

MICRO-ENTERPRISE SUPPORT PROJECT

Progress Report for Year 3

May 1, 2014 – April 30, 2015



**Picture Caption: “Development of Entrepreneurship in Azerbaijan” conference, May 1, 2014,
Hilton Hotel, Baku**

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MICRO-ENTERPRISE SUPPORT PROJECT (MESP)

DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the United States Government.

ACRONYMS

USAID	United States Agency for International Development
MESP	Micro Enterprise Support Project
EDF	Entrepreneurship Development Foundation
ERC	Economic Research Center
SEI	Support to Economic Initiatives
SMEDS	Small and Medium Enterprise Development Support
BF	Bridge to Future
WCA	World Carpet Association
TA	Transparency Azerbaijan
MSE	Micro Small Enterprise
WTO	World Trade Organization
M&E	Monitoring and Evaluation
NGO	Non Governmental Organization
GEW	Global Entrepreneurship Week

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1. Project Overview

EDF is pleased to present the **Micro-Enterprise Support Project (MESP)** Annual Report Year 3 in accordance with **USAID Cooperative Agreement Number: AID-112-A-12-00001**. This report Project activities completed during May 1, 2014 – April 30, 2015.

The MESP began operations in May 2012 and mostly builds on the work of institutional Development of EDF, preparing detailed working plans for first and second years, development and signing agreements with five project partners: Economic Research Center, Support for Economic Initiatives Public Union, Small and Medium Enterprise Development Support Center, Bridge to the Future Youth Public Union (Ganja city), and World of Carpet Association (Guba city). Program activities SMEs launched in February 2013.

The MESP objectives are:

- improved dialogue and interaction between the state and civil society on the issues of the development of micro and small businesses in the country;
- improved legislative and institutional framework for MSE enabling environment;
- practical assistance to micro and small businesses, in particular for women family business to improve their viability and successful development is provided.

Formally, the Project is divided into the seven interconnected and interdependent components:

- 1) Study of the problems of MSE and policy recommendations;
- 2) Legislative framework on business enabling environment;
- 3) Institutional framework on business enabling environment;
- 4) Mechanism of the protection of MSE from bureaucratic arbitrariness;
- 5) Increased competitiveness and efficiency of MSE;
- 6) Enhanced women's family business;
- 7) Access to financial sources for MSE.

In the reporting year, a number of activities have been performed the components: 1, 2, 4, 5, 6 and 7. Completed work on these components are described in this report.

During the third year total spent \$230,047.

2. An executive summary

This report describes the work carried out in the reporting year, within the framework of MESP. Description of work linked to the indicators described in M & E (Annex #1):

- *Number of people reached by the Program's messages on problems faced by MSE;*
- *Number of businessmen involved to study of problems faced MSE;*
- *Number of government representatives participated at program related discussions at round tables;*
- *Number of Policy Recommendations;*
- *Number of Round Table Discussions, Conferences, Business Forums on MSE;*
- *Number of Survey among 1000 micro and small enterprises;*
- *Number of Focus Groups Group aims to identify sectoral problems faced by MSE;*
- *Number of Deep Interviews with business leaders;*
- *Number of Articles;*
- *Number of Brochures;*
- *Number of draft of new Law;*
- *Number of MSE area covered by Registry of administrative barriers;*
- *Number of analyzed laws;*
- *Number of virtual education pages for businessmen at EDF Website.*

During the year, a significant work, the result of which can be recognized by the following achievements:

- Developed a variety of sets of recommendations for the government to improve the business climate in the country and the development of entrepreneurship (the list of Policy Recommendations in paragraph 3.4) ;
- MESP project became more known in the circles of all stakeholders in the development of micro and small enterprises;
- A coalition of NGOs, is implementing the project, has become very known among all stakeholders in the development of micro and small enterprises in Azerbaijan, as a new civil institution, contributing to improve the business climate in the country and the development of micro and small businesses;

- In the community began to circulate more information about the problems of micro and small businesses, and ways to resolve them;
- Help the United States Government for the development of micro and small enterprises in Azerbaijan has become more apparent and clear to society, and other stakeholders.

3. Activities

3.1. Component 1. Study of the problems of MSE and policy recommendations

3.1.1. Advocacy of recommendations on developing entrepreneurship in Azerbaijan

On May 1, 2014 was conducted the conference DEVELOPING ENTREPRENEURSHIP IN AZERBAIJAN. At the event were discussed the current situation of the entrepreneurship in Azerbaijan and recommendations on:

- Simplification of e-registration of businesses;
- Reducing the number of procedures and time for the dealing with construction permits;
- Reducing the number of procedures, time and cost for the getting electricity;
- Reducing the number of procedures, time and cost for the registration of rights to real estate;
- Improving the performance of institutions lending business;
- Improving corporate governance and investor protection;
- Reducing the number of documents required at the time of import and export of goods;
- Improving of the law of bankruptcy.

Among attendees were members of parliament, representatives of government agencies, public unions, international organizations, embassies, think tanks and universities.

Agenda and Press release can be found in Annexes 2 and 3.



More information about conference can be found here:

http://edf.az/ts_general/eng/ksid/events/events_2014/event-8.htm

The Package of Proposals was sent to the President of Azerbaijan and to the Ministry of Economy and Industry.

The Package of Proposals can be found here:

http://edf.az/ts_general/eng/ksid/recommendations/proposals_2014-1eng.pdf

17 May 2014 at Internet newspaper "Media Forum" was published article: "Kiçik sahibkarlığın böyük problemləri":

http://www.mediaforum.az/az/2014/05/17/Ki%C3%A7ik-sahibkarl%C4%B1%C4%9F%C4%B1n-b%C3%B6y%C3%BCk-probleml%C9%99ri-075604371c06.html#.U3jL4tJ_vTo

23 May 2014 at Internet newspaper "Media Forum" was published article: "Bankların sahibkar qorxusu: ekspert variantlar təklif edir":

<http://www.mediaforum.az/az/2014/05/23/Banklar%C4%B1n-sahibkar-qorxusu-ekspert-variantlar-040742383c00.html#.U3-b4PmSyOW>

3.1.2. Advocacy of recommendations on improvement the situation with labor agreements

On June 24, 2014 round table discussion on topic of “The problems of implementing labour contracts and the ways to resolve them” was conducted by SEI. Representatives of State Social Fund and several companies as well as independent experts and scholars participated at the discussion.

Agenda of Round Table is in Annex 4.



More information about conference can be found here:

http://edf.az/ts_general/azl/ksid/tedbir/tedbir_2014/tedbir-9.htm

9 June 2014 at Internet newspaper "Media Forum" was published article: “Əmək müqaviləsi: yolu nə bağlayır?”:

http://edf.az/ts_general/azl/ksid/media/2014/media-18.htm

9 June 2014 at website www.contact.az was published article: “Əmək müqaviləsi: yolu nə bağlayır?”:

<http://contact.az/docs/2014/Want%20to%20Say/060900080969az.htm#.U5gkKvmSyOW>

17 June 2014 at Internet newspaper "Media Forum" was published article: “Sığortanı kimə yükləməli?”:

http://www.mediaforum.az/az/2014/06/17/S%C4%B1%C4%9Fortan%C4%B1-kim%C9%99-y%C3%BCKl%C9%99m%C9%99li-013210342c09.html#.U6A9U_mSyOX

20 June 2014 at Internet newspaper "Media Forum" was published article: “Elektronlaşan əmək müqaviləsi nəyi dəyişəcək?”:

<http://www.mediaforum.az/az/2014/06/20/Elektronla%C5%9Fan-%C9%99m%C9%99k-m%C3%BCqavil%C9%99si-n%C9%99yi-d%C9%99yi%C5%9F%C9%99c%C9%99k-115705587c08.html#.U6cwqfmSxHu>

3.1.3. Analysis of possibilities to improving access to finance

In the reporting period, the following studies were conducted:

- The situation and problems of access to financial resources for SMEs;
- Legislation to ensure the availability of financial resources for SMEs;
- State financial support for projects of SMEs;
- Foreign experience (EU countries, USA, Canada, Turkey, South Korea and CIS);
- The policy support for MSEs in world countries;
- The policy support for women entrepreneurship in world countries;
- The policy support for agriculture in Azerbaijan;
- Leasing for agriculture;
- Concessional loans for agriculture.

More information on results of research can be found here:

http://edf.az/ts_general/azl/ksid/index.htm

The results of studies on microfinancing of SMEs in Azerbaijan were presented at an international Workshop on “Microfinance for SMEs”, organized by ORGANIZATION OF THE BLACK SEA ECONOMIC COOPERATION (BSEC) and KONRAD-ADENAUER-STIFTUNG (KAS), on November 12 – 15, 2014 in Bucharest. More information on results of research can be found here:

<http://www.kas.de/tuerkei/en/publications/41327/>

3.1.4. Advocacy of recommendations on tax patent system

16 September 2014 at Internet newspaper "Media Forum" was published article: “Sadələşdirilmiş vergi daha da sadələşə bilər”.

<http://www.mediaforum.az/az/2014/09/16/Sad%C9%99l%C9%99%C5%9Fdirilm%C5%9F-vergi-daha-da-sad%C9%99l%C9%99%C5%9F%C9%99-bil%C9%99r-014950839c06.html#.VBgKrvmsyOW>

3.1.5. Increasing awareness of how to start a business and resolving operation problems of the micro and small business in various sectors. The series of brochures were prepared and published

In the reporting period, these brochures (Guides) were prepared, published and available on the website of EDF:

- on greenhouse business;
- on franchising;
- on fashion houses;
- on Azerbaijan accession WTO;
- on car repair business.

More information on brochures (Guides) can be found here:

http://edf.az/ts_general/azl/ksid/neshrler/neshrler.htm

3.1.6. Conducting research on situation and prospective of franchising business in Azerbaijan

On October 1, 2014 the round table discussion was held on situation with franchising and the prospective for developing it. Two separate presentations were made by Elnur Islamov, President of Business Group Consulting Company and Rashad Aliyev, Legal Consultant of AFC Center. They gave analysis of the current situation and offered suggestions. Guests consisting of various think-tanks, business associations, local and international organizations as well as local entrepreneurs shared their views on the topic.



More information on round table can be found here:

http://edf.az/ts_general/azl/ksid/tedbir/tedbir_2014/tedbir-12.htm

3.1.7. Conducting research on situation and prospective of greenhouses business in Azerbaijan

On November 5 2014, the Round Table on the theme of “Identifying administrative barriers faced by small business owners engaged in the production in greenhouses” was held. Two separate presentations were made by Mr. Vahid Maharramov – the Head of the Department of Agrarian Issues of ERC on the theme of “Identifying administrative barriers faced by small business owners engaged in the production in greenhouses” and by Mr. Galib Togrul – expert on the theme of “Legislative requirements relating to the organization and activities of greenhouses: findings and recommendations”. They informed about international experience regarding greenhouse business. Representatives of the private sector, lawyers and experts attended the round table.



More information on round table can be found here:

http://edf.az/ts_general/azl/ksid/tedbir/tedbir_2014/tedbir-14.htm

3.1.8. Conducting research on situation and prospective of industrial parks in Azerbaijan

On January 15, 2015, the Round Table on the theme of “Role of industrial parks in the development of entrepreneurship” was held.

Presentation was made by Mr. Arif Najimov - Expert of Support for Economic Initiatives Public Union on the theme of the “Role of industrial parks in the development of entrepreneurship”. He talked about privileges for

technoparks and noted that technoparks get tax privileges, such as tax exemption (except income tax).

Entrepreneurs, representatives of various companies, university representatives and experts attended the round table.



More information on round table can be found here:

http://edf.az/ts_general/azl/ksid/tedbir/tedbir_2015/tedbir-1.htm

3.1.8. Presentation of the MESP website www.sahibkarol.biz

The presentation of MESP website www.sahibkarol.biz was held in Khazar University on December 24, 2014.

Mr. Sabit Bagirov – President of EDF informed students about the opportunities of the website for people who want to launch their business. There are many useful materials available on the website for entrepreneurs. He showed sections of the website and explained how to benefit from this source. Business cards and materials about the website were distributed among participants of the presentation.



3.1.9. Creation of Internet TV “Economic Forum”

During reporting period at the office of EDF was created Internet TV studio. Between February and March 2015 have been prepared and held 10 round tables. Internet TV programs are dedicated to various topics and held with the participation of known experts:

February 28, 2015

Topic: Why did manat go down? Expert Opinion (Part I).

Participants: Mr. Gubad Ibadoglu, Mr. Fuad Ibrahimov

https://www.youtube.com/watch?v=4UZ_cUcOpMo&list=UU0cgHFUzUzcwmSVKMTyo9Pg

Topic: Why did manat go down? Expert Opinion (Part II).

Participants: Mr. Gubad Ibadoglu, Mr. Fuad Ibrahimov

https://www.youtube.com/watch?v=XpCoUMoMckE&index=2&list=PLk5558GGDuW88vTrkkPuirm4ed3aj_FvX

March 07, 2015

Topic: Impact of oil and oil revenues on our economy.

Participants: Dr. Azer Mehtiyev - Head of the Support for Economic Initiatives Public Union and Mr. Ilham Shaban - Head of the Institute of Petroleum Studies, talking about the decline in oil prices and its impact on the economy of Azerbaijan and entrepreneurship

https://www.youtube.com/watch?v=IO6Osd8ahsM&index=3&list=PLk5558GGDuW88vTrkkPuirm4ed3aj_FvX

March 14, 2015

Topic: Access to financial resources for small and medium-sized enterprises (SMEs) in Azerbaijan.

Participants: Mr. Rovshan Aghayev, expert of the Support for Economic Initiatives and Mr. Samir Aliyev, expert of the Support for Economic Initiatives

<https://www.youtube.com/watch?v=y3uii5mkgF0>

March 15, 2015

Topic: Again about the devaluation of Azerbaijani manat.

Participant: Mr. Nazim Mammadov - former MP, economist. Talking about the devaluation of Azerbaijani manat and economic reforms

<https://www.youtube.com/watch?v=cexPaZAuQYk>

March 18, 2015

Topic: What does the devaluation of Azerbaijani manat promise to the entrepreneurship in the agrarian sector?

Participants: Mr. Vahid Maharramov, expert of the Support for Economic Initiatives and Mr. Rashad Hasanov, expert of Center for Economic and Social Development

https://www.youtube.com/watch?v=mL_gFQcwyF4

March 28, 2015

Topic: Greenhouse business in Azerbaijan.

Participants: Mr. Galib Togrul, Head of the Economic Research Center and Mr. Vahid Maharramov, expert of the Economic Research Center

https://www.youtube.com/watch?v=LcaQ1MIOns8&list=PLk5558GGDuW88vTrkkPuirm4ed3aj_FvX&index=1

March 28, 2015

Topic: Agrarian sector in Azerbaijan.

Participants: Mr. Mahammad Talibli, professor of State Economic University and Mr. Vahid Maharramov, expert of the Economic Research Center

<https://www.youtube.com/watch?v=ndE59tO14O0>

March 29, 2015

Topic: Membership of Azerbaijan to WTO

Participants: Vugar Bayramov, Head of Center for Economic and Social Development və Elkhən Mikayilov, expert on WTO.

<https://www.youtube.com/watch?v=L8zy8pIuUrg>

April 12, 2015

Topic: The securities market in Azerbaijan.

Participants: Jafar Ibrahimov, director of “Texnika Kapital Menecment” Ltd. (050-610-86-35,), Hafiz Babali, journalist, expert and investor of securities market.

<https://www.youtube.com/watch?v=HUB2BfvVPyA&feature=youtu.be>

April 12, 2015

Topic: Real Estate Market of Azerbaijan.

Participants: Ramil Osmanli, Head of the Estate Center, Rashad Aliyev, director of Value & Sources company

<https://www.youtube.com/watch?v=Q5Smw328UpQ&feature=youtu.be>

3.1.10. Conducting research on situation with protection of the rights of entrepreneurs in courts

On February 18, 2015, the Round Table on the theme of “Protection of the rights of entrepreneurs in courts” was held. The presentation was made by the expert - Mr. Abil Bayramov. Mr. Abil Bayramov presented the results of the monitoring held in 2014 on “Protection of the rights of entrepreneurs in courts”. Entrepreneurs, lawyers, representatives of various companies and public unions and experts attended the round table.



More information on the round table can be found here:

http://edf.az/ts_general/eng/ksid/events/events_2015/event-2.htm

3.1.11. Conducting research on situation access to financial resources

On March 12, 2015, the Round Table on the theme of "Ways to improve access to financial resources" was held. Two presentations were made by experts - Mr. Rovshan Agayev and Mr. Samir Aliyev. Mr. Rovshan Agayev informed roundtable participants about support mechanisms for small business loans for SMEs and risk factors.

Mr. Samir Aliyev made a presentation on the theme of "Increase access to finance for small and medium-sized enterprises in Azerbaijan".

Entrepreneurs, representatives of various companies and public unions and experts attended the round table.



More information on the round table can be found here:

http://edf.az/ts_general/eng/ksid/events/events_2015/event-3.htm

17 May 2014 at Internet newspaper "Media Forum" was published article: "Kiçik sahibkarlığın böyük problemləri":

http://www.mediaforum.az/az/2014/05/17/Ki%C3%A7ik-sahibkarl%C4%B1%C4%9F%C4%B1n-b%C3%B6y%C3%BCk-probleml%C9%99ri-075604371c06.html#.U3jL4tJ_vTo

23 May 2014 at Internet newspaper "Media Forum" was published article: "Bankların sahibkar qorxusu: ekspert variantlar təklif edir":

<http://www.mediaforum.az/az/2014/05/23/Banklar%C4%B1n-sahibkar-qorxusu-ekspert-variantlar-040742383c00.html#.U3-b4PmSyOW>

On April 3, 2015, the article was published at Internet newspaper "Contact":
“[Kıçık sahibkarlıq kreditlərinə təminat mexanizmləri: beynəlxalq təcrübə nə deyir?](http://contact.az/docs/2015/Want%20to%20Say/040300111561az.htm#.VTYxl9Kqqkq)” (Support mechanisms for small business loans: what does the international experience say?)

<http://contact.az/docs/2015/Want%20to%20Say/040300111561az.htm#.VTYxl9Kqqkq>

On April 8, 2015, the article was published at Internet newspaper "Contact":
“[Sahibkar niyə kapital bazarına müraciət etmir?](http://contact.az/docs/2015/Want%20to%20Say/040800112005az.htm#.VTYwENKqqkq)”. (“Why entrepreneurs do not address to capital markets?”)

<http://contact.az/docs/2015/Want%20to%20Say/040800112005az.htm#.VTYwENKqqkq>

3.2. Component 2. Legislative framework on business enabling environment

3.2.1. Development of mechanisms of enhancing public-private partnership

8 May 2014 at Internet newspaper "Media Forum" was published article: “Dövlət - biznes, yoxsa dövlətin biznesi?”:

http://www.mediaforum.az/az/2014/05/08/D%C3%B6vl%C9%99t-biznes-yoxsa-d%C3%B6vl%C9%99tin-biznesi-034745665c06.html#.U2uVj_mSyOU

8 May 2014 at Internet newspaper "525" was published article: “Dövlət-biznes əməkdaşlığı: əlavə sərmayə və keyfiyyətli xidmət”:

http://525.az/site/?name=xeber&news_id=18459

3.2.2. Preparing the recommendations on improving Legislative framework on business enabling environment

On October 15, 2014 the round table discussion was held on situation with adopting the Code on Competitiveness by the parliament. The presentation was made by Eldar Gocayev, professor of Baku State University. He gave analysis of the current situation and offered suggestions. Guests consisting of various think-tanks, business associations, local and international organizations as well as local entrepreneurs shared their views on the topic.



More information on round table can be found here:

http://edf.az/ts_general/azl/ksid/tedbir/tedbir_2014/tedbir-13.htm

On December 12, 2014, the article was published at Internet newspaper "Media Forum": "Rəqabətsizlik" (The article was on competition and Competition Law)

http://edf.az/ts_general/azl/ksid/media/2014/media-24.htm

3.2.3. Conducting research and preparing recommendations on credit guarantee funds

On March 12, 2015, the importance of creation of credit guarantee funds and its legislative basis in Azerbaijan was discussed in the Round Table. It was stressed that it is very necessary for business enabling environment for SMEs. International experience in this sphere was reviewed. Presentations was made by Mr. Rovshan Agayev.

More information on the round table can be found here:

http://edf.az/ts_general/eng/ksid/events/events_2015/event-3.htm

On April 3, 2015, the article was published at Internet newspaper "Contact": "Kiçik sahibkarlıq kreditlərinə təminat mexanizmləri: beynəlxalq təcrübə nə deyir?" (Support mechanisms for small business loans: what does the international experience say?)

<http://contact.az/docs/2015/Want%20to%20Say/040300111561az.htm#.VTYxl9Kqkq>

3.4. Component 4. Mechanism of the protection of MSE from bureaucratic arbitrariness

3.4.1. Protection of the businesses from unfair courts

During the reporting period was began monitoring trials on businessmen cases. Monitoring has the following objectives:

- Identification of problems related to the enforcement of judicial examination of cases of small and medium-sized businesses;
- Classification of businessmen's cases;
- The effectiveness of enforcement in court proceedings;
- Exploring the views of businessmen about their confidence in the courts;
- Explore the possibility of resolving disputes before the court.

On the results of these studies the recommendations were prepared. For more information:

http://edf.az/ts_general/azl/ksid/index.htm

http://edf.az/ts_general/eng/ksid/events/events_2015/event-2.htm

3.5. Component 5. Increasing the competitiveness of MSE

3.5.1. Developing of Virtual education center at EDF website www.sahibkarol.biz. Producing of video clips

During reporting period, five video clips were produced for Virtual Education Center at the website www.sahibkarol.biz :

- On establishing Limited company;
- On paying taxes;
- On sales operations;
- On managing of debts;
- On cash flow.

3.5.2. Discussion on topic of “Improving of export-import operations”

11 July, 2014 round table discussion on topic of “Improving of export-import operations” was conducted by ERC. Representatives of government and several companies as well as independent experts and scholars participated at the

discussion. Presentation was made by Gubad Bayramov, expert of Economic Research Center.



More information about conference can be found here:

http://edf.az/ts_general/azl/ksid/tedbir/tedbir_2014/tedbir-11.htm

3.5.3. Developing of Virtual education center at EDF website www.sahibkarol.biz.

During the reporting quarter, two new sections were created on the website:

- Government support;
- Catalogs.

3.5.4. Increasing the competitiveness of agrarian sector.

During the reporting quarter, three researches were conducted:

- On leasing for agriculture;
- On concessional loans for agriculture;
- On SME in agrarian sector.

The results were presented at International workshop in Chisinau:

http://edf.az/ts_general/azl/ksid/teqdimatlar/agribusiness_smes_and_small_farms_in_azerbaijan.pdf

3.6. Component 6. Enhanced women's family business

3.6.1. Conduct the survey of 2000 households to identify the level of women business activity and possibilities to increase this level

2 July, 2014 the results of face to face interviews among 2000 (two thousand) households at the territory of the Republic of Azerbaijan were presented at the round table.



More information about conference can be found here:

http://edf.az/ts_general/azl/ksid/tedbir/tedbir_2014/tedbir-10.htm

3.6.2. Develop a package of policy recommendations on stimulation of women family business

During the reporting quarter began preparing a package of recommendations for the development of women's business in the country.

3.6.3. Conduct trainings on home based business for women

During the reporting period in two regions were conducted the trainings on entrepreneurship for women:

- in Ganja, December 9-10, 2014;
- in Guba, March 4-5, 2015.

For more information:

http://edf.az/ts_general/azl/ksid/index.htm

Trainers were Mr. Ilkin Garayev – (Head of Centre for Development of Small and Medium Enterprises) and Mr. Elkhon Mammadov (Director of UM Consultancy Company).



http://edf.az/ts_general/azl/ksid/tedbir/tedbir_2014/tedbir-15.htm

3.6. Component 7. Access to financial sources for micro and small enterprises

3.7.1. The development of a package of proposals to establish a credit insurance fund for micro and small businesses

In the reporting period were the following works:

- Analysis of the legislation (the Law on Banks, rules for banks to make loans, Insurance Law, the Civil Code and other);
- Analysis of the international experience in the field of credit insurance for small businesses;
- Preparation for the in-depth interviews among experts.

3.7.2. Access to financial resources for SMEs

- In the reporting period, the round table on the theme of “Ways to improve access to financial resources” was held. The issues related to the mechanisms for small business loans for SMEs and risk factors and increasing access to finance for small and medium-sized enterprises in Azerbaijan were discussed in the round table.

3.7.3. Presentation of results of conducted researches regarding the establishment of credit guarantee funds for micro and small businesses

The importance of the establishment of credit guarantee funds in Azerbaijan was discussed in the Round Table which was held on March 12, 2015. Result of conducted researches were presented to participants.

4. Detailed reporting on each indicator in the M&E Plan

Monitoring and Evaluation Plan is attached to this report (Annex 1).

4.1. Number of people reached by the Program's messages on problems faced by MSE

At the MESP was planned to discuss the problems of small businesses on a weekly ANS TV program "Economic Forum". This program was developed by the EDF and was broadcasted weekly on ANS TV from November 2009 to April 2013. However, the program was closed in April 2013. EDF tried to resume broadcasting the program "Economic Forum" on ANS TV and other TV channels after the presidential elections in October 2013. But all attempts were not successful. In response to this situation EDF has begun to establish Internet TV program "Economic Forum".

The number of people reached by the Program's messages on problems faced by MSE is considered to be approximately 50,000 people. This includes households participated in the survey, participants of round tables, conferences and seminars, the people who received brochures, the audience of the Economic Forum on our YouTube channel and social networking services (Facebook), viewers of our websites (www.edf.az, www.sahibkarol.biz), readers of articles on media and others.

4.2. Number of businessmen involved to study of problems faced MSE

During the reporting year, more than 922 businessmen were involved in the study of business problems.

4.3. Number of government representatives participated at program related discussions at round tables

During reporting year 54 government representatives were involved to study of problems faced micro and small enterprises.

4.4. Number of Policy Recommendations

54 Policy Recommendations were developed on:

1. Amendments to the law in order to reduce procedures and time during the electronic registration of legal persons and physical persons engaged in entrepreneurial activities without creating a legal person (private entrepreneurs) in line with the “one-stop shop” principle.

- 1) The time of online registration should be reduced by one day to two days;
- 2) The electronic signature during online registration should be repealed;
- 3) The substantiality of the concept of the law “On the electronic signature and the electronic document” should be analyzed again.

2. Amendments to the law in order to reduce the existing procedures and times in the field of authorizing construction.

- 1) The Town Planning and Construction Code of the Azerbaijan Republic must be improved. Norms of authorizing construction should be clarified based on the classification of construction facilities. The link between the code and other legal acts (various rules) should be accurate and clear. The list of construction facilities that do not require a permit should be expanded;
- 2) The procedures of obtaining licences for construction should be based on the classification of facilities and reflected on relevant websites (for example, as a page of the website www.icaazelar.az). When starting the construction of a facility, the entrepreneur should be able to acquire accurate information: what procedures he should go through, what is the time limit for these procedures and what are the duties;
- 3) The number of appeals to the same government agency should be reduced;
- 4) A one-stop shop system should be applied;
- 5) Groundless prices (duties) should be reduced;
- 6) The number of days related to the procedures should be reduced;
- 7) The value of licences issued for designing should be increased. That’s to say if a design company has a licence to design a type of a construction facility, the project that has been prepared should not be examined again.

3. The organization of the electronic receipt of documents in the sphere of joining the power grid and making changes to the law in order to reduce procedures, time and expenses.

- 1) In the field of improving the rules of issuing technical evaluations for consumers to receive electricity (power) and connecting to the power grid:

- a. Work to connect to the power grid and expenses on the preparation of relevant project documents (if the distance is no more than 200 metres and the required power is no more than 20 kV) should be fully the responsibility of the energy supplying company (relevant changes should be made to Points 2.19 and 2.21 of the Rules);
- b. With changes to Point 2.13 of the Rules, the issue of the technical evaluation by the energy supplying company should be secured within 10 business days;
- c. It is expedient to sideline relevant local bodies of the executive authorities from the process of connecting to the power grid both in terms of market economy principles and reducing the number of procedures and loss of time;
- d. The expediency of a review by the State Energy Supervision Department of the Ministry of Industry and Energy of the Azerbaijan Republic under Point 3.3.1 of the Rules should be examined. Its repeal will serve to reduce the number of procedures;
- e. The fee for connecting construction facilities to the power grid 7 (considering the distance from the point of connection to the construction facility) should be repealed (Point 1.10).

2) The conduct of drastic reforms in the electricity sector remains topical:

- a. It is necessary to separate electricity facilities and create a competitive environment;
- b. Although the law “On Electricity” provides for types of activity related to energy generation, transportation and distribution, it does not say that it is possible to create separate entities as sellers of energy. This gap should be eliminated;
- c. Provisions regulating the wholesale and retail markets should be added to the law “On Electricity”;
- d. An independent regulator should be created to determine prices (tariffs) in the sphere of energy supplies and to regulate the market of electricity and heating.

4. Amendments to the law in order to reduce the procedures, time and expenses in the sphere of state registration of real estate rights

- 1) The process of creating an electronic database should be completed in order to provide online access to land registry information;
- 2) The registration of real estate used for business purposes should be carried out on the “one stop shop” basis;
- 3) An online appointment system should be created to reduce loss of time at the registering authority;
- 4) It is necessary to create an opportunity for online payments;

5) It is necessary to reduce the number of documents and procedures required for the registration of small property, which is used for business purposes, is not designed for complex production processes and is related to various services.

5. Enhancement of economic activity that influences the process of issuing credits

1) A legal basis should be created to ensure the establishment of private credit bureaus operating independently. To this end, it is necessary to expedite the adoption of the law “On private credit bureaus”, which regulates the activities of credit bureaus;

2) It is necessary to ensure that the preferential credits of the National Fund to Assist Entrepreneurship are used mostly for lending to micro, small and medium-sized businesses. After changes made to the Charter of the NFAE in 2009, the Fund no longer provides loans of up to 10,000 manats, whereas small businesses, which face serious problems in obtaining finances, need precisely loans of below 10,000 manats. Our studies show that in recent years, loans of up to 50,000 manats have accounted only for up to 15 per cent of the fund’s assets. More than 80 per cent of the Fund’s money is allocated to big businesses (loans of more than 1 million manats). In order to change the situation, relevant changes have to be made to the Fund’s charter and rules of using the Fund’s assets. At the same time, criteria for micro, small and medium-sized businesses in the country should be reformed by the decision of the Cabinet of Ministers;

3) The establishment of specialized sector banks may give a serious impetus to the development of those spheres. The successful experience of foreign countries shows that the establishment of specialized sector banks plays an important role in the development of entrepreneurship in various spheres of the economy (for example, agriculture, construction, etc.) and in increasing entrepreneurs’ access to credits. Both state funds, money from foreign funds and investors’ funds can take part in forming the capital of such banks. For example, it is especially important to set up an agrarian development bank as soon as possible to finance the agricultural sector in our country and a bank to support export in order to stimulate export;

4) It is necessary to speed up the issue of documents that confirm the rights of real estate owners to own their property in regions of the country, small towns and villages. Our studies show that up to 90 per cent of all credits channelled into the country’s economy are allocated in the territory of Baku and Absheron. Only 10 per cent of loans fall to the share of regions. One of the most important reasons for this is that people on the ground are facing difficulties in providing a pledge for loans because they have no documents confirming their ownership of their real estate (houses, land plots, gardens, etc.);

- 5) A registry of real estate should be created. It is especially important to create a registry of real estate in order to enhance the mechanism of pledges for small credits. To this end, it is necessary to adopt a law “On guaranteed pledges” and create a special registry of real estate that is not registered by the state and related rights. Specifically, it is necessary to ensure the registration (registry) of productive animals and productive trees in rural areas;
- 6) The registration of non-banking credit organizations should be simplified and the problems they face in their activities should be eliminated. Our studies show that non-banking credit organizations and credit organizations play an important role in allocating loans to agricultural manufacturers, farmers and small businesses in regions and distant villages. Currently, only 2-3 per cent of all loans fall to the share of these organizations. Although up to 30 non-banking credit organizations have received a licence in the country, a small number of them (12) are able to operate normally. If, on the one hand, it is connected with difficulties in the registration of non-banking credit organizations, on the other, it is due to difficulties facing non-banking credit organizations in cooperation with banks;
- 7) A system for the independent assessment of facilities with a pledge. Another problem facing entrepreneurs is that real estate provided as a pledge is evaluated by banks below its real value;
- 8) A fund should be created to insure and guarantee loans allocated for agricultural manufacturers and farmers. One of the most successful experiences of foreign countries is the creation of a fund for insuring and guaranteeing agricultural loans (it operates as an agency in some countries) with the participation of the state in order to insure and guarantee loans aimed at agricultural production. Our country could also benefit from this experience. A relevant legislative base is being formed to this end;
- 9) Opportunities for applying principles of Islamic banking in the country should be increased. There are numerous representatives of the Islamic religion both among businessmen and people who have large capital in the country. These people either do not invest their funds in banks because of their religious views or do not apply to banks for credits despite the fact that they need funds to expand their businesses. In order to use the economic potential of these people, it is necessary to organize banks working on the basis of principles of Islamic banking in the country. To this end, either a separate law should be adopted or relevant changes should be made to banking legislation;
- 10) In districts where credit organizations are not working, post offices should be authorized to accept credit payments. This will expand the opportunities of people living in remote areas to obtain credits and conduct banking transactions. 10 The implementation of credit payments through post offices will facilitate the work of

people, reduce expenses and simplify banks' work with credit customers. For this reason, their participation in credit payments will not create serious problems. In order to conduct credit payments through post offices, it is necessary to make relevant amendments and addenda to the law;

11) The system of issuing credits by cards and online payments (services) should be expanded in regions. In recent years, the Internet network has been expanding in all regions of our country, even in remote villages. With such modern technologies, banks could provide credits by cards in rural areas. Customers' reports to banks, credit service payments and payments of debts can be implemented online by cards;

12) Reduction of the time of the examination of court cases on problem credits, as well as of the period of the implementation of court decisions. Currently, the shortage of economic courts and judges results in the examination of court cases dragging on for years. It is one of the main problems that concern banks. In many countries of the world, disputes and claims regarding the payment of loans are examined out of court. It would be expedient to benefit from this experience in our country.

6. Improvement of corporate management and protection of investors' interests

1) A Code of Corporate Management should be adopted;

2) A law on cooperation between the state and business should be adopted;

3) An ombudsman's institution should be formed to protect investors' rights;

4) All shareholders, including minority and foreign shareholders should be treated fairly. All important issues regarding companies, including companies' financial condition, property and information concerning its management should be publicized in time and accurately. Shareholders should be given a chance to get compensation for the violation of their rights;

7. Changes to the law in order to reduce the number of documents, time and expenses required during import and export operation

1) Certificates of quality and origin that meet international standards for products made by the manufacturer should be presented to the customs authorities in a centralized manner and with the mutual acceptance of standards between countries. Companies should be exempted from the requirement to present such documents while importing those products. In this regard, relevant changes should be made to Point 10 of Resolution No 3 issued by the Cabinet of Ministers of the Azerbaijan Republic on 14 January 2014 on the approval of Rules of Determining the Preferential and Non Preferential Origin of Products;

- 2) The list of documents envisaged by Subparagraphs 2.5 and 2.4 of the statute on the rules and terms of declaring the customs value of goods brought into the Azerbaijan Republic should be reconsidered and the documents of the legal or physical person that imports the goods, transport and insurance documents, the report on loading or the officially approved calculation of transport expenses, a customs declaration from the sender, packaging sheets and the licence for goods imported in line with the established procedure on the basis of a licence should be removed from the list of documents;
- 3) The methods of determining customs costs envisaged by Point 9.4 of Cabinet of Ministers Resolution No 159 dated 17 December 2003 on changes to Point 2 of the Rules of Applying Customs Evaluations for Goods Imported in and Exported from the Customs Territory of the Azerbaijan Republic approved by 12 January 1998 Resolution No 7 of the Cabinet of Ministers of the Azerbaijan Republic should be reconsidered, and to this end, declarers should be granted in advance free access to pricing information provided by customs authorities. At the same time, there is a proposal under which if it is impossible to use it in identifying the customs value, information about the prices of the same kinds of goods, which is used for determining the customs value of exported goods, should be prepared not by the State Customs Committee, but by the Ministry of Economy and Industry;
- 4) The issue of certificates of origin and quality and codes for exporting local products to the European Union should be handed over to the ASAN service;
- 5) It is necessary to review and take a different approach to tariffs for issuing certificates of origin and compliance; 12
- 6) It is necessary to ensure access to standards, sanitary-hygienic norms and acts;
- 7) It is necessary to create independent laboratories that will make it possible to conduct quality control analysis and hold training sessions with specialists;
- 8) It is necessary to conduct a business-government dialogue by creating unions or associations of businessmen engaged in foreign trade and involving their representatives;
- 9) It is necessary to prepare a stimulating export package for entrepreneurs who have the potential to place their goods and services on the foreign market and to apply a one-stop shop system.

8. Improvement of the law of the Azerbaijan Republic "On bankruptcy"

- 1) The objective of the law, its scope of application, the essence of the process of bankruptcy and its main principles should be reflected in the law;

- 2) The text of the law should fully secure the regulation of the process of bankruptcy (from the beginning to the end);
- 3) In relevant chapters and articles of the law, cases to be regarded as bankruptcy, the process of improvement, declaration of bankruptcy, the beginning of the process of bankruptcy, the completion of the process of bankruptcy, issues such as the results of the completion of this process (including procedural time) should be reformed;
- 4) Applying for the process of bankruptcy is not the right, but the duty (obligation) of the creditor and debtor. For this reason, the law should clearly indicate that this point is an obligation;
- 5) Another innovation and improvement in the law would be the addition of provisions about the application and implementation of a mechanism of regulating the process of bankruptcy if the creditors and debtors settle out of court;
- 6) Although the law (Articles 2, 14, 16, 35) contains general provisions on the process of bankruptcy, there is no mechanism of their specific and effective application and implementation. This gap should be eliminated;
- 7) The law should contain special bankruptcy rules for individual market subjects that have specific features (for example: physical persons, banks, non-banking credit organizations, state enterprises and so on), taking into account their specific features and implications;
- 8) Considering problems in the practice of implementing the law on bankruptcy, it is necessary to take measures to constantly train (involvement in training, specialization) judges and those who publicly promote the procedures and relevant progressive practices existing in the law and run the process.

4.5. Number of Round Table Discussions, Conferences, Business Forums on MSE

15 Round Tables discussions and 1 Conference were held:

1. Conference “Development of Entrepreneurship in Azerbaijan”. May 1, 2014. At the Hilton Hotel, Baku
http://edf.az/ts_general/eng/ksid/events/events_2014/event-8.htm
2. The Round Table on the theme of “Application problems of labor contracts in Azerbaijan and ways to solve them”. June 24, 2014. At the National Confederation of Entrepreneurs (Employers’) Organizations of Azerbaijan Republic, Baku

http://edf.az/ts_general/eng/ksid/events/events_2014/event-9.htm

3. The Round Table on the theme of "Results of the Survey on Women's Entrepreneurship" July 2, 2014. At the National Confederation of Entrepreneurs (Employers') Organizations of Azerbaijan Republic, Baku

http://edf.az/ts_general/eng/ksid/events/events_2014/event-10.htm

4. The Round Table on the theme of "Improvement of Import/Export operations". July 11, 2014. At the National Confederation of Entrepreneurs (Employers') Organizations of Azerbaijan Republic, Baku

http://edf.az/ts_general/eng/ksid/events/events_2014/event-11.htm

5. Round Table on the topic of "More efficient ways to use franchise opportunities in Azerbaijan". October 1, 2014. At the National Confederation of Entrepreneurs (Employers') Organizations of Azerbaijan Republic, Baku

http://edf.az/ts_general/eng/ksid/events/events_2014/event-12.htm

6. The Round Table on the theme of "Competition Code: Expectations". October 15, 2014. At the National Confederation of Entrepreneurs (Employers') Organizations of Azerbaijan Republic, Baku

http://edf.az/ts_general/eng/ksid/events/events_2014/event-13.htm

7. The Round Table on the theme of "Identifying administrative barriers faced by small business owners engaged in the production in greenhouses". November 5, 2014. At the National Confederation of Entrepreneurs (Employers') Organizations of Azerbaijan Republic, Baku

http://edf.az/ts_general/eng/ksid/events/events_2014/event-14.htm

8. Seminar on the theme of "Entrepreneurship, business idea and business planning". December 09-10, 2014. Hotel Vego, Ganja.

http://edf.az/ts_general/azl/ksid/tedbir/tedbir_2014/tedbir-15.htm

9. The Round Table on the theme of "Role of industrial parks in the development of entrepreneurship" January 15, 2015. At the National Confederation of Entrepreneurs (Employers') Organizations of Azerbaijan Republic, Baku

http://edf.az/ts_general/eng/ksid/events/events_2015/event-1.htm

10. Round Table on the theme of "Protection of the rights of entrepreneurs in courts". February 18, 2015. At the National Confederation of Entrepreneurs (Employers') Organizations of Azerbaijan Republic, Baku

http://edf.az/ts_general/eng/ksid/events/events_2015/event-2.htm

11. Round Table on the theme of "Ways to improve access to financial resources". March 12, 2015, At the National Confederation of Entrepreneurs (Employers') Organizations of Azerbaijan Republic, Baku

http://edf.az/ts_general/eng/ksid/events/events_2015/event-3.htm

12. Round Table on the theme of "Identifying administrative barriers faced by entrepreneurial entities (auto service) engaged in repairing and maintenance of vehicles owned by citizens". May 6, 2015. At the National Confederation of Entrepreneurs (Employers') Organizations of Azerbaijan Republic, Baku

http://edf.az/ts_general/eng/ksid/events/events_2015/event-4.htm

4.6. Number of Survey among 1000 micro and small enterprises

During the reporting year, no survey conducted regarding to this activity.

4.7. Number of Focus Groups Group aims to identify sectoral problems

During the reporting year, no focus group was involved in this activity.

4.8. Number of Deep Interviews with business leaders

During the reporting year, 28 interviews were conducted with business leaders. These interviews were conducted in Baku, Ganja, Guba, Gusar and Khachmaz.

4.9. Number of Articles

During the reporting year 16 articles were published:

1. 13.05.2015. "Konrad-Adenauer-Stiftung" Turkey office website - [Microcrediting of SMEs in Azerbaijan](#)

<http://edf.az/azl/ksid/media/2015/media-4.htm>

2. 13.04.2015 "Kapitalinfo" internet newspaper - [How can auto service be upgraded?](#)

http://edf.az/ts_general/azl/ksid/media/2015/media-3.htm

3. 08.04.2015. "Contact" internet newspaper - [Why does entrepreneur not apply to capital markets?](#)

http://edf.az/ts_general/azl/ksid/media/2015/media-2.htm

4. **03.04.2015.** "Contact" internet newspaper - [Small business lending support mechanisms: review of international experience](http://edf.az/ts_general/azl/ksid/media/2015/media-3.htm)
http://edf.az/ts_general/azl/ksid/media/2015/media-3.htm
5. **12.12.2014.** "Media Forum" internet newspaper - Uncompetitiveness (research)
http://edf.az/ts_general/azl/ksid/media/2014/media-24.htm
6. **03.11.2014.** "Media Forum" internet newspaper – Franchising (research)
7. **24.10.2014.** "Media Forum" internet newspaper - [Greenhouses: warmth and coolness](http://edf.az/ts_general/azl/ksid/media/2014/media-22.htm) (research)
http://edf.az/ts_general/azl/ksid/media/2014/media-22.htm
8. **16.09.2014.** "Media Forum" internet newspaper - [Simplified tax can be even simplified](http://edf.az/ts_general/azl/ksid/media/2014/media-21.htm) (analysis)
http://edf.az/ts_general/azl/ksid/media/2014/media-21.htm
9. **20.06.2014.** "Media Forum" internet newspaper – [What will the electronic labor contract change?](http://edf.az/ts_general/azl/ksid/media/2014/media-20.htm) (research)
http://edf.az/ts_general/azl/ksid/media/2014/media-20.htm
10. **17.06.2014.** "Media Forum" internet newspaper – [Whom to burden the insurance?](http://edf.az/ts_general/azl/ksid/media/2014/media-19.htm) (research)
http://edf.az/ts_general/azl/ksid/media/2014/media-19.htm
11. **09.06.2014.** "Media Forum" internet newspaper – [Labor Contract: what creates the barrier?](http://edf.az/ts_general/azl/ksid/media/2014/media-18.htm) (monitoring)
http://edf.az/ts_general/azl/ksid/media/2014/media-18.htm
12. **23.05.2014.** "Media Forum" internet newspaper – [Fear of banks towards entrepreneurs: expert offers options](http://edf.az/ts_general/azl/ksid/media/2014/media-17.htm) (article)
http://edf.az/ts_general/azl/ksid/media/2014/media-17.htm
13. **17.05.2014.** "Media Forum" internet newspaper – [Big problems of small businesses](http://edf.az/ts_general/azl/ksid/media/2014/media-16.htm) (analysis)
http://edf.az/ts_general/azl/ksid/media/2014/media-16.htm
14. **12.05.2014.** "525-ci qəzet" internet newspaper – [Public –Private partnership: additional investment and quality service](http://edf.az/ts_general/azl/ksid/media/2014/media-15.htm) (article)
http://edf.az/ts_general/azl/ksid/media/2014/media-15.htm
15. **12.05.2014.** "Günxəbər.com" internet newspaper – [Small and medium enterprises intolerant to competitiveness](http://edf.az/ts_general/azl/ksid/media/2014/media-14.htm) (article)
http://edf.az/ts_general/azl/ksid/media/2014/media-14.htm

16. 08.05.2014. "Media Forum" internet newspaper - [State- business, or state's business?](#) (analysis)

http://edf.az/ts_general/azl/ksid/media/2014/media-13.htm

4.10. Number of Brochures

During the reporting year 8 Brochures were prepared for publishing:

- on greenhouse business (published);
- on franchising (published);
- on fashion houses (published);
- on Azerbaijan accession WTO (published);
- on car repair business (published);
- on tourism business (will published July, 2015);
- on warehouse (will published July, 2015);
- on car wash business (will published July, 2015).

4.11. Number of draft of new Law

During reporting year, no draft of new law was prepared.

4.12. Number of MSE area covered by Registry of administrative barriers

8 MSE areas are covered by Registry of administrative barriers

4.13. Number of analyzed laws

During the reporting were analyzed:

1. Law on Banks
2. Law on "Non-bank Credit Institutions"
3. Law on Investment Funds
4. Law on International arbitration
5. Law on "Private International Law"

5. Highlights of the program

1. Based on the poll among 2,000 households were identified the situation and problems of development of women entrepreneurship;
2. 63 recommendations are developed for the government to improve the business climate, common to all sectors of business, as well as a number of specific areas of business. The recommendations were submitted to government;
3. 15 Round Tables discussions and 1 Conference were held during reporting period. These events are attended more than 300 representatives of all interested parties (including members of parliament, representatives of various government agencies, representatives of international financial institutions and international organizations, managers of various companies, representatives of NGOs and Think Tanks, professors universities, as well as representatives of embassies, media and students);
4. In the media (including newspapers and electronic news sites) published 16 articles on various aspects of entrepreneurship;
5. 10 round tables have been prepared and held on Internet TV

6. A brief evaluation of major areas

During the year, a significant work, the result of which can be recognized by the following achievements:

- Developed a variety of sets of recommendations for the government to improve the business climate in the country and the development of entrepreneurship;
- MESP project became known in the circles of all stakeholders in the development of micro and small enterprises in Azerbaijan;
- A coalition of NGOs, is implementing the project, has become known among all stakeholders in the development of micro and small enterprises in Azerbaijan, as a new civil institution, contributing to improve the business climate in the country and the development of micro and small businesses;
- In the community began to circulate more information about the problems of micro and small businesses, and ways to resolve them;

- Help the United States Government for the development of micro and small enterprises in Azerbaijan has become more apparent to society, and other stakeholders.

7. Challenges

- Cooperation between NGOs and government officials in Azerbaijan is difficult. Direct access to a government employee to discuss any problems of small business development is impossible. This is possible only with the permission of the first person in this government agency (the minister, chairman or chief). Without such permission official contact is not possible;
- Entrepreneurs are often afraid to speak publicly about their problems. Their problems with the government, they prefer to solve on their own (through friends, relatives, and by banal bribe), rather than through business associations and the media. According to most entrepreneurs, recourse to business associations often have no effect, and the publication in the media can only aggravate the situation;
- In most cases, businessmen openly talk about their problems privately, asking not to disclose their name;
- Recommendations transmitted to the Ministry of Economy and Industry, often remain unanswered. EDF is currently working to establish a more effective interaction with this ministry;
- In the reporting year increased problems with round tables and conferences in hotels;
- Complicate the round tables in the regions. Now, this is possible only with the consent of the central and local governments;
- Since September 2014 has been closed a bank account at the Center for Economic Research;

8. Lessons learned

- Members of Parliament are more open to cooperation and participate in discussions, organized by the project. Consortium of NGOs implementing the project, plans to spend the fall 2014 presentation of recommendations designed to improve the legislation to the Committee on Economic Policy of the Parliament;
- To create effective business contacts with the Ministry of Economy and Industry should directly apply to the Minister with proposal on partnership and using the resources of MESP for research of any problems and preparing recommendations;
- Hold a round table in the National Confederation of Entrepreneurs (Employers) Organizations is more effective than in any Hotel. Necessary in the future to continue this practice. Companies are more willing to participate in round tables if they are held in the Confederation.

Program: Micro Enterprise Support Project
Monitoring & Evaluation Report for Second Year

PROGRAM GOAL: Achievement of the conducive environment for the development of micro and small businesses in Azerbaijan

OBJECTIVE 1: Improved dialogue and interaction between the state and civil society on the issues of the development of micro and small businesses in the country

Ind.	Indicators	Definition of Indicator	Method and frequency of data collection; frequency of analysis and reporting	Disaggregation	Base-line		Year 2	Year 3	Year 4	Year 5	Total	Notes / Description
Output indicators												
Output indicator 1.1	Number of people reached by the Program's messages on problems faced by micro and small enterprises	Calculations of people reached by the program will based on TV viewership, website traffic, brochure/flyer distribution, e-mail lists, round table participants, readers of articles on newspaper	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly	Area of business activity	None	Target Actual Variance	200,000 50,000 -150000	200,000 50,000 -50,000	200,000	200,000	800,000	EDF Weekly TV Program "Economic Forum" at ANS TV Channel was closed in April 2013. From February 2015 began operation "Economic Forum" on the Internet TV
1.2	Number of businessmen involved to study of problems faced micro and small enterprises	Calculations of businessmen participated at survey, focus groups, deep interviews, meetings, TV talk shows, round tables	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	1100 1175 +75	100 922 +822	100	1100	2400	
1.3	Number of government representatives participated at program related discussions at round tables, TV talk show, meetings	Calculations of government representatives participated at program related discussions at round tables, TV talk show, meetings	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	50 57 +7	50 54 +4	50	50	200	
1.4	Number of Policy Recommendations	Each Policy Recommendation aimed to improving business environment, increasing competitiveness of micro and small enterprises. Each Policy Recommendation will presented to Government	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	8 12 +4	7 54 +47	3	3	21	
1.5	Number of Round Table Discussions, Conferences, TV Talk Shows, Business	Each Round Table discussing policy recommendations on improving business environment, increasing competitiveness of	Method: MIS reporting by staff and grantees Frequency: Ongoing		None	Target Actual Variance	14 18 +4	12 16 +4	10	10	46	

	Forums on MSE	micro and small enterprises. Each TV Talk Shows discussing policy recommendations on improving business environment, increasing competitiveness of micro and small enterprises. Business Forum will assess the business situation and discuss the recommendations on improving the situation. All stakeholders (Government, MPs, Business Associations, CSOs, Media)	Analysis & Reporting Quarterly									
1.6	Number of Survey among 1000 micro and small enterprises	Each survey aims to identify common problems faced by micro and small enterprises	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	1 1 0	0 0 0	0	1	2	
1.7	Number of Focus Groups	Each Focus Group aims to identify sectoral problems faced by micro and small enterprises	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	1 1 0	0	4	4	19	
1.8	Number of Deep Interviews with business leaders	In-depth interviews with business leaders conducted on specific issues identified in the survey of 1,000 MSEs and focus groups	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	50 75 +25	25 28 +3	25	25	100	
1.9	Number of Article	The articles will cover assessment of business situation and recommendations on improving	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	7 38 +31	4 9 +5	4	4	19	
1.10	Number of Brochure	The Brochures will cover the following business area: street trade, beauty shop, shoe repair shop, bakery, pharmacy shop, book store, car repair service, small market, fish farm, car wash, beverage production and other areas	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	6 1 -5	7 8 +1	4	4	21	
1.11	Number of draft of new Law	Draft of New Laws: 1) on Public-Private Partnership; 2) on Ombudsmen	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	2 2 0	0	0	0	2	
1.12	Number of micro and small business area covered by Registry of administrative barriers	Registry will created at EDF Website. Every stakeholder will have access to Registry	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	4 2 -2	7 8 +1	4	4	19	
1.13	Number of trainings	Trainings will conduct for Business Associations on Public-Private dialogue	Method: MIS reporting by staff and grantees		None	Target Actual	0 0	2 2	0	2	4	

			Frequency: Ongoing Analysis & Reporting Quarterly			Variance	0	0				
Outcome indicators												
Out- come indicator	GOAJ adopted national strategy for the development of micro and small businesses	State Program on Development of micro and small enterprises for 2014-2020. The Program contains reforms on improving business climate	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance		>40% 0			>40%	
1.1	Administrative barriers in select areas of MSME are eliminated	Administrative barriers recognized for every select area and include all issues on start-up business, obtaining licenses and permissions, business operations	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance		>10%	>10%	>15%	>35%	
1.2	GOAJ has picked up a number of policy proposals developed by Consortium	Proposals prepared in format Policy Paper or special Appeal to President of country, Government Agencies, Parliament, Local Government	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance		>10%	>10%	>15%	>35%	
1.3	Local think tanks and other CSOs are capable to contribute qualitatively into policy making, and lead advocacy on business improvement issues	Two ways: 1) Economic oriented Think Thanks and Business Associations are receiving Policy Paper, articles, reports, brochures, press releases of the Program; 2) special trainings	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance		>10%	>10%	>10%	>30%	
1.4	The quality of business /economic related coverage in the media improved	Newspapers, news agencies, television stations, radio stations, internet sites regularly receive: Policy Paper, articles, reports, brochures, press releases of the Program	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance	>10%	>10%	>10%	>10%	>40%	
1.5	OBJECTIVE 2: Improved legislative and institutional framework for MSE enabling environment											
2.1	Number of Policy Recommendations	Each Policy Recommendation aimed to improving business environment, increasing competitiveness of micro and small enterprises. Each Policy Recommendation will presented to Government	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	3 6 +3	3 3 0	3	3	12	
2.2	Number of Round Table Discussions, Conferences, TV Talk Shows	Each Round Table/ conferences discussing policy recommendations on improving business environment, increasing competitiveness of micro and small enterprises. Each TV Talk Shows discussing policy recommendations on improving business environment, increasing competitiveness of micro and small enterprises.	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	17 6 -11	5 0 -5	5	5	32	

2.3	Number of Article	The articles will cover assessment of business situation and recommendations on improving	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	9 3 -6	5 2 -3	5	5	24	
2.4	Number of draft of new Law	The drafts of two laws: 1) on Public-Private dialogue; 2) on Ombudsman	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	2 2 0	0 0 0	0	0	2	
2.5	Number of analyzed laws	The most important laws, governing the business will be analyzed. The proposals on the improvement of the laws will be prepared. Draft amendments to the laws will be passed in the parliament and the government	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	4 4 0	4 0 -4	4	4	16	
2.6	Number of trainings	Trainings will be held for business associations on topics: advocacy, strategic planning, membership, communication skills and other	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	0 0 0	1 0 -1	1	1	3	
Outcome indicators												
2.1	GOAJ established a State agency for the development of micro and small businesses	The agency will be responsible for the formulation of public policy for the development of micro and small businesses, monitoring and evaluation of the level of development of SMEs in the country, cooperation with business associations, universities, and other interested parties	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance		1 0 -1				
2.2	GOAJ established an Ombudsman institute for micro and small businesses	The task of the Ombudsman - protection of SMEs from bureaucratic tyranny	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance		1 0 -1				
2.3	Select business related legislation /regulations/ procedures / are improved based on the international best practices	Amendments to the laws allow to improve the business climate for SMEs, and to ensure their protection from bureaucratic arbitrariness	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance		>20%	>20%	>20%	>60%	
OBJECTIVE 3: Practical assistance to micro and small businesses, in particular for women family business to improve their viability and successful development is provided												
3.1	Number of Policy Recommendations	Each Policy Recommendation aimed to improving business environment, increasing competitiveness of micro and	Method: MIS reporting by staff and grantees Frequency: Ongoing		None	Target Actual Variance	3 2 -1	2 6 +4				

		small enterprises. Each Policy Recommendation will presented to Government	Analysis & Reporting Quarterly									
3.2	Number of virtual education pages for businessmen at EDF Website	Virtual Education Center on the homepage of VBA will have sections such as: 1) the creation and registration of business, and 2) a business plan, and 3) marketing, 4) management, 5) strategic planning, and 6) human resources and other	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	4 12 +8	4 4 0	4	4	16	
3.3	Number of Round Tables Discussions, Conferences, TV Talk Shows	Each Round Table/ conferences discussing policy recommendations on improving business environment, increasing competitiveness of micro and small enterprises. Each TV Talk Shows discussing policy recommendations on improving business environment, increasing competitiveness of micro and small enterprises	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	3 2 -1	10 4 -6	5	5	19	
3.4	Number of Households participating in survey to identify the level of women business activity and possibilities to increase this level	Surveys will identify the causes of the weak development of the female family business. In addition, during the survey will be chosen female, which will then be invited to a special training and who will receive practical assistance in the establishment and promotion of the business	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	0 2000 0	2000 2000 0	0	0	2000	
3.5	Number of educational TV program for women	45-minute programs will help housewives to learn the basics of business. They learn how to create own home business. Examples of successful women's home-based businesses	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	0 5 0 -5	5 0 -5	10	5	20	
3.6	Number of Article	The articles will cover assessment of business situation and recommendations on improving	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	2 5 +3	3 5 +2	3	3	3	
3.7	Number of trainings for women	In regions of Ganja and Guba are trainings for women who want to create their own business	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	0 2 2 0	2 2 0	2	2	6	
3.8	Number of women who will receive assistance to create home based business	Experts of MESP will help women choose the scope of business and create a business. The experts will advise these businesses during the life of MESP	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	0 0 0 0	0 0 0	25	25	50	

3.9	Number of selected individual enterprisers to implement international standards	Experts of MESP will advise entrepreneurs on implement the international standards	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	0	10 0 -10	20	30	60	
3.10	Number of selected MSE for assisting to them for preparing export strategies	Experts of MESP will advise entrepreneurs on developing export strategies	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance	0	5 -5	10	10	25	
3.11	Number of business women involved to special internet network	Women entrepreneurs will have the opportunity to exchange information and experiences. In addition, they will be able to coordinate efforts to improve the business situation through joint development of proposals and appeals to the government	Method: MIS reporting by staff and grantees Frequency: Ongoing Analysis & Reporting Quarterly		None	Target Actual Variance			10	20	30	
Outcome indicators												
3.1	GOAJ established credit insurance fund	Credit Guarantee Fund for SMEs, improving access to financial resources, and improve the conditions of the loans	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance			1			
3.2	Improved access to business start-up and operation related information	Creating a virtual center for education on the website of the EDF to improve access to information required to start businesses	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance		>1000 5000 +1000	>2000	>5000	>8000	
3.3	Growth in women's micro business	Special programs on television, training and advice for women allows them to create successful businesses. Information on successful women businesses on the TV channel will also promote the growth of women's business in the country	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance			>25 new women busi- nesses	>25	>50	
3.4	Enhanced role of professional business associations and their regional alliances in the dialogue with the government	Five new professional business associations will be created. For them to be organized trainings on: 1) advocacy, 2) fundraising, and 3) strategic planning, 4) membership, 5) communication skills and other. All of this will improve the culture of joint problem-solving to improve the business climate and the protection from bureaucratic discretion	Method: Monitoring Frequency: Upon occurrence Analyses & Reporting: Following each evaluation			Target Actual Variance			2 new busi- ness associa- tions	3		

