

Small and Medium Business Development Agency of the Republic of Azerbaijan

OPPORTUNITIES for SME COOPERATION IN AZERBAIJAN

Small and Medium Business Development Agency of

the Republic of Azerbaijan (KOBİA)

MAJOR ACTIVITIES OF KOBÍA



Strategic
Vision

SMEs are becoming a leading force in the diversification and development of the Azerbaijan economy

Main Strategic Goals

Micro, Small and Medium business shares in the Economy						
In Gross Domestic Product		Employment		Non-oil	export	
2020	2025+	2020	2025+	2020	2025+	
23.7%	60%	43.8%	70%	25.5%	40%	

Doing Business Index

SME Policy Index

ACTIVITY DIRECTIONS

Ensuring a
favorable
business
environment and
protection of SMB
interests

Expanding of SMB access to knowledge, skills and innovations

Expanding of SMB access to financial resources

Expanding of SMB access to markets

Facilitating of SMB access to government and business services ("G2B" and "B2B")

CORPORATE VALUES

Trust

Integrity

Inclusivity

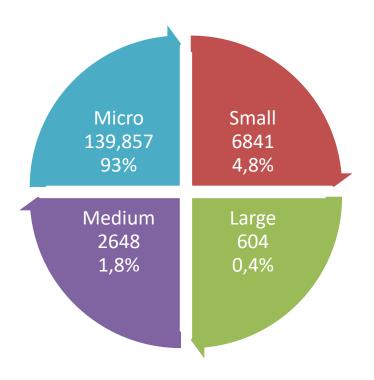
Entrepreneurship

Development

SME STATISTICS (As of 01.01.2022)



Indicators of legal entities by criteria



Division by areas of activity:

Micro

- Trade 32,7%
- Other services 15,1%
- Construction 10,3%
- Agriculture 7,8%

Small

- Trade 24,9%
- Construction 16,9%
- Processing 10,1%
- Vocational 6,4%

Medium

- Trade 17,6%
- Processing 16,6%
- Construction 12,2%
- Logistics 8,7%

Number of individual entrepreneurs - 1.168.921

IMPROVING BUSINESS ENVIRONMENT (EU BUSINESS CLIMATE SURVEY 2021)



FIGURE 2.1 Views of European companies on ongoing local reform and recently established bodies



KOBİA has been recognised among the best top 5 reformist authorities in "EU Business Climate Report Azerbaijan 2021".

The "EU Business Climate Report Azerbaijan 2021" represents the views of representatives from 24 countries in total, including 20 EU member states, 2 EFTA countries, the UK, and Azerbaijan. Over 90% of the companies that participated the survey are SMEs. The majority of entities are operating in Azerbaijan limited as liability (LLC) (58%)companies or representative offices (31%) and are being present in the country for over 5 years (77%).

IMPROVING SERVICE INFRASTRUCTURE FOR SMES - SME HOUSES



SCOPE OF PROCESSES

Plan a business



- Business plan drafting
- Preparation of business plan
- Work with startups
- Increase of skills
- Incubation

Start a business



- Registration
- Licenses and permits
- Seals
- Banking-insurance

Run a business



- Preparation of reports
- Logistics
- Contracts
- Translation
- Bank services

Develop a business



- Getting loans
- Export promotion
- Investment promotion
- Domestic market research

SME Houses

Are one-stop-shops to provide businesses with

G2B and **B2B** services

in operative, transparent and comfort manner.

IMPROVING SERVICE INFRASTRUCTURE FOR SMES - SME HOUSES 2022 (January-August)

Khachmaz SME House

Area: 2467 km²

Yevlakh SME House

Area: 6096 km²



"G2B"

Khachmaz

9

Government bodies

15

Service desks

More than

170

Services

Yevlakh

9

Government bodies

12

Service desks

More

than 150 Services

OCI VI



"B2B"



Khachmaz

8

Private bodies

8

Service desks

More than

70

Services

Yevlakh

7

Private bodies

7

Service desks

More than

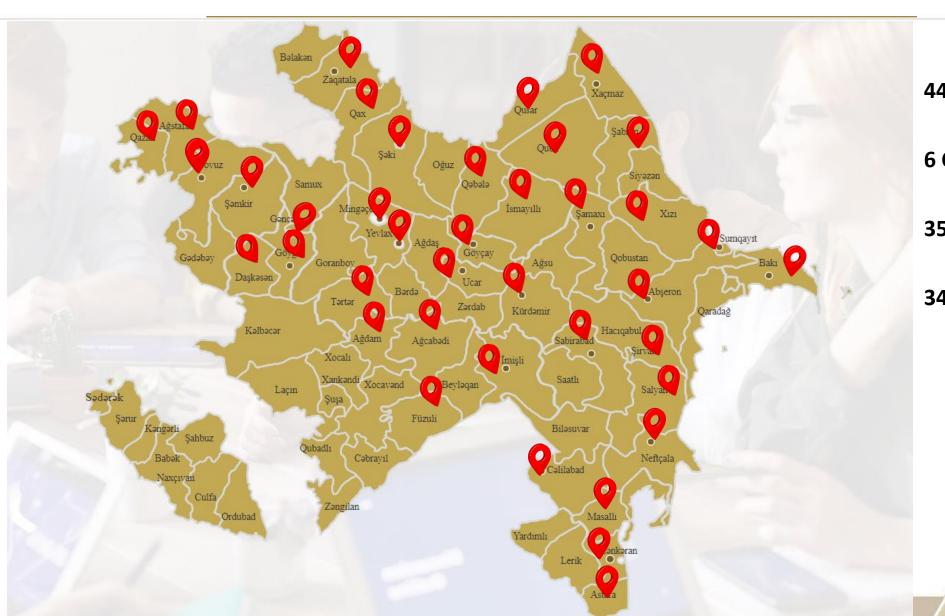
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Services



IMPROVING SERVICE INFRASTRUCTURE FOR SMES – SMB FRIENDS NETWORK





44 SME Friends

6 Coordinators

35 Offices

34 Cities and regions

DEVELOPMENT OF KNOWLEDGE AND SKILLS – SME DEVELOPMENT CENTERS (21)



2021

1600 trainings



17000 hours of consulting services



Support for the creation of 76 new SME entities



More than 23,000 SMEs, startaps and new businesses benefited

More than 250 business plans developed.

2022 (6 months)

Over 6000 participants



Over 400 trainings



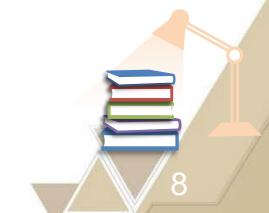
Support for the creation of 22 new SME entities



More than 1000 SMEs, startaps and new businesses benefited

More than 170 business plans developed.

Individual development platform - www.kobim.az



SME SUPPORT MECHANISMS



Decree of the Cabinet of Ministers No. 20 dated 01/29/2021, the support mechanism is implemented by the Agency in accordance with the "Startup Definition Criteria"



Decree of the Cabinet of Ministers No. 364 of September 30, 2020, On Approval of the "Rules for Financing Education, Science, Research and Support of Projects Related to the Development of Micro, Small and Medium Business".



Decree of the President
of the Republic of
Azerbaijan dated
December 1, 2021, On
approval
"Procedure for
supporting the
expansion of sales of
micro and small
business products in
retail chains".



Decree of the President of the Republic of Azerbaijan No. 713 dated May 29, 2019On the approval of the "Rules for state support of internal market research in order to stimulate competitive products of micro, small and medium-sized businesses."



SME SUPPORT MECHANISMS – PUBLIC COUNCIL





- Established under KOBİA in 2018
- Number of members 15
- Profile of members Business associations and NGOs
- Selections once in a year
- Gatherings more than 20 (with participation of related government bodies, ministries, etc.)
- Topics covered:
- ☐ Tourism
 - **1** Education
- Healthcare
- Advertisement
- Construction
- Jewellery
- □ Food processing and catering
- Women's entrepreneurship
- Creative industry
- Youth entrepreneurship

SME SUPPORT MECHANISMS – SMB DEVELOPMENT FUND





Operational form – OJSC

Authorized capital sources:

- state budget
- inputs by local and foreign investors

Forms of support to MSMEs:

- investments
- grants
- technical assistance

SME SUPPORT MECHANISMS – PPP DEVELOPMENT CENTER





BENEFITS

INVESTOR

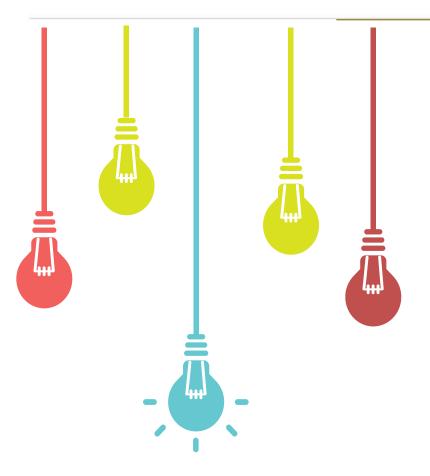
STATE

- Attraction of local and foreign investors;
- Identifying social-infrastructure projects;
- Optimization of investment expenses in state budget;
- Upgrade of infrastructure with private sector;
- Increase of quality in managing state or public services;
- Mutual experience exchange by PPPDC stakeholders;
- Sharing risks with private sector.

- Long-term investments with return period;
- Establishment of trusted partnership;
- Implementation of projects with government involvement;
- State guarantee;
- Sharing risks with government;
- Exemption from state fees;
- Positive impact on investor's image;
- Enhance private sector's participation in economy and administration.

SME SUPPORT MECHANISMS





KOBIA has supported investments in the regions



Establishment and expansion of the tobacco enterprise



Creation of a new tourist complex



Production of lavender tea



15 business facilities - village guest house



Support at local and foreign exhibitions



Social entrepreneurship projects

KOBİA'S ACTIVITIES IN LIBERATED AREAS DURING AND AFTER KARABAKH WAR





Around 1300 applications



Organization of entrepreneurial activity, support for attracting local and foreign investments.



Support for social entrepreneurship initiatives.



Support for business access to public services, training and consulting services, concessional financial resources.



INVESTMENT POTENTIAL OF LIBERATED AREAS



Mineral deposits: facing and construction stone,

lime, clay, freshwater, gold, polymetal, mercury, sawdust,

colored stone, etc.

Economic areas: Cultural, health, recreation and

ecotourism, agriculture, heavy, food,

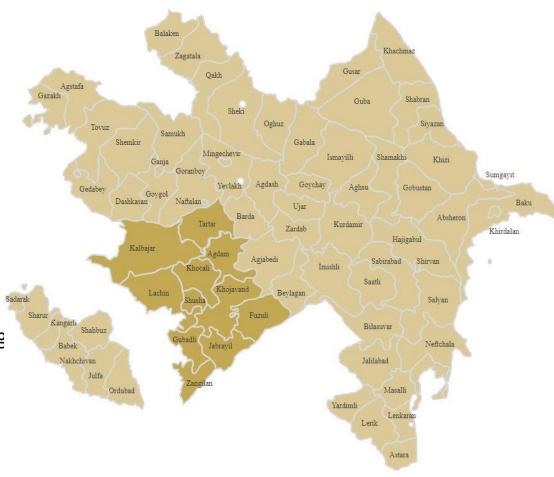
light industries, production of

construction materials, horticulture,

carpet weaving, etc.

Major agricultural activities:

Animal husbandry, vegetable growing and gardening, cocoons, cattle breeding, sheep breeding, poultry, potatoes, fruit and grain growing, viticulture, beekeeping, etc.



INTERNATIONAL COOPERATION GEOGRAPHY





Bilateral cooperation with foreign counterparts

Turkey Switzerland South Korea Israel
UAE Poland Russia Kazakhstan
Qatar Ukraine Singapore
Italy Uzbekistan Saudi Arabia

UkraineGeorgiaIraqHungaryPakistanUSA

Cooperation with international institutions

Asian Development Bank UN **KOICA JICA European Union UNDP EBRD** Islamic Development Bank OECD IFC **ICYF** GIZ **USAID KPMG PWC AMCHAM Italy-Azerbaijan Chamber Ernst & Young** AHK of Commerce **Deloitte USACC**



THANK YOU!

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