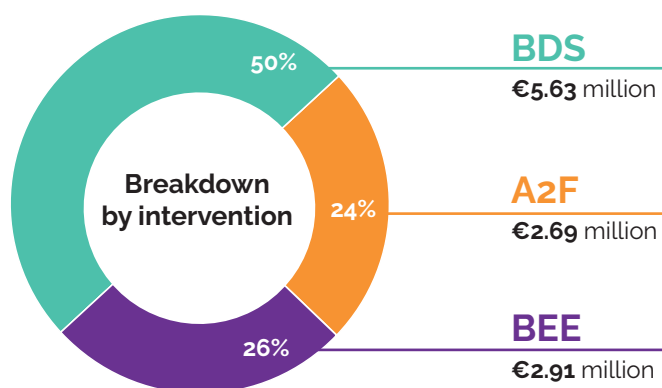
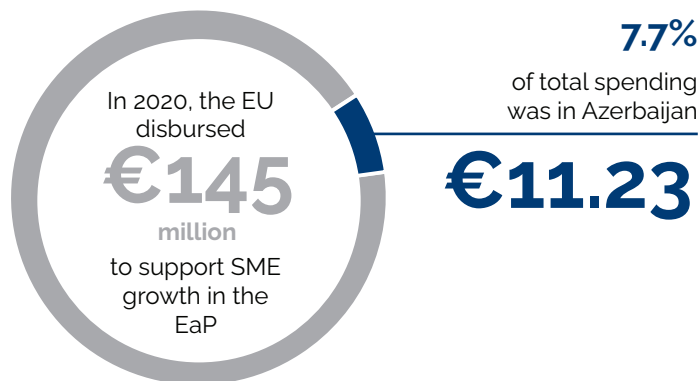
C4 Information and Communication to SMEs



[ACHIEVEMENTS] [IN 2020_____]

[AGGREGATE RESULTS IN AZERBAIJAN IN 2020]

With an increase in budgets of 109.1% allocated to SME development in 2020 in Azerbaijan, and despite the challenges of COVID in terms of national lockdowns, restrictions on travel, and restrictions in business and government office operations, the level of disbursement of EU support stayed largely the same (-4/2%) in 2020 compared to 2019. Whilst partners adapted to new ways of working so that the maximum number of SMEs were supported at this crucial time, the budgets remain in place to support the build-back process as soon as the situation normalises.



NUMBER OF SMES SUPPORTED

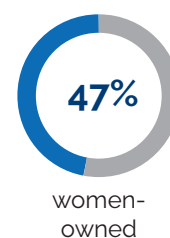


Overall, the EU supported

17,486 → **+90.1%**

SMEs in Azerbaijan in 2020

Compared with in 2019 **9,198**



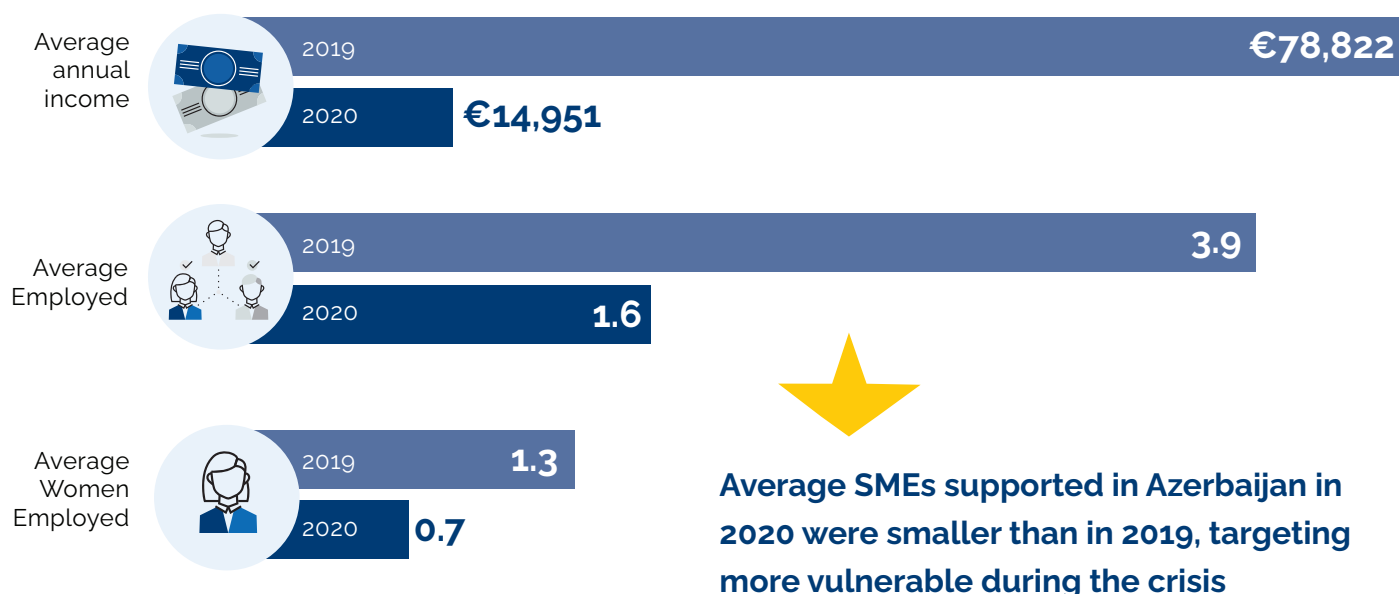
Supported SMEs in Azerbaijan had

a combined turnover of

€295.52
million

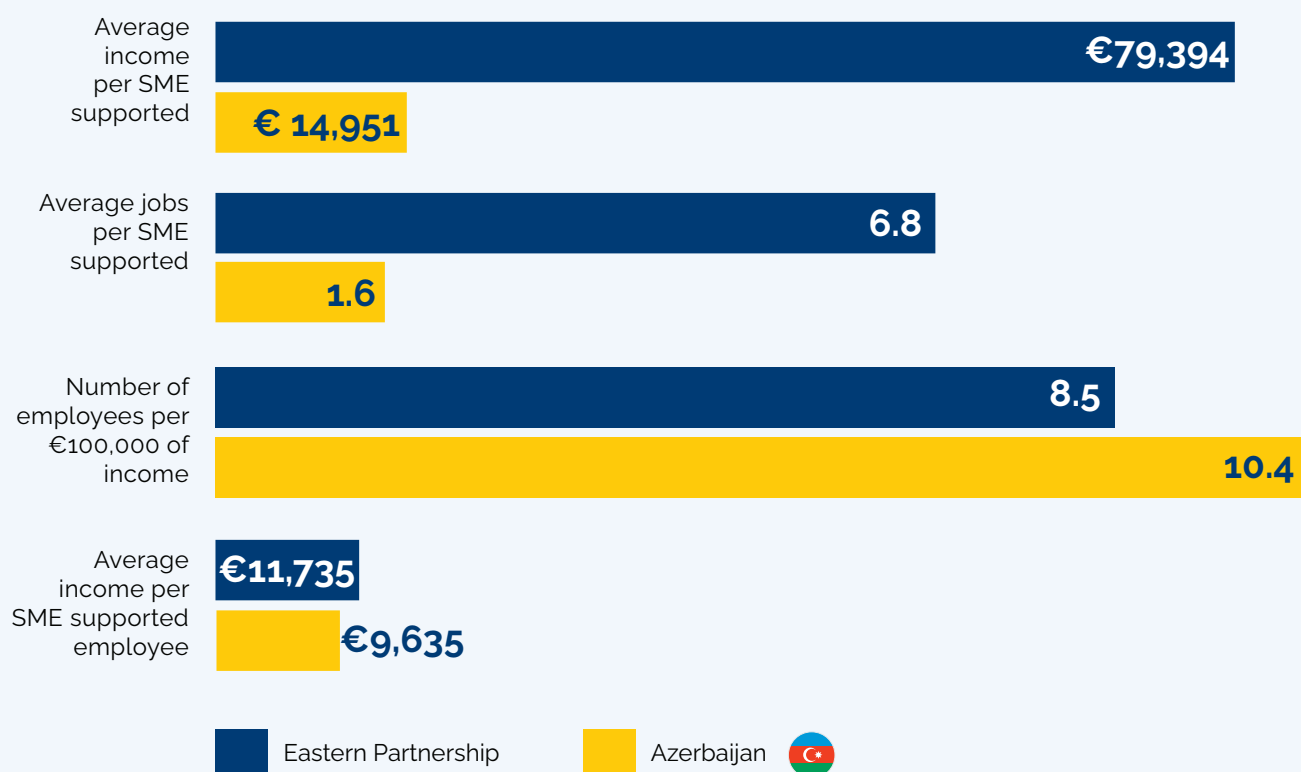
Employed

→ **28,409**

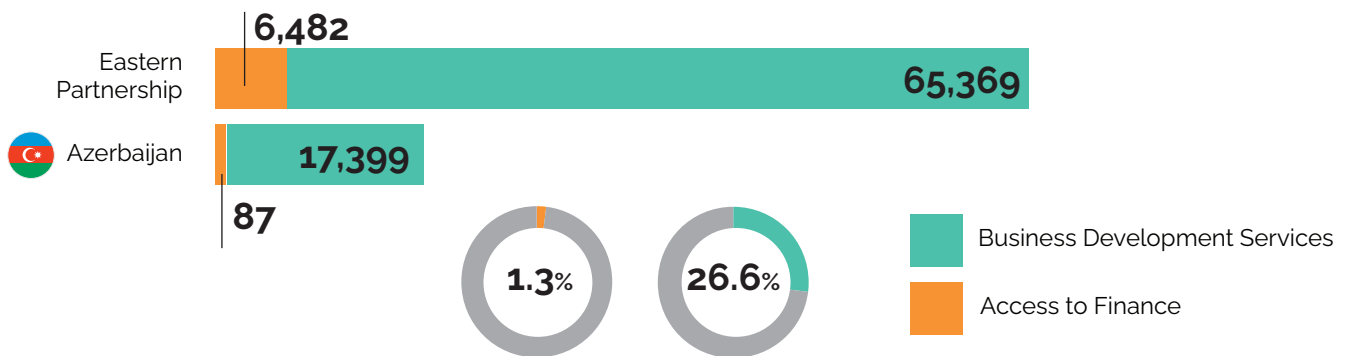


SUPPORT TO SMES IN AZERBAIJAN RELATIVE TO EAP

The average size of SMEs supported in Azerbaijan is much lower than the regional average, the number of supported jobs relative to income is much lower and the income per employee (labour intensity) is higher.



THE NUMBER OF SMES SUPPORTED BY AREA OF INTERVENTION IN AZERBAIJAN



The average AzF-supported SME



income



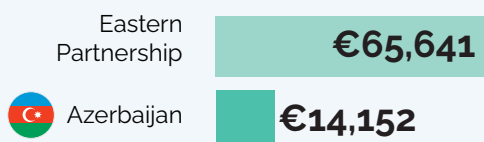
employed



The average BDS-supported SME



income



employed



JOB CREATION OF SUPPORTED SMES IN AZERBAIJAN

In 2020, SMEs supported by the EU in Azerbaijan generated

1,275
jobs

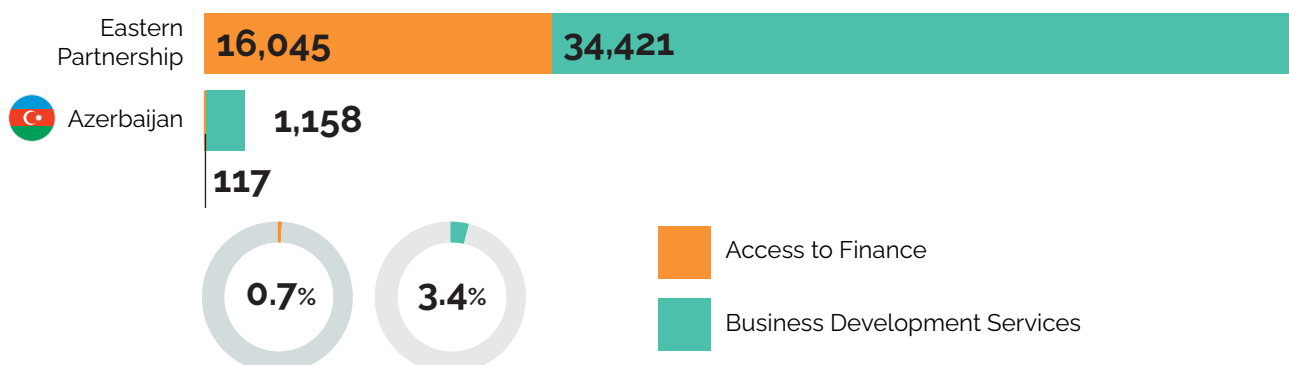


decrease in staff by
-67.6%
(compared with
+12.2%
in 2019)

compared to the EaP average in 2020 of

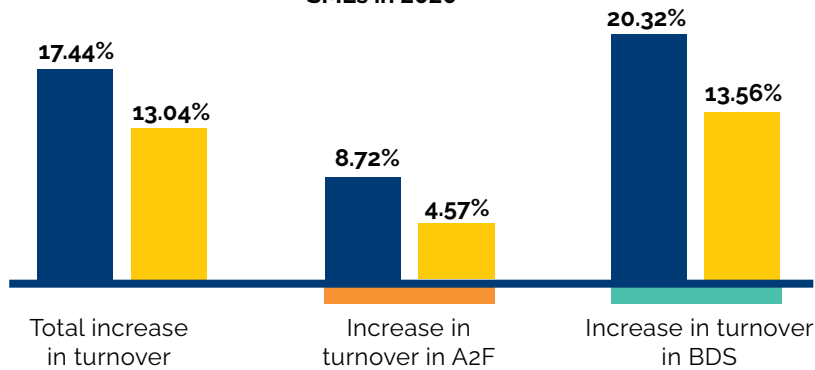
+10.38%

BREAKDOWN OF JOB CREATION BY TYPE OF INTERVENTION IN AZERBAIJAN AND EAP



IMPACT OF EU SUPPORT IN AZERBAIJAN

Average increase in turnover of EU Supported SMEs in 2020

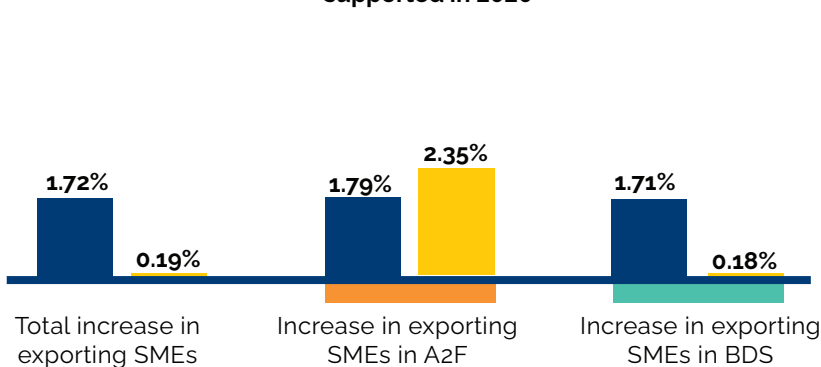


INCREASE IN TURNOVER

EU supported SMEs in Azerbaijan increased turnover in 2020, although slightly less than the regional average

EU supported SMEs in Azerbaijan increased turnover in 2020 by more than in 2019 **+13.04%** compared with **+8.83%**.

Increase in number of EU supported in 2020

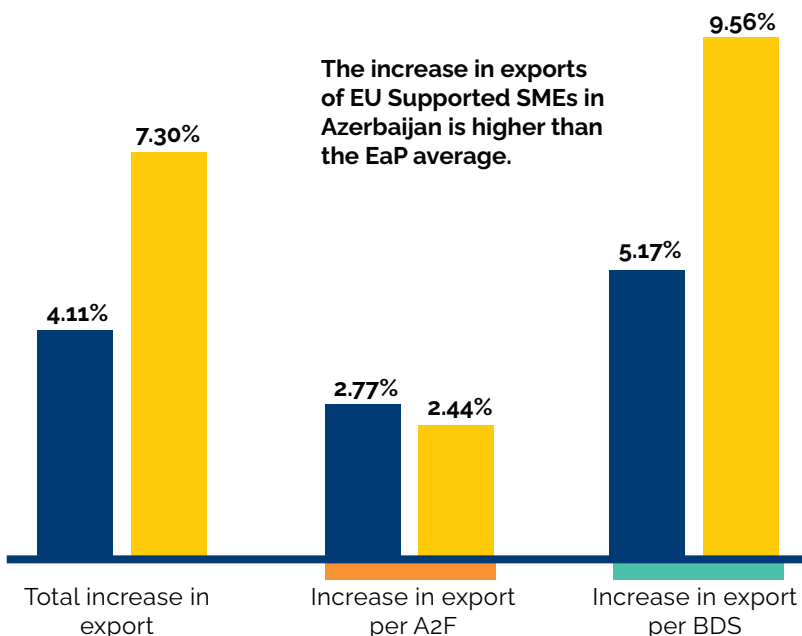


INCREASE IN EXPORTING SMES

The number of EU supported SMEs that started exporting in Azerbaijan in 2020 is lower than the average across the EAP

The number of EU supported SMEs that started exporting in Azerbaijan in 2020 is also down on 2019 (**0.19%** compared to **4.3%**).

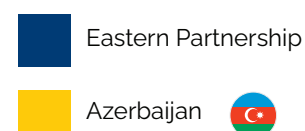
The increase in exports of EU Supported SMEs in Azerbaijan is higher than the EaP average.



INCREASE IN EXPORT

EU Supported SMEs in Azerbaijan did however, increase their exports in 2020, and by more than the regional average.

The growth of exports of EU Supported SMEs in Azerbaijan in 2020 is also higher than in 2019 **7.3%** compared with **3.0%**



SUCCESS STORIES

GURBANALIYEV FAMILY BEEKEEPING CO-OP BRANCHES OUT

Financial literacy training and a grant under the EU4Business initiative and Azerbaijan Micro-finance Association (AMFA) helped Zagatala-based Lala Gurbanaliyeva and her family expand their beekeeping business. They set up the family cooperative and invested funds in purchasing honey extraction equipment. They also bought about 60 new bee colonies, and some protective clothes. Now the family has about 460 bee colonies that produce honey. This allows them to produce enough honey to satisfy customer orders, thanks to the efficiency ensured by the honey extraction equipment.

"I believe the EU support has opened a new page in our lives."

Lala Gurbanaliyeva,
entrepreneur

[Read full story](#)



ACCESS TO FINANCE IN AZERBAIJAN

OVERALL RESULTS OF A2F INTERVENTIONS IN AZERBAIJAN IN 2020 WERE:

compared with 2019

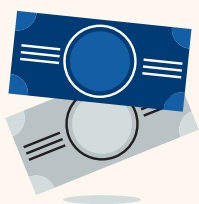


87

SMEs supported with
A2F interventions



-85.9%



€3.18

million
in loans disbursed



+27.2%



117

new jobs generated
at SMEs supported
through A2F



+67.1%

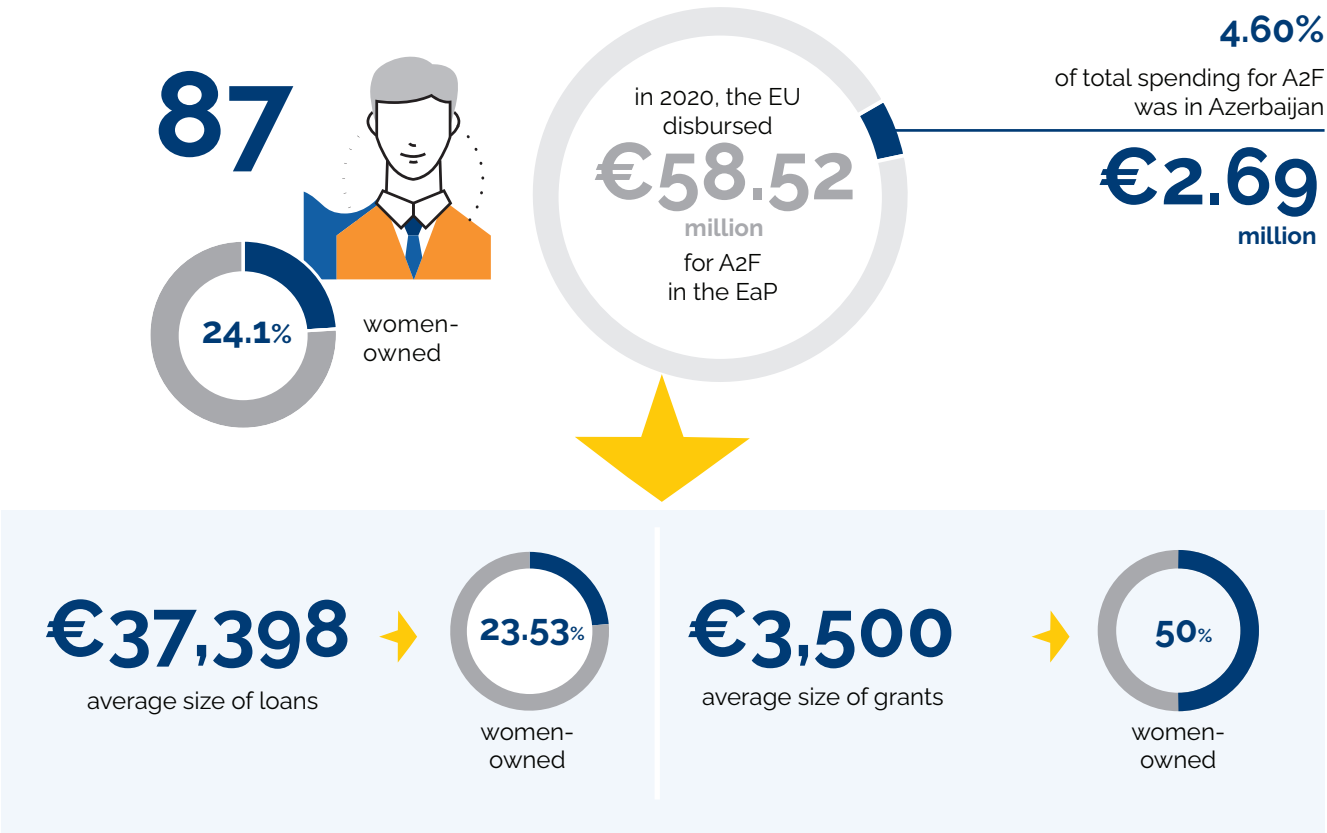
4.57%

increase in income of
supported SMEs



+8.94%

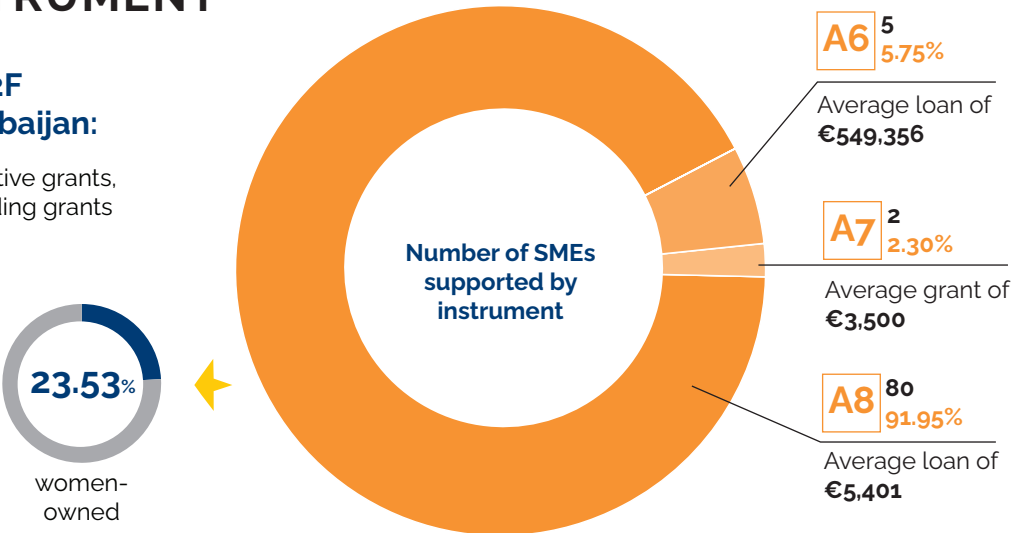
SMES SUPPORTED BY ACCESS TO FINANCE INSTRUMENT



BREAKDOWN OF SMES SUPPORTED PER A2F INSTRUMENT

The EU used four A2F instruments in Azerbaijan:

lending through SME Incentive grants, structured funds and providing grants



A6 SME Incentive Grants (linked to loans)

A7 Grants to SMEs

A6 Structured Funds

OVERALL IMPACT OF A2F IN AZERBAIJAN

	2019	2020
Total Value of loans triggered in Azerbaijan	€2.5 million	€3.18 million
Average total loans triggered across EaP	€83.96 million	€29.17 million
SMEs receiving loans in Azerbaijan	615	85
Average size of loans in Azerbaijan	€4,065	€37,398
PfIs supported	1	6
Total value of Grants disbursed in Azerbaijan	€0	€0.007 million
Average total value of grants disbursed across EaP	€1.73 million	€1.6 million
SMEs receiving grants in Azerbaijan	0	2
Average amount of grant given in Azerbaijan	0	€3,500

RESULTS PER A2F INSTRUMENT

In terms of loans, **5.9%** were disbursed via SME Incentive Grants and **94.1%** were disbursed via Structured funds

	Number of SMEs supported	Income of SMEs	Jobs in SMEs	Jobs generated	Increase in turnover	% of increase in turnover
Total	87	€15,894,479	498	117	€694,129	4.57%
A6 SME Incentive grants	5	€9,906,426	293	68	€471,735	5.00%
A7 Grants to SMEs	2	€21,193	3	0	-€7,102	-25.10%
A8 Structured Funds	80	€5,966,860	202	49	€229,496	4.00%

FROM TREE TO TABLE, AZERI DRIED FRUIT IS A BIG HIT AT HOME AND ABROAD

SUCCESS STORIES

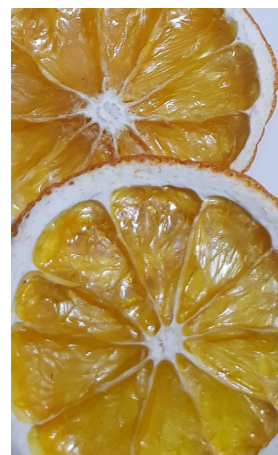
With EU support, Rafael Sulkhayev's family not only managed to open a dried fruit business in 2020, just as the coronavirus pandemic raged, but to even export hundreds of tonnes of its product to both local and foreign markets. After his business idea was approved and he attended a specialized workshop, Sulkhayev and his cooperative's members were given a grant through Azerbaijan Micro-finance Association (AMFA), which helped him to buy the necessary equipment and set up a small enterprise. Last year, Magic Food exported 5,500 t of dried persimmons to Russian markets. Many supermarket chains in Baku also sell the company's products. It took less than a year to implement his concept.



"First of all, this allows villagers to sell their products. When a new enterprise is set up, new jobs appear. New products are made that enter both domestic and foreign markets. And new opportunities for profit appear, too."

Rafael Sulkhayev
Executive director of Magic Food

[Read full story](#)



BUSINESS DEVELOPMENT SERVICES

AZERBAIJAN

OVERALL RESULTS OF BDS INTERVENTIONS IN AZERBAIJAN IN 2020 WERE:

compared with 2019



17,399

SMEs supported through
BDS interventions



+102.7%



1,158

new jobs generated
at SMEs supported
through BDS



-70.0%

13.6%

increase in income at
supported SMEs



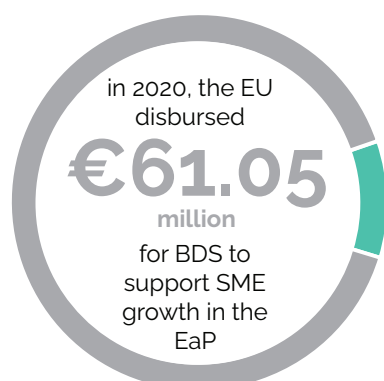
+8.71%

43

BSOs capacitated



35



9.22%

of total spending for BDS
was in Azerbaijan

€5.63
million



down slightly from

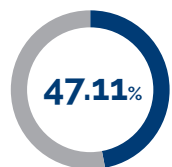
€6.2
million

in 2019

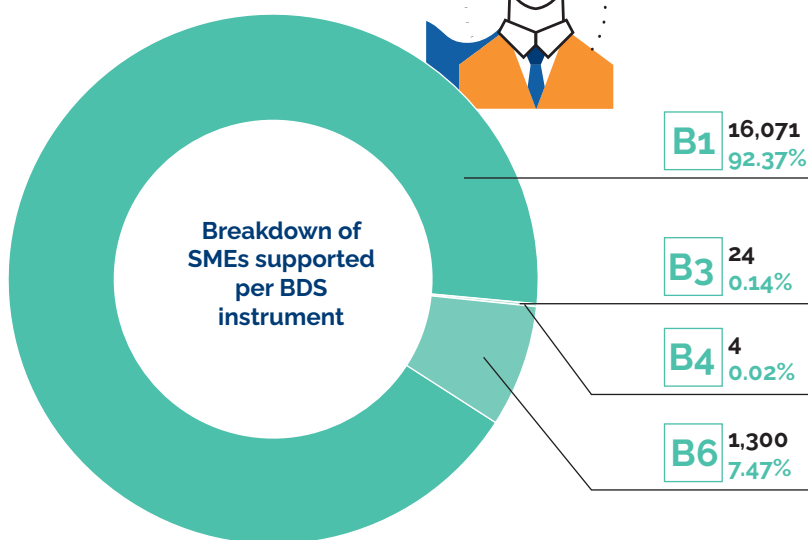
SMES SUPPORTED BY BDS INSTRUMENT

17,399

SMEs benefited in 2020



women-owned



B1 Consultancy Services for SMEs

B3 Incubators

B4 Clusters

B6 B2B Activities

RESULTS BY BDS INSTRUMENTS

	Sustained jobs in Supported SMEs	New jobs created in Supported SMEs	Total incomes of supported SMEs	Income growth	% of increase in turnover
Consultancy services for SMEs	16,205	485	€2,822,948	€30,782	1.10%
Incubators	32	16	€4,116,726	€502,075	13.89%
Clusters	132	7	€5,902,259	€743,622	14.42%
B2B activities	11,542	650	€266,779,746	€32,115,364	13.69%

SUCCESS STORIES

PIZZA MIZZA: WHEN A MARKETING STRATEGY HAS THE “RIGHT STUFF(ING)”

With support from EU4Business and the EBRD, Pizza Mizza, one of the favourite places among pizza lovers in Baku, has boosted both brand awareness and customer loyalty. Experienced consultants helped the company identify an optimal marketing strategy. Offering 24/7 delivery with a contact-free option and diverse discount campaigns allowed Pizza Mizza to keep growing, perfectly demonstrating how a small business can thrive, even in the midst of pandemic, by taking a sensible approach and adapting quickly. As a result of the project, Pizza Mizza's orders increased 30%, turnover jumped 50%, and the company expanded its staff by 82%.



“With ambitious growth plans on the horizon, we are striving to become one of the top pizza restaurant chains in the country and go international, bringing the best home-made pizza recipes to Turkey, Georgia, Ukraine, Kazakhstan, and even the UAE!”

Kamran Mirzayev
Deputy Director of Pizza Mizza

[Read full story](#)

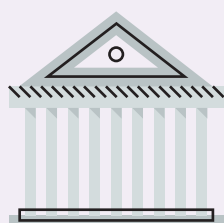


BUSINESS ENABLING ENVIRONMENT

IN AZERBAIJAN

OVERALL RESULTS OF BEE INTERVENTIONS IN AZERBAIJAN IN 2020 WERE:

compared with 2019



51

laws changes



-40.7%

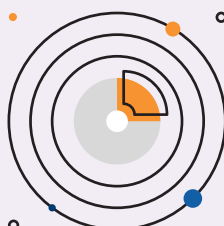


64

Public Private
Dialogue Events



-80.7%



5

regulators/policy makers
strengthened capacity



-94.2%



11.44%

of total spending for BEE was
in Azerbaijan

€2.91
million



up from

€2.7
million

in 2019

RESULTS OF BEE INSTRUMENTS IN AZERBAIJAN

BEE Support instruments used in Azerbaijan in 2020 are:



Changing / improving laws and regulations



Public-private dialogue events



Capacity building among government agencies / regulators

Azerbaijan accounts for a significant amount of the EaP total business enabling environment results

NUMBER OF LAWS / REGULATIONS CHANGED



NUMBER OF PUBLIC PRIVATE DIALOGUE EVENTS



NUMBER OF REGULATORS/GOVERNMENT BENEFITING FROM CAPACITY BUILDING



ANNEX

LIST OF PROJECTS

IN AZERBAIJAN AS OF 2020

Title	Total Budget*	Start date	End date	Type of the Project	Areas of Intervention		
					A2F	BDS	BEE
Support to Transformation and Achievement of Excellence in Pomegranate Value Chain (STEP)	€502,210	01.01.2019	31.12.2023	Bilateral			
Developing innovation-driven and sustainable civil society in Azerbaijan	€3,000,000	01.12.2020	30.11.2023	Bilateral			
"From Kitchen to Business" Food Promotion and Women Empowerment Action	€446,789	01.01.2019	31.12.2022	Bilateral			
Supporting women's entrepreneurship during COVID – 19	€60,000	01.10.2020	30.09.2022	Bilateral			
Azerbaijan Hazelnut and Pomegranate Initiative (AHPI)	€551,223	01.01.2017	30.06.2022	Bilateral			
EU AZE Business Forum 2020-2021	€296,250	25.02.2020	25.02.2022	Bilateral			
Support to Development of a Rural Business Information System	€1,757,500	01.01.2020	31.12.2021	Bilateral			
Strengthening of agricultural advisory services	€1,600,000	01.11.2019	31.12.2021	Bilateral			
Promoting local food production and agri-business owners through advisory services, the creation of new value chain models and agri-tourism development	€569,719	02.12.2019	01.12.2021	Bilateral			
Assistance to farmers to develop the sustainable value chains on soft fruit and vegetable production in the rural regions of Azerbaijan	€423,000	02.12.2019	01.12.2021	Bilateral			
Development of sustainable and inclusive local agri-food systems in north-west region of Azerbaijan	€1,200,000	01.12.2019	30.11.2021	Bilateral			
Support the Government of Azerbaijan in development of export strategy and support in its implementation	€849,950	10.11.2020	28.11.2021	Bilateral			
Support to Azerbaijan Standardization Institute for implementation of the National Plan for harmonizing national standardization system with international requirements	€997,081	27.05.2020	28.11.2021	Bilateral			

* Budgets indicated for regional projects apply for 6 EaP countries

Title	Total Budget*	Start date	End date	Type of the Project	Areas of Intervention		
					A2F	BDS	BEE
Support to the government of Azerbaijan in creating more enabling SME's environment and to enhance their competitiveness	€914,210	27.01.2020	26.11.2021	Bilateral			
Support to the State Statistical Committee and the State Tax Service under the Ministry of Economy to strengthen collection, harmonization, analysis, publishing and dissemination of business statistics	€997,519	04.06.2020	24.11.2021	Bilateral			
Improved Support for Entrepreneurial Development in Rural Areas	€1,734,000	01.05.2019	31.10.2021	Bilateral			
Improved Promotion and Marketing of Traditional Food Products	€1,900,000	01.05.2019	31.10.2021	Bilateral			
Twinning "Support to State Customs Committee of Azerbaijan in accession to the Convention on Common Transit Procedure, Convention on Simplification of Formalities in Trade in Goods and implementation of the New Computerised Transit System"	€1,000,000	01.06.2020	01.09.2021	Bilateral			
COVCHEG: Community-based Value Chain Enhancement in the Greater Caucasus Mountains area in Azerbaijan	€813,106	01.09.2018	31.08.2021	Bilateral			
Promoting Community-based Agritourism as a Rural Regeneration Strategy	€384,437	11.11.2017	10.05.2021	Bilateral			
Entrepreneurship for Youth	€324,000	01.10.2018	31.03.2021	Bilateral			
Accelerating development of sustainable micro-entrepreneurship in rural regions of Azerbaijan (ADSMIRRA)	€418,324	01.09.2018	28.02.2021	Bilateral			
Socio-Economic Empowerment and Development of Small-scale vulnerable rural families in Dashkasan, Goranboy and Samukh rayons of non-Absheron regions of Azerbaijan (SEEDS project)	€927,118	01.01.2018	31.12.2020	Bilateral			
Azerbaijan Agricultural Finance Facility (AzAFF)	€1,677,570	07.09.2015	31.12.2020	Bilateral			
Support to the development of small family businesses in the Sheki-Zagatala Economic Zone through ABAD regional centre in Balakan	€820,000	15.11.2017	14.11.2020	Bilateral			
The agricultural initiatives for market-driven income generation in the Telishli ecomigrant community	€240,527	14.11.2017	13.11.2020	Bilateral			

Title	Total Budget*	Start date	End date	Type of the Project	Areas of Intervention		
					A2F	BDS	BEE
Support to EU-AZ Business Forum	€179,970	31.05.2018	30.05.2020	Bilateral			
Technical assistance project for the implementation of the support to rural and regional development (SRRD) programme in the republic of Azerbaijan	€3,177,400	16.01.2017	15.02.2020	Bilateral			
EU4Business EBRD Credit line (SME Competitiveness Programme in Eastern Partnership)	€65,600,000	19.12.2019	18.12.2026	Regional			
Promoting Green Lending in the Eastern Partnership	€42,855,000	27.04.2020	16.12.2040	Regional			
EU4Business – The EU Local Currency Partnership Initiative: the European Fund for Southeast Europe (EFSE)	€50,320,000	20.12.2018	20.06.2039	Regional			
Finance and technology transfer centre for climate change (FINTECC) – Eu4Climate window	€15,400,000	16.06.2020	31.12.2027	Regional			
Eastern Partnership Trade Helpdesk	€3,700,000	01.01.2020	31.01.2024	Regional			
Structural Reform Facility: World Bank component	€1,500,000	14.09.2018	30.05.2023	Regional			
Women in Business	€5,035,000	29.12.2015	28.12.2022	Regional			
EU4BUSINESS: Connecting Companies	€6,498,205	01.01.2020	31.01.2022	Regional			
EU-EBRD Country-specific Investment Climate Reviews and Action Plans for Eastern partnership (EaP) countries.	€2,000,000	16.08.2018	22.04.2021	Regional			
Mayors for Economic Growth	€4,979,800	01.01.2017	31.12.2020	Regional			
Mayors for Economic Growth 2 TA	€10,000,000	01.01.2017	31.12.2020	Regional			
WBG technical support to the implementation of the Mayors for Economic Growth initiative	€500,000	03.10.2016	16.12.2020	Regional			
Supporting regulatory framework for improving the business environment	€289,999	10.06.2019	09.09.2020	Regional			
EU4Business: From Policies to Action	€4,000,000	08.12.2017	31.08.2020	Regional			
Eastern Partnership: Ready to Trade – an EU4Business initiative	€6,000,000	01.09.2017	31.08.2020	Regional			

