



REPORT

**on the results of the second face-to-face survey conducted among
1000 small businesses within the framework of the Micro Enterprise
Support Project**

**September 5 – October 10 2016
Baku**

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**Survey conducted among 1000 small businesses within the
framework of the Micro Enterprise Support Project**

Summary

The second face-to-face survey conducted among 1000 small businesses was conducted from September 5 to October 10 2016 within the framework of the Micro Enterprise Support Project.

As the previous survey, this survey covered Baku city and 8 economic regions of Azerbaijan. Settlements and their distribution by the number of respondents is reflected in the table below.

Table 1. Settlements and the number of respondents

№	Economic Region	Name of the settlement	Number of respondents
1.		Baku	200
2.	Absheron		80
		Sumgait	80
3.	Ganja-Khazakh		170
		Ganja	80
		Shamkir	50
		Dashkesen	40
4.	Shaki-Zagatala		80
		Shaki	40
		Zagatala	40
5.	Lankaran		80
		Lankaran	40
		Astara	40
6.	Guba-Khachmaz		80
		Guba	40
		Khachmaz	40
7.	Aran		210
		Mingachevir	40
		Kurdamir	40
		Salyan	50
		Yevlakh	30
		Shirvan	50
8.	Yukhari Karabakh		40
		Agdam	20
		Fuzuli	20
9.	Daglig Shirvan		60
		Agsu	30
		Shamakhi	30
	Total		1 000

Distribution of respondents to juridical persons and natural persons (persons engaged in entrepreneurial activity without establishing a legal entity), is as follows:

Juridical persons	– 9,4%
Natural persons	– 90,6%

The Distribution of business entities by economic sectors is as follows:

Trade	– 30,0%
Servive	– 30,0%
Manufacture	– 20,0%
Agriculture	– 20,0%

The survey was conducted on the basis of the questionnaire prepared and approved by the executive group of the project earlier. The full text of the questionnaire is also reflected in Appendix 1. The survey questions can be grouped as follows:

- A. Questions about the current state of business
- B. Questions about inspections
- C. Questions related to the obtaining a licence
- D. Questions about real estate registration
- E. Questions about the National Fund for Entrepreneurship Support
- F. Questions about the tax system
- G. Questions about customs procedures
- H. Questions about the suspension of activities
- I. Questions about permits for a construction
- J. Questions about awareness on legislation
- K. Questions related to the development of private entrepreneurship
- L. Questions related to the World Trade Organization
- M. Demography

Highly qualified specialists took part in the conduction of the survey, the data collection, development of the survey data by the special statistical software (SPSS) and analysis of the results.

Definitions

Number – the number respondents according to their answers to the survey questions

Percentage – the percentage of respondents who chose the same option in the total number of respondents who took part in the survey

Real percentage - the percentage of respondents who chose the same option in the total number of respondents who answered the question

Percentage increase – the percentage of the total number of respondents who answered the question

Respondents who did not answer – Respondents who did not answer the question due to any reason

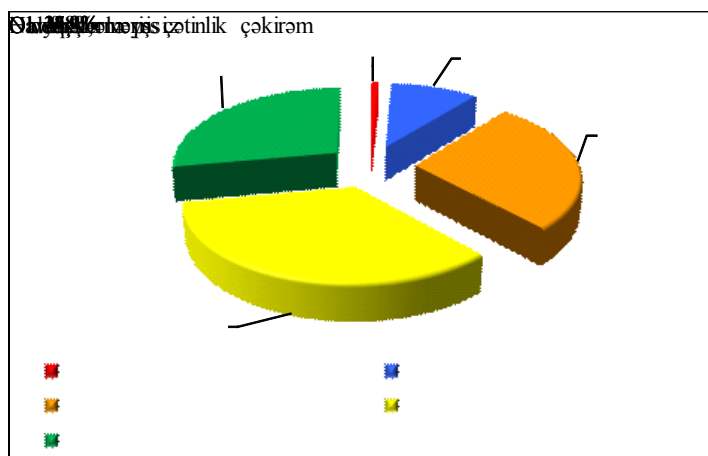
Results of the Survey

As mentioned, the survey was conducted among 1 000 respondents.

1. How is the current state of your business?

1 000 respondents who were surveyed answered the question.

	Number	Percentage	Real Percentage	Percentage increase
Favorable	8	0,8	0,8	0,8
Neither good nor bad	100	10,0	10,0	10,8
Unfavorable	274	27,4	27,4	38,2
Quite unfavorable	339	33,9	33,9	72,1
Difficult to say	279	27,9	27,9	100,0
Total	1 000	100,0	100,0	



33.9% of surveyed respondents or 339 respondents, said that the current situation is very unfavorable for business. "Difficult to say" option took the second place with 27.9% (or 279 respondents). "Unfavorable" option took the third place with 27.4% (or 274 respondents), "neither good, nor bad" option is in fourth place with 10.0% (or 100 respondents) and "favorable" option is in fifth place with 0.8% (or 8 respondents)

Compared with the previous survey, the following changes occurred in response options:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
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Quite favorable	7.5	0,0	–
Favorable	30.6	0,8	–
Neither good, nor bad	48.9	10.0	–
Unfavorable	9.3	27.4	+
Quite unfavorable	3.0	33.9	+
Difficult to say	0.7	27.9	+
Total	100.0	100.0	

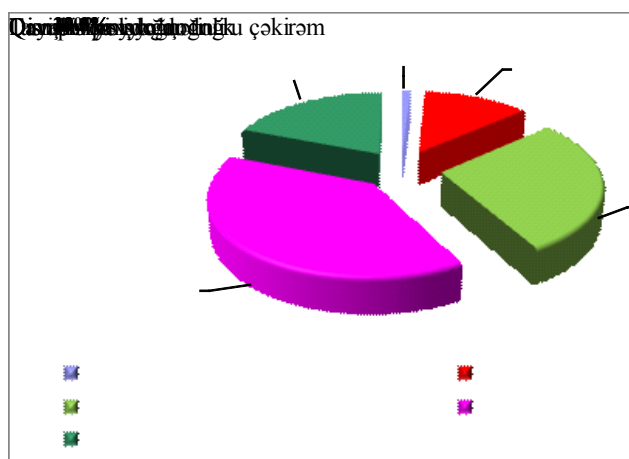
It should be noted that, this time, no respondents chose the option "quite favorable".

“Quite unfavorable” option was chosen the most in Shaki district (52.5% of the 40 respondents, or 21 respondents).

2. What changed in the business environment last year?

All respondents answered this question (1000 respondents).

	Number	Percentage	Real Percentage	Percentage Increase
Somewhat better	10	1.0	1.0	1.0
No change	126	12.6	12.6	13.6
Somewhat worse	283	28.3	28.3	41.9
The worst	390	39.0	39.0	80.9
Difficult to say	191	19.1	19.1	100.0
Total	1 000	100.0	100.0	



Compared with the previous survey, the following changes occurred: 39.0% of respondents, or 390 respondents, indicated that the worst changes happened. 28.3% or 283 respondents said that changes were somewhat worse. 19.1% or 191 respondents said it is difficult to answer. 12.6% or 126 respondents said no changes happened, 1.0% or 10 respondents chose "somewhat better" option.

Compared with the previous survey, the following changes occurred:

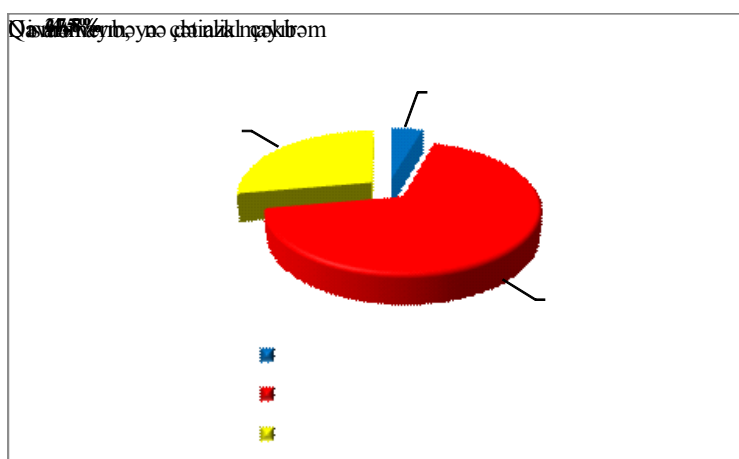
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
The best	10.1	0,0	-
Somewhat better	32.3	1.0	-
No change	41.0	12.6	-
Somewhat worse	11.0	28.3	+
The worst	4.1	39.0	+
Difficult to say	1.5	19.1	+
Total	100.0	100.0	

This time, no respondents chose "the best" option, "the worst" option was chosen the most in Salyan district (50 respondents, or 68.0% of the 34 respondents).

3. Did your business grow last year?

All respondents answered this question (1 000 respondents).

	Number	Percentage	Real percentage	Percentage increase
Somewhat	45	4.5	4.5	4.5
No change	677	67.7	67.7	72.2
Difficult to say	278	27.8	27.8	100.0
Total	1 000	100.0	100.0	



Compared with the previous survey, the following changes occurred:

As we can see, Respondents whose business remained unchanged dominated in the survey (67.7% or 667 respondents). 4.5% of respondents (or 45 respondents) said that their business somewhat expanded. 27.8% or 278 respondents of the respondents found it difficult to answer this question.

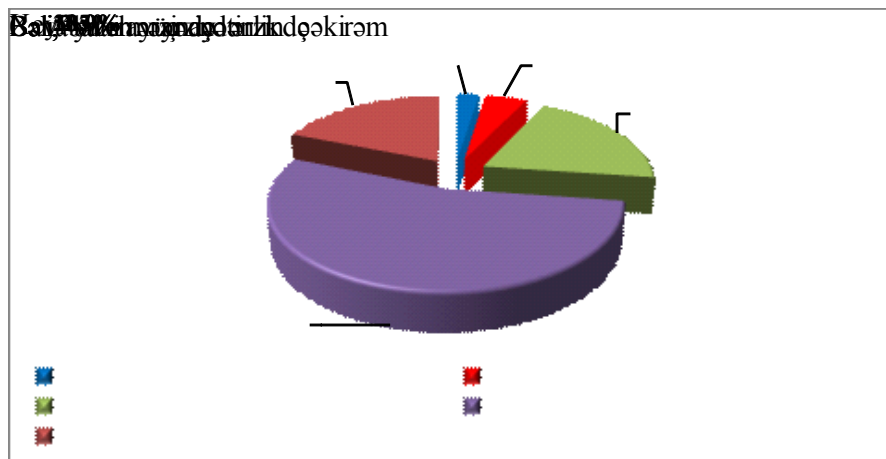
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes, considerably	11.0		-
Somewhat	41.2	4.5	-
No change	44.8	67.7	+
Difficult to say	3.0	27.8	+
Total	100.0	100.0	

4. Are you planning to expand your activities in the field of business?

1 000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Yes, within three months	25	2.5	2.5	2.5
Yes, within six months	47	4.7	4.7	7.2
Yes, within a year	200	20.0	20.0	27.2
No	539	53.9	53.9	81.1
Difficult to say	189	18.9	18.9	100.0
Total	1 000	100.0	100.0	



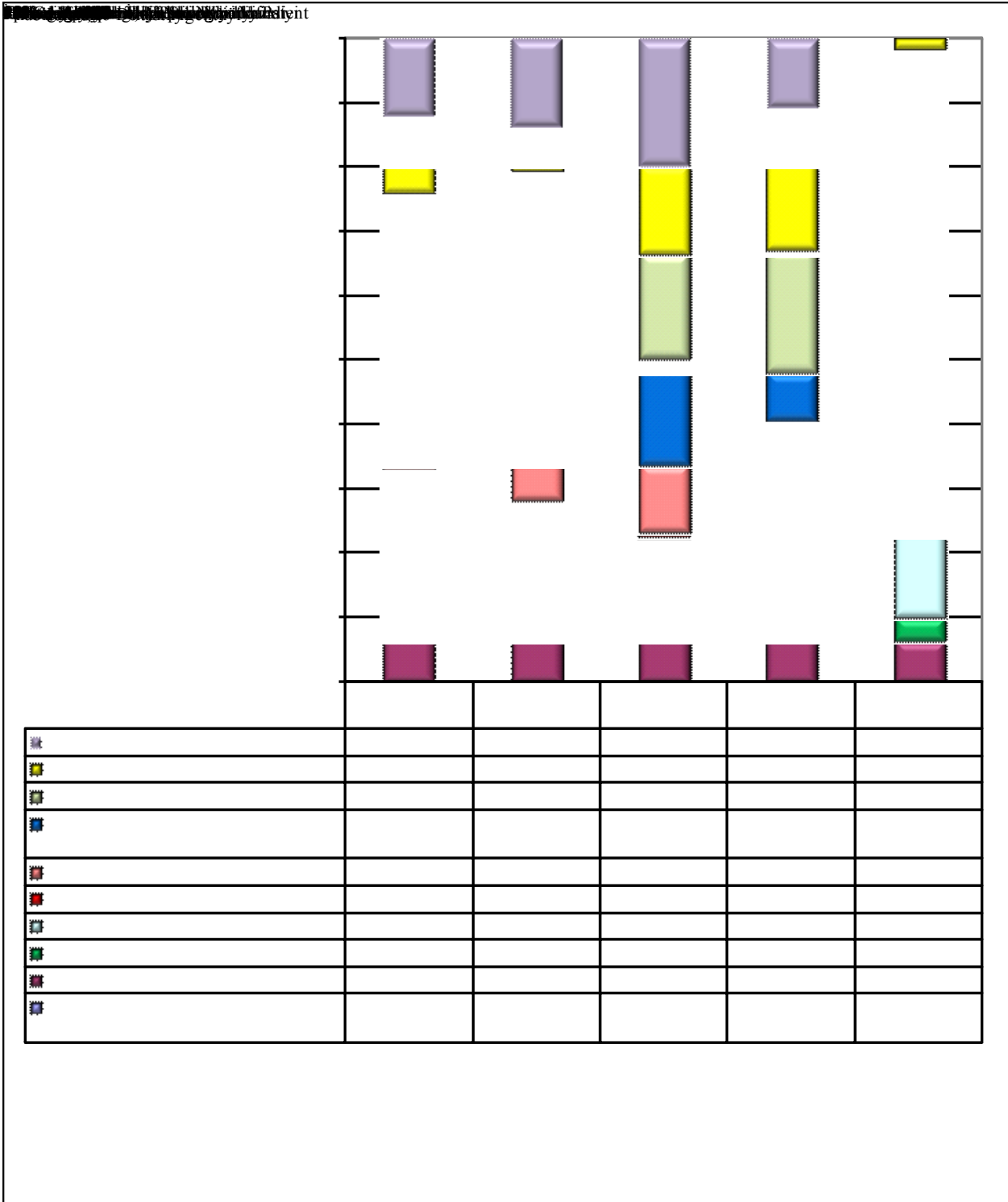
53.9% of respondents, or 539 respondents, said that they don't plan to expand their business in the near future. 20.0% or 200 respondents said that they intend to expand their business within a year. 18.9% of respondents (or 189 respondents) chose "difficult to say" options, 4.7% (or 47 respondents) answered "Yes, within six months" and 2.5% (or 25 respondents) said "Yes, within the next three months" they intend to expand their business.

Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes, within three months	7.4	2.5	-
Yes, within six months	7.0	4.7	-
Yes, within a year	19.5	20.0	+
No	44.6	53.9	+
Difficult to say	21.5	18.9	-
Total	100.0	100.0	

5. Did state agencies often visit your office for inspection last year?

1 000 respondents answered this question.



Police is in the first place in the list of state agencies visiting “at least once a week”. State Security Service leads the list of state agencies which “didn’t visit yet”. The list below indicates state agencies that lead the list of the most visiting agencies.

1. At least once a week - Police (33,3% out of 42 answers or 14 respondents)
2. At least once a month – Police (30,4% out of 1 803 answers 548 respondents)
3. At least once in six months - Ministry of Taxes (19,7% out of 2 601 answers or 512 respondents)
4. At least once a year - Ministry of Economy (21,9% out of 2 173 answers or 476 respondents)
5. Didn't visit yet– State Security Service (39,9% out of 2 386 answers or 952 respondents)

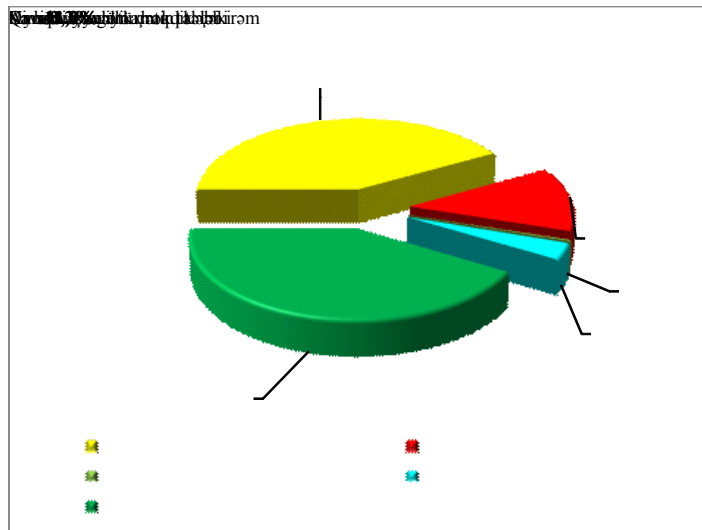
Ratings were compiled on the question. The rating reflects the state agencies which did not visit. Respondents's answers give an opportunity to get to the following results (in all cases, response options of 1 000 respondents were taken into account):

1. State Security Service (95,2% or 952 respondents)
2. Ministry of Ecology and Natural Resources (93,1% or 931 respondents)
3. State Committee for Standardization, Metrology and Patent(17,1% or 171 respondents)
4. Sanitary-Epidemiological Agencies (15,4% or 154 respondents)
5. District Executive Power (8,9% or 89 respondents)
6. Ministry of Economy (4,3% or 43 respondents)
7. Police (2,5% or 25 respondents)
8. Ministry of Emergency Situations (2,1% or 21 respondents)
9. Ministry of Taxes (0,0% or 0 respondents)

6. In your opinion, what was the main purpose of officials' visit (in general) last year?

1 000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Legal audit	419	41.9	41.9	41.9
Demand of monthly or annual fee	130	13.0	13.0	54.9
Demand of hiring an employee	2	0.2	0.2	55.1
Etc.	33	3.3	3.3	58.4
Difficult to say	416	41.6	41.6	100.0
Total	1 000	100.0	100.0	



41.9% of respondents or 419 respondents said that officials had visited the facilities for the legal inspection. However, 13.0% or 130 respondents emphasized that the purpose of these visits were monthly or annual fee requirement. Excluding 41.6% of respondents or 416 respondents who had difficulties to answer the question, 3.5% (or 35 respondents) chose other options.

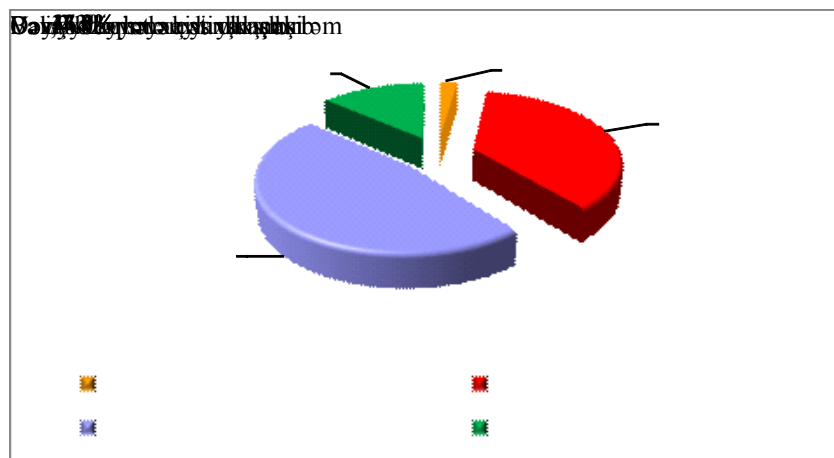
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Legal audit	36.3	41.9	+
Demand of monthly or annual fee request	40.4	13.0	–
Demand to change his/her field of business.	1.1	0.0	–
Demand to change his/her facility	0.2	0.0	–
Demand to hire an employee	0.3	0.2	–
Demand to increase wages of employees	0.9	0.0	–
Etc.	0.1	3.3	+
Difficult to say	20.7	41.6	+
Total	100.0	100.0	

7. Since the beginning of 2011, a number of significant steps have been taken by the government in order to reduce corruption. As a result of these steps, do you already see the decrease in demanding bribes?

1 000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Yes, the situation has improved significantly	23	2.3	2.3	2.3
The situation has improved slightly	368	36.8	36.8	39.1
I don't see changes yet	473	47.3	47.3	86.4
Difficult to say	136	13.6	13.6	100.0
Total	1 000	100.0	100.0	



47.3% of respondents or 473 respondents stated that the change was not noticed yet. 36.8% or 368 respondents said that situation has improved slightly, 2.3% or 23 respondents said the situation has improved significantly. 13.6% of surveyed respondents or 136 respondents found it difficult to answer this question.

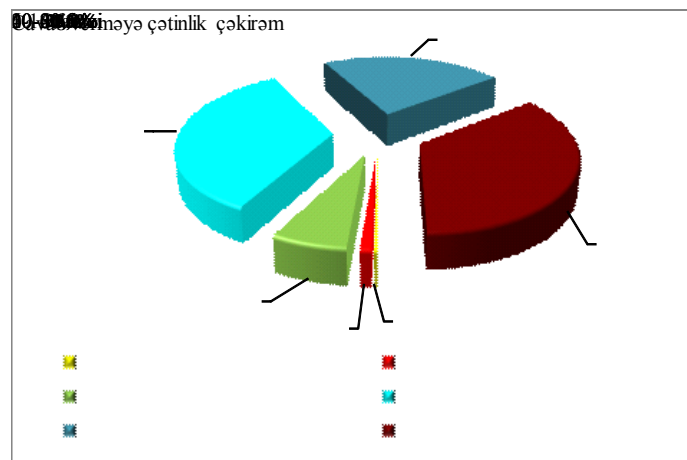
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes, the situation has improved significantly	16.7	2.3	-
The situation has improved slightly	52.6	36.8	-
I don't see changes yet	23.6	47.3	+
Difficult to say	7.1	13.6	+
Total	100.0	100.0	

8. What do you think, how many percents of your competitors' spendings are unofficial payments?

1 000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
60-80 Percents	3	0.3	0.3	0.3
40-60 Percents	10	1.0	1.0	1.3
20-40 Percents	66	6.6	6.6	7.9
10-20 Percents	343	34.3	34.3	42.2
0-10 Percents	224	22.4	22.4	64.6
Difficult to say	354	35.4	35.4	100.0
Total	1 000	100.0	100.0	



35.4% of respondents or 354 respondents found it difficult to answer the question. Other options are listed as follows.

1. Difficult to say – 35,4% or 354 respondents
2. 10-20% – 34,3% or 343 respondents
3. 0-10% – 22,4% or 224 respondents
4. 20-40% – 6,6% or 66 respondents
5. 40-60% – 1,0% or 10 respondents
6. 60-80% – 0,3% or 3 respondents

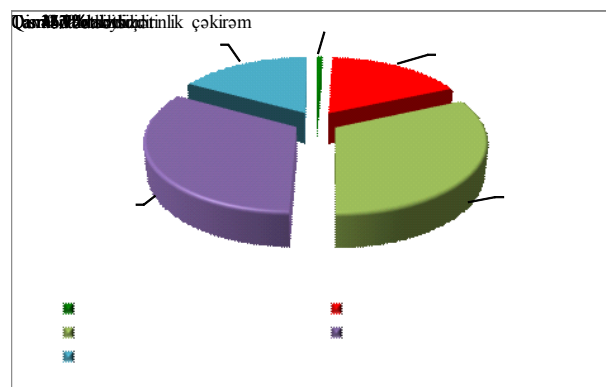
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
80-100 Percents	0.1	0.0	–
60-80 Percents	0.1	0.3	+
40-60 Percents	2.3	1.0	–
20-40 Percents	7.1	6.6	–
10-20 Percents	21.8	34.3	+
0-10 Percents	20.9	22.4	+
Difficult to say	47.7	35.4	–
Total	100.0	100.0	

9. How do you assess the conditions of competition in the past, in the economic sector you work in?

This question was answered by all 1 000 respondents who took part in the survey.

	Number	Percentage	Real percentage	Percentage increase
Quite fair	7	0.7	0.7	0.7
Somewhat fair	177	17.7	17.7	18.4
Somewhat unfair	319	31.9	31.9	50.3
Quite unfair	327	32.7	32.7	83.0
Difficult to say	170	17.0	17.0	100.0
Total	1 000	100.0	100.0	



32.7% of respondents or 327 respondents consider conditions of competition to be quite unfair. 31.9% or 319 respondents stated that the conditions of competition are somewhat unfair. 17.7% or 177 respondents said that conditions of competition are somewhat fair. 0.7% or 7 respondents emphasized that the conditions are quite fair. 17.0% or 170 respondents found it difficult to answer this question.

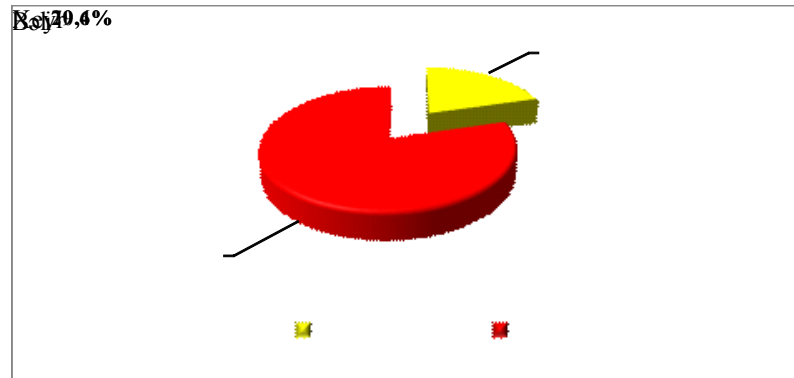
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Quite fair	19.3	0.7	-
Somewhat fair	49.4	17.7	-
Somewhat unfair	19.9	31.9	+
Tam unfair	3.9	32.7	+
Difficult to say	7.5	17.0	+
Total	100.0	100.0	

10. Did you obtain a license in the past year?

1 000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Yes	204	20.4	20.4	20.4
No	796	79.6	79.6	100.0
Total	1 000	100.0	100.0	



Only 20.4%, or 204 surveyed respondents, stated that they obtained a license in past year.

Compared with the previous survey, the following changes occurred:

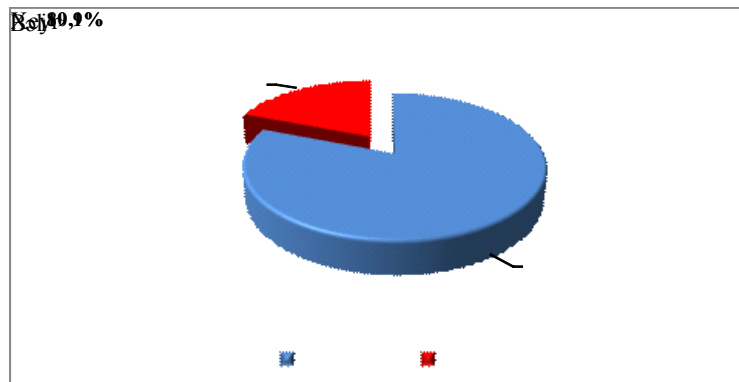
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Yes	33.5	20.4	–
No	66.5	79.6	+
Total	100.0	100.0	

The 11th question was for the respondents who obtained a license. Respondents who chose other options continued the survey from 14th question.

11. Was it difficult for you to get a license?

204 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Yes	165	16.5	80.9	80.9
No	39	3.9	19.1	100.0
Total Respondents	204	20.4	100.0	
who didn't answer	796	79.6		
Total	1 000	100.0		



As we can see, 80.9% or 165 respondents stated that they faced difficulties while obtaining a license.

Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	45.1	80.9	+
No	54.9	19.1	-
Total	100.0	100.0	

In accordance with the terms of 12th question, this question was answered by respondents who stated that they faced difficulties while obtaining a licence. Respondents who chose other options continued the survey from 14th question.

12. What challenges did you face? (You can select multiple answers)

165 respondents took part in answering the question. Depending on the term of the question respondents could chose multiple options. In general, 14 respondents chose 2 options and 151 respondents chose 3 options.

	Answer Number	
	Number	Percentage
Procrastination in the relevant state agency issue licenses	145	30.1
Rules are ambiguous and not clear	33	6.9
Collection of documents from various state agencies to obtain a license certificate	132	27.4
Spending a lot of time to obtain a license	78	16.2
Higher license fee	88	18.3
The short duration of the license certificate	5	1.0
Total number of respondents	165	100,0
Total number of answers	481	

31.1% or 145 respondents noted that, the major challenge for them was procrastination. 27.4% or 132 respondents have expressed their dissatisfaction with the collection of a lot of documents from various state agencies to obtain a license. 18.3% or 88 respondents said that license fee is very high, 16.2% or 78 respondents stated they spend a lot of time to obtain a license, 6.9% or 33 respondents chose the option “rules are ambiguous and not clear”. Finally, 1.0% or 5 respondents complained about the short duration of a license.

Compared with the previous survey, the following changes occurred:

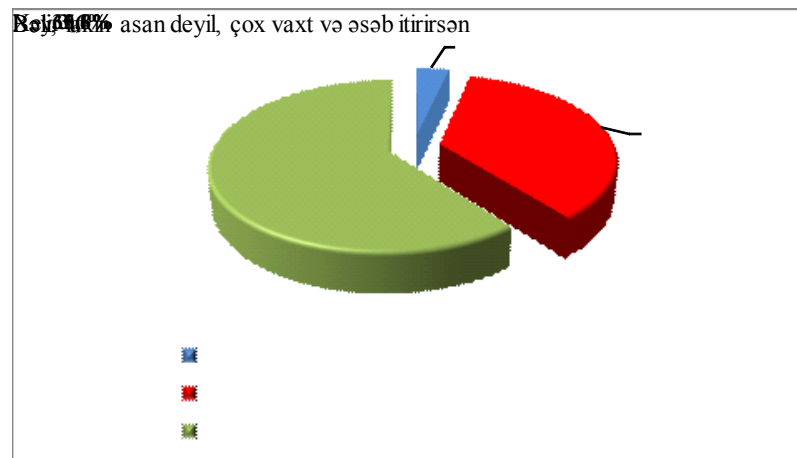
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Procrastination in the relevant state agency issue licenses	29.0	30.1	+

Rules are ambiguous and not clear	5.7	6.9	+
Collection of documents from various state agencies to obtain a license certificate	16.4	27.4	+
Spending a lot of time to obtain a license	13.9	16.2	+
Higher license fee	13.4	16.3	+
The short duration of the license certificate	21.6	1.0	-
Total	100.0	100.0	

13. Is it possible to obtain a licence or any kind of permission for an entrepreneurial activity without paying bribe?

165 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes	6	0.6	3.6	3.6
Yes, but it's not easy you lose a lot of time and nerves	59	5.9	35.8	39.4
No	100	10.0	60.6	100.0
Total	165	16.5	100.0	
Respondents who didn't answer	835	83.5		
Total	1 000	100,0		



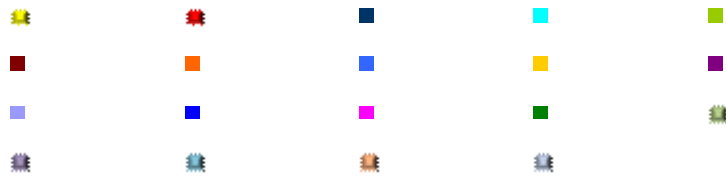
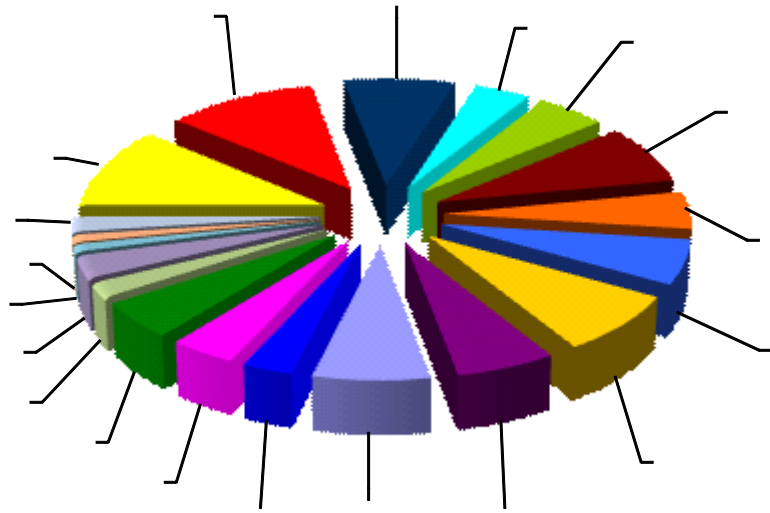
The vast majority of respondents who answered the question (60.6% or 100 respondents) noted that it was impossible to obtain a licence without a bribe. 35.8% or 59 respondents said it was not easy. Only 3.6% or 6 respondents said that it is possible to obtain a license without a bribe.

Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Yes	6.6	3.6	–
Yes, but it's not easy you a lot of time and nerves	66.2	35.8	–
No	27.2	60.6	+
Total	100.0	100.0	

The distribution of respondents by regions who stated that it was impossible to obtain a license without paying bribes:

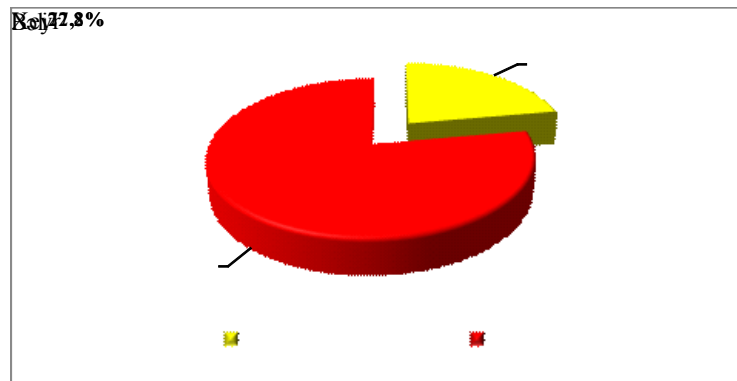
Figure 1.100%



14. Did you register a real estate in the past year?

1 000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Yes	222	22.2	22.2	22.2
No	778	77.8	77.8	100,0
Total	1 000	100,0	100,0	



Only 22,2% or 222 respondents stated that they registered a real estate.

Compared with the previous survey, the following changes occurred:

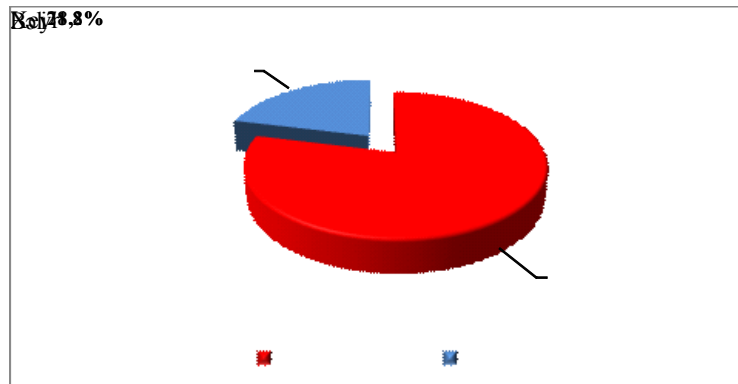
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Yes	46.7	22.2	–
No	53.3	77.8	+
Total	100.0	100.0	

15th question was given to respondents who stated they registered a property. Respondents who selected other options, continued the survey from 18th question.

15. Was it difficult to register a real estate?

222 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes	175	17.5	78.8	78,8
No	47	4.7	21.2	100,0
Total	222	22.2	100.0	
Respondents who didn't answer	778	77.8		
Total	1 000	100,0		



78.8% or 175 respondents stated that they faced difficulties while registering their properties.

Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Yes	35.8	78.8	+
No	64.2	21.2	–
Total	100.0	100.0	

In accordance with the terms of the survey 16th question was given to respondents who faced difficulties during the registration process. Respondents who selected other options, continued the survey from 18th question.

16. What challenges have you faced? (You can choose multiple options)

The question was answered by 175 respondents. Depending on the terms of the question, respondents were allowed to choose multiple options. A total of 348 answers were noted: 2 respondents selected 1 option, 173 respondents selected 2 options.

	Number of answers	
	Number	Percentage
Procrastination in the relevant state agency issue licenses	166	47.7
Rules are ambiguous and not clear	29	8.3
Collection of documents from various state agencies to obtain a license certificate	152	43.7
Other difficulties	1	0.3
Total number of respondents	175	100.0
Total number of answers	348	

47.7% of respondents or 166 respondents who had difficulties during the registration of the property noted the procrastination as a major problem. 43.7% or 152 respondents complained about the collection a large number of documents. 8.3% or 29 respondents complained about ambiguous and unclear regulations. Finally, it should be noted that 0.3%, or 1 respondent stated that he/she had to pay bribe.

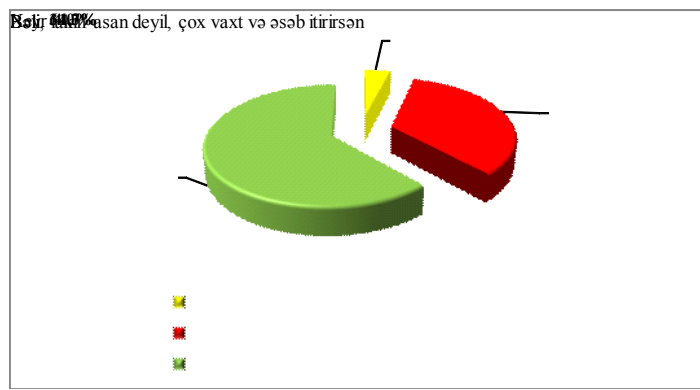
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Procrastination in the relevant state agency issue licenses	37.7	47.7	+
Rules are ambiguous and not clear	10.2	8.3	-
Collection of documents from various state agencies to obtain a license certificate	51.7	43.7	-
Other challenges	0.4	0.3	-
Total	100.0	100.0	

17. Is it possible to register a real estate for entrepreneurial activities without paying bribe?

175 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Yes	7	0.7	4.0	4.0
Yes, but it's not easy, you lose a lot of time and nerves	60	6.0	34.3	38.3
No	108	10.8	61.7	100.0
Total	175	17.5	100.0	
Respondents who didn't answer	825	82.5		
Total	1 000	100.0		



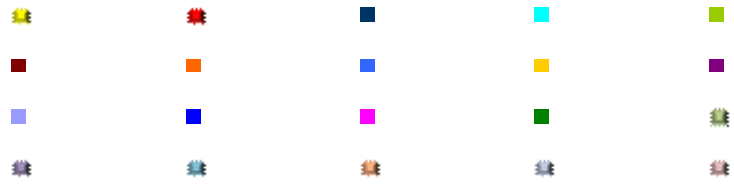
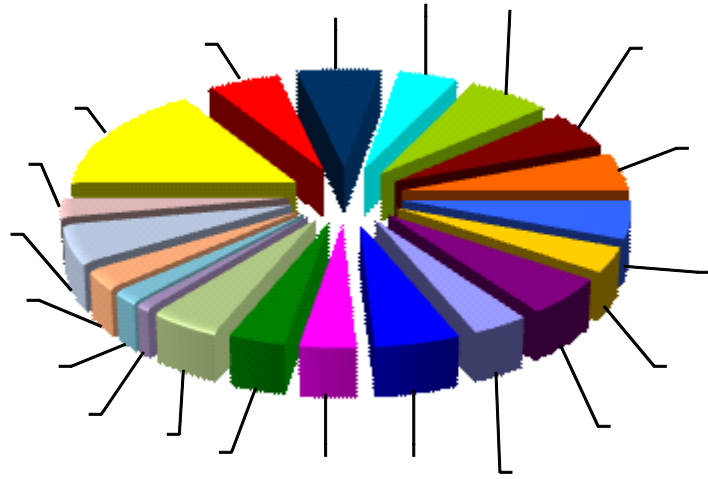
61.7% or 108 respondents noted that it was impossible to register a property without paying bribe. 34.3% or 60 respondents noted that they registered a property without paying bribe, but it took much time and it was stressful. 4.0% or 7 respondents said there was no need to bribe in order to register a property.

Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	4.2	4.0	-
Yes, but it's not easy, you lose a lot of time and nerves	74.3	34.3	-
No	21.6	61.7	+
Total	100.0	100.0	

Distribution of respondents by regions who noted it was possible to register a property without paying bribe.

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18. Did you apply for loans for the National Fund for Entrepreneurship Support in the past year?

All 1 000 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes	200	20.0	20.0	20.0
No	797	79.7	79.7	99.7
I have no information about the Fund	3	0.3	0.3	100,0
Total	1 000	100,0	100,0	



1 000 small businesses answered the survey, however, only 20.0% of respondents or 200 respondents said that they applied for National Fund for Entrepreneurship Support. 79.7% or 797 respondents did not apply for this fund, and finally 0.3% or 3 respondents said that they had no information about the Fund.

Compared with the previous survey, the following changes occurred:

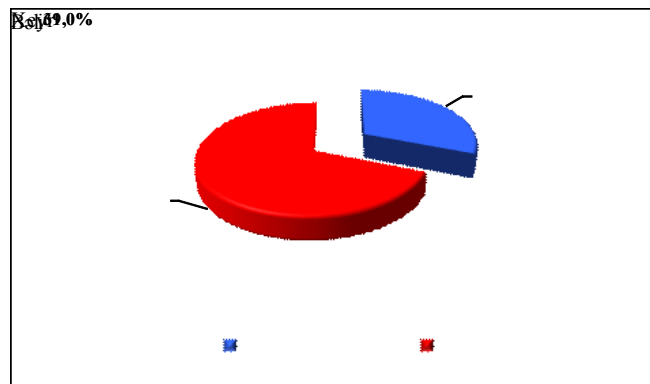
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	18.1	20.0	+
No	65.9	79.7	+
I have no information about the Fund	16.0	0.3	-
Total	100.0	100.0	

19th question was answered only by the respondents who answered “Yes” in 18th question. Respondents who chose other options, continued the survey from 22th question.

19. Could you manage to get a loan from the fund?

200 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes	62	6.2	31.0	31.0
No	138	13.8	69.0	100.0
Total	200	20.0	100.0	
Respondents who didn't answer	800	80.0		
Total	1 000	100.0		



31,0% or 62 respondents who applied for the Fund said that they could get a loan, 69,0% or 138 respondents said that they couldn't get a loan.

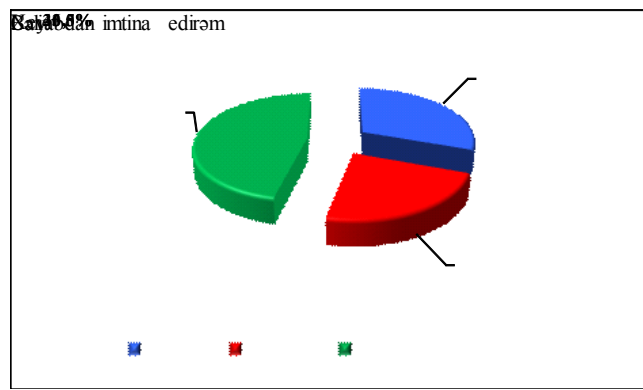
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	61.3	31.0	-
No	38.7	69.0	+
Total	100.0	100.0	

20. Does it require additional expenses (bribes) to get a loan?

200 respondents answered the question.

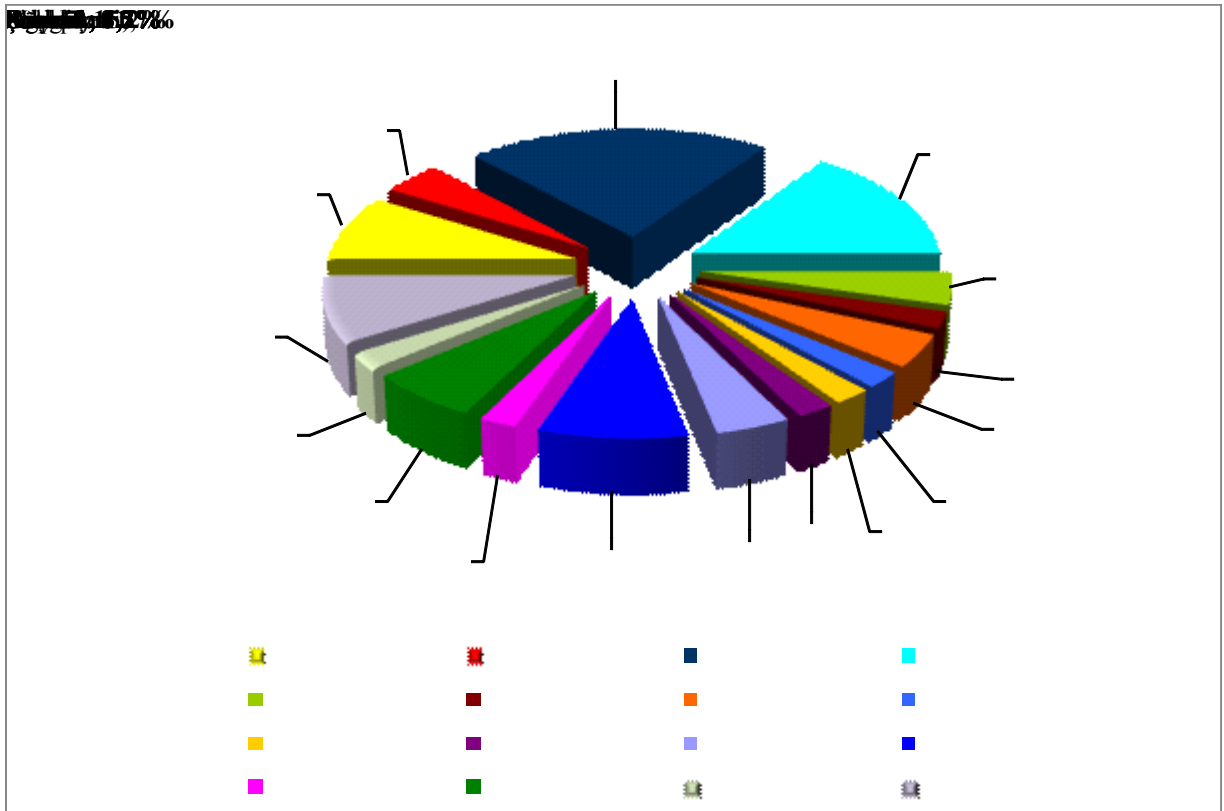
	Number	Percentage	Real percentage	Percentage increase
Yes	61	6.1	30.5	30.5
No	46	4.6	23.0	53.5
I refuse to answer	93	9.3	46.5	100.0
Total	200	20.0	100,0	
Respondents who didn't answer	800	80.0		
Total	1 000	100.0		



46.5% of entrepreneurs or 93 respondents who apply for a loan, refused to answer the question. 30.5% or 61 respondents said that they didn't face bribery while getting a loan. 23.0% or 46 respondents said they had been demanded a bribe. Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	27.6	30.5	+
No	55.8	23.0	-
I refuse to answer	16.6	46.5	+
Total	100.0	100.0	

Distribution of entrepreneurs by regions who faced bribery in National Fund for Entrepreneurship Support was as follows:

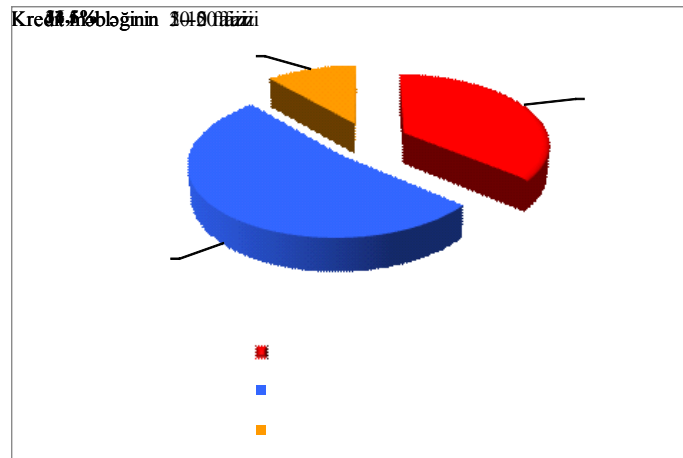


21th question was asked only respondents who answered "yes" answer in 20th question. Respondents who chose other options, continued the survey from 22th question.

21. How much (bribe) does it require to get a loan?

61 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
2 - 5 percents of the loan amount	22	2.2	36.1	36.1
5-10 percents of the loan amount	32	3.2	52.5	88.5
10-20 percent of the loan amount	7	0.7	11.5	100.0
Total	61	6.1	100.0	
Respondents who didn't answer	939	93.9		
Total	1 000	100.0		



Answers are listed as follows:

1. 5-10 percents of the loan amount – 52,5% or 32 respondents
2. 2-5 percents of the loan amount – 36,1% or 22 respondents
3. 10-20 percents of the loan amount – 11,5% or 7 respondents

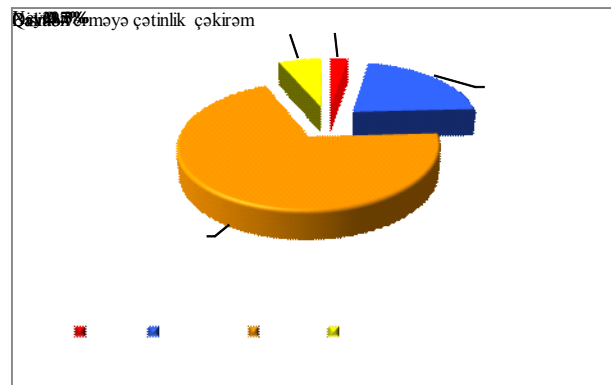
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
0 - 2 percents of the loan amount	24.0	0.0	–
2 - 5 percents of the loan amount	28.0	36.1	+
5-10 percents of the loan amount	38.0	52.5	+
10-20 percents of the loan amount	10.0	11.5	+
Total	100.0	100.0	

22. Do you consider yourself to be protected from bureaucratic arbitrariness of government officials?

1 000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Yes	27	2.7	2.7	2.7
Somewhat	215	21.5	21.5	24.2
No	693	69.3	69.3	93.5
Difficult to say	65	6.5	6.5	100.0
Total	1 000	100.0	100.0	

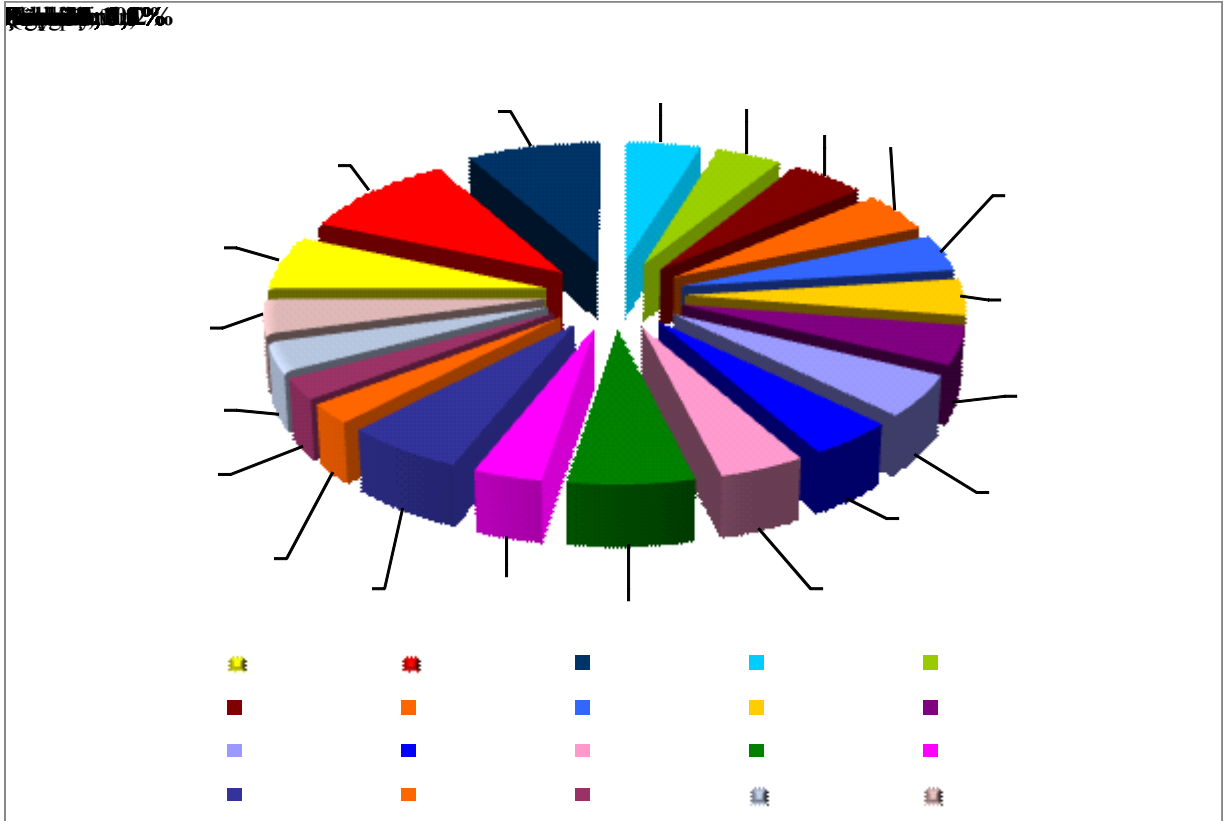


69.3% of surveyed respondents or 693 respondents stated they are not protected from bureaucratic arbitrariness at all. 21.5% or 215 respondents said that they are somewhat protected, 2.7% or 27 respondents said they are protected. And 6.5% or 65 respondents found it difficult to answer the question.

Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Yes	15.8	2.7	–
Somewhat	60.2	21.5	–
No	13.8	69.3	+
Difficult to say	10.2	6.5	–
Total	100.0	100.0	

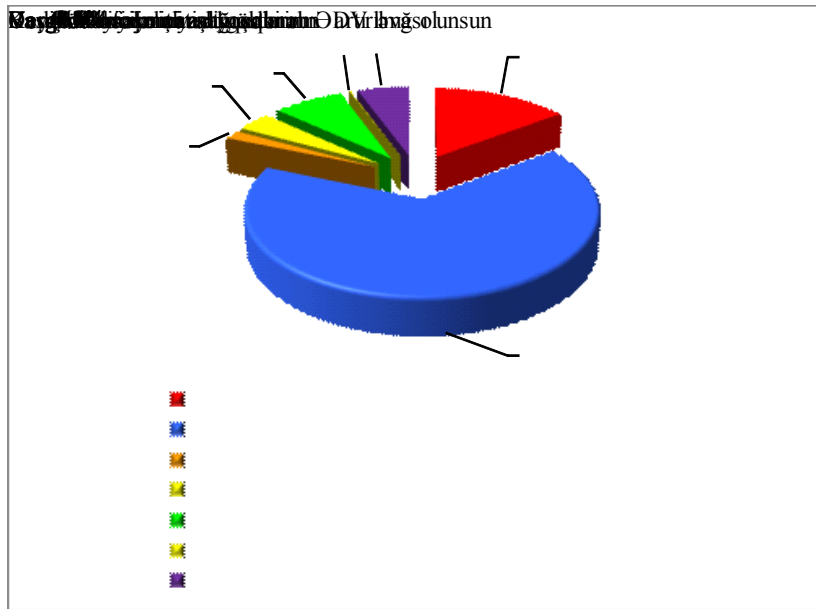
Distribution of respondents by regions who don't consider themselves to be protected from bureaucratic arbitrariness of government officials:



23. In your opinion, what is need to be changed in the the tax system?

1 000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Lower tax rates	148	14.8	14.8	14.8
Reduce number of taxes	664	66.4	66.4	81.2
Staff change	17	1.7	1.7	82.9
No need for changes	38	3.8	3.8	86.7
Improving the rights of taxpayers	76	7.6	7.6	94.3
Your other suggestions, including: VAT must be abolished	1	0.1	0.1	94.4
Difficult to say	56	5.6	5.6	100.0
Total	1 000	100.0	100.0	



66.4% or 664 respondents wished the number of taxes to be reduced. 14.8% or 148 respondents offered to reduce tax rates. 7.6% or 76 respondents wished the rights of taxpayers to be increased. 5.6% or 56 respondents found it difficult to answer the question. 3.8% or 38 respondents indicated that there is no need for changes, 1.7% or 17 respondents wished the staff change. 0.1%, or 1 respondent offered the abolishment of VAT.

Compared with the previous survey, the following changes occurred:

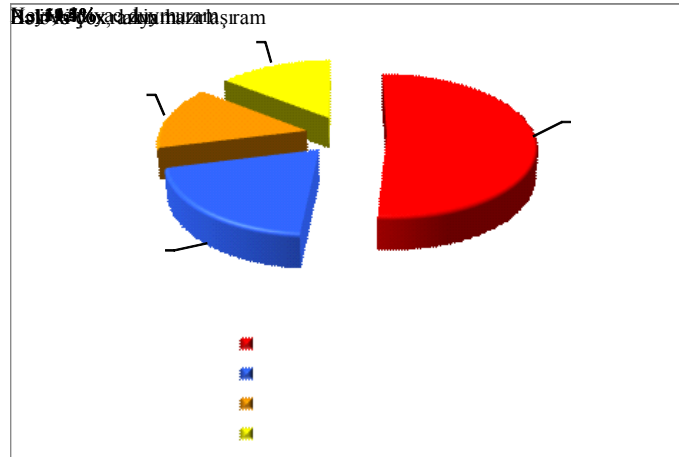
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease

Lower tax rates	35.2	14.8	-
Reduce number of taxes	27.3	66.4	+
Staff change	5.2	1.7	-
No need for changes	5.5	3.8	-
Improving the rights of taxpayers	15.3	7.6	-
Your other suggestions, including: VAT must be abolished	0.0	0.1	+
Difficult to say	11.5	5.6	-
Total	100.0	100.0	

24. Do you use e-tax payment system?

All respondents (1 000 respondents) answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes	514	51.4	51.4	51.4
Yes and I'm pleased	197	19.7	19.7	71.1
Not yet, but I am going to	145	14.5	14.5	85.6
No, there is no need	144	14.4	14.4	100.0
Total	1000	100.0	100.0	

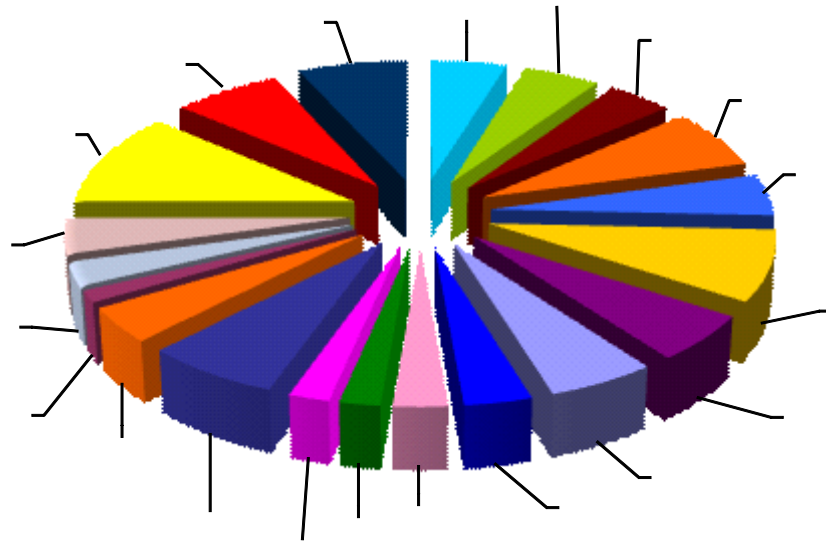


51.4% of the 514 respondents said they benefited from the electronic tax payment system, 19.7% of the 197 respondents said they used and are very pleased with this system. 14.5% or 145 respondents said they are going to take the advantage of this opportunity. However, 14.4% or 144 respondents said they don't need it. Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	16.9	51.4	+
Yes and I'm pleased	19.6	19.7	+
Not yet, but I am going to	18.5	14.5	-
No, there is no need	45.0	14.4	-
Total	100.0	100.0	

Distribution of respondents by regions who chose the option "No, there is no need":

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25th question was answered by respondents who chose the option “not yet, but I am going to” in 25th question.

25. What is the reason for not using the e-tax payment?

289 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
For me, it is hard work, I do not have experience working with electronic system	99	9.9	34.3	34.3
I do not trust the electronic system, I'm afraid that if there is any problem, I'll be responsible	27	2.7	9.3	43.6
It is easier to pay taxes in the traditional way	163	16.3	56.4	100.0
Total	289	28.9	100.0	
Respondents who didn't answer	711	71.1		
Total	1 000	100.0		



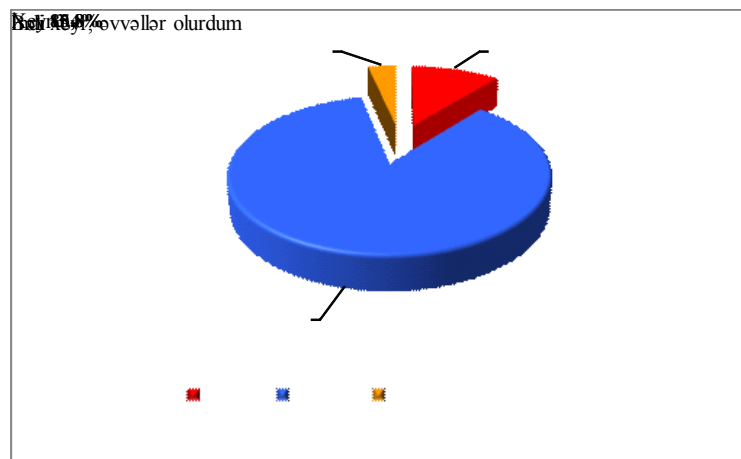
56.4% of respondents or 163 respondents who answered the question, said that it is easier to pay taxes in the traditional way. 34.3% or 99 respondents chose the option "For me, it is hard work, I do not have experience working with electronic system". 9.3% or 27 respondents noted they didn't trust the electronic system. Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
For me, it is hard work, I do not have experience working with electronic system	26.6	34.3	+
I do not trust the electronic system, I'm afraid that if there is any problem, I'll be responsible	16.5	9.3	–
It is easier to pay taxes in the traditional way	55.1	56.4	+
Another reason: because agricultural sector is exempted from taxation	0.6	0.0	–
Another reason: because I feel more confident	1.1	0.0	–
Total	100.0	100.0	

26. Were you engaged in foreign trade operations?

All 1000 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes	108	10.8	10.8	10.8
No	858	85.8	85.8	96.6
Not now, but I was	34	3.4	3.4	100,0
Total	1 000	100.0	100.0	



As we can see, the vast majority of respondents (85.8% or 858 respondents) were not engaged in foreign trade operations. 3.4% or 34 respondents noted they were previously engaged in foreign trade operations. Only 10.8% or 108 respondents emphasized that they are engaged in foreign trade operations.

Compared with the previous survey, the following changes occurred:

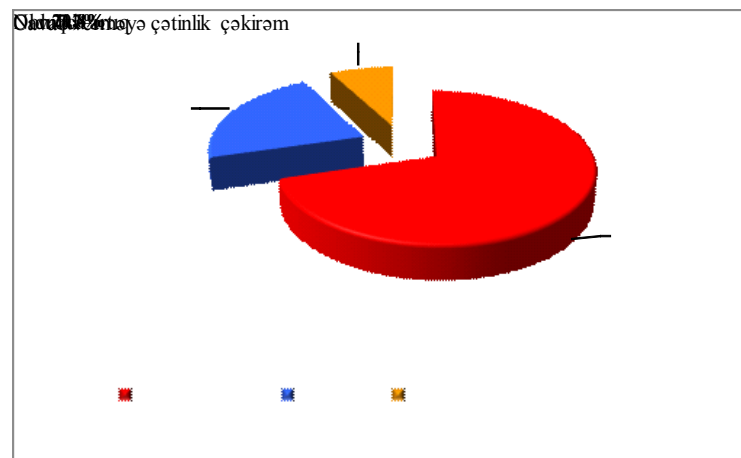
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	13.4	10.8	-
No	80.0	85.8	+
Not now, but I was	6.6	3.4	-
Total	100.0	100.0	

Questions 27-29 were answered only by respondents who answered “Yes” and “Not now, but I was” in 26th. Respondents who chose other options, continued the survey from 30th question.

27. How do you assess the number and complexity of procedures for registration of documents for carrying out foreign trade operations?

142 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Too much	100	10.0	70.4	70.4
Normal	31	3.1	21.8	92.3
Difficult to say	11	1.1	7.7	100.0
Total	142	14.2	100.0	
Respondents who didn't answer	858	85.8		
Total	1 000	100.0		



70.4% of respondents or 100 respondents who answered the question think that procedures are too much, whereas 21.8% of the respondents or 31 respondents described these procedures as normal. 7.7% or 11 respondents found it difficult to answer the question.

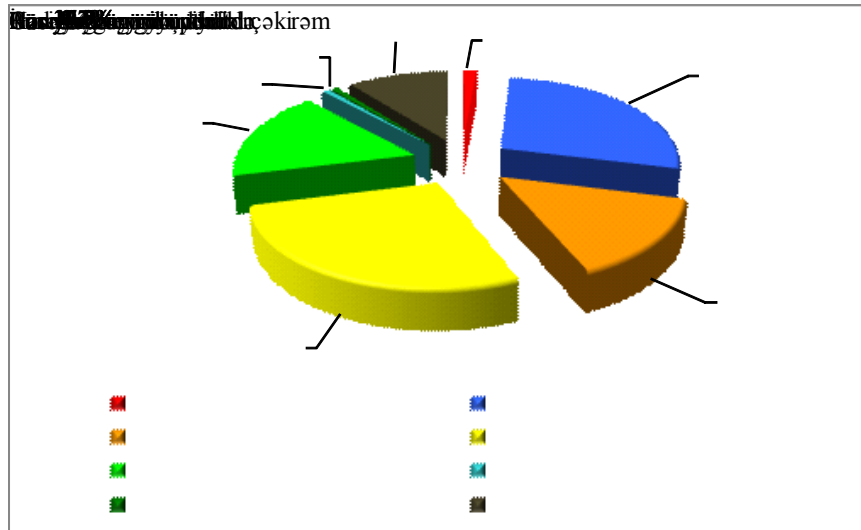
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Too much	48.5	70.4	+
Normal	28.0	21.8	–
Difficult to say	23.5	7.7	–
Total	100.0	100.0	

28. Where is it more convenient for you to go through customs clearance?

142 respondents answered the questions.

	Number	Percentage	Real percentage	Percentage increase
Azerbaijani customs	2	0.2	1.4	1.4
Russian customs	39	3.9	27.5	28.9
Georgian customs	21	2.1	14.8	43.7
Turkish customs	39	3.9	27.5	71.1
Iranian customs	24	2.4	16.9	88.0
Everywhere the same inconvenience	1	0.1	0.7	88.7
Everywhere the same convenience	1	0.1	0.7	89.4
Difficult to say	15	1.5	10.6	100.0
Total	142	14.2	100.0	



Answers are as follows:

Russian customs - 27.5% or 39 respondents

Turkey customs - 27.5% or 39 respondents

Iran's Customs - 16.9% or 24 respondents

Georgian customs - 14.8% or 21 respondents

Difficult to say - 10.6% or 15 respondents

Azerbaijani customs - 1.4% or 2 respondents

Everywhere the same inconvenience - by 0.7%, or 1 respondents

Everywhere the same convenience - by 0.7%, or 1 respondents

Compared with the previous survey, the following changes occurred:

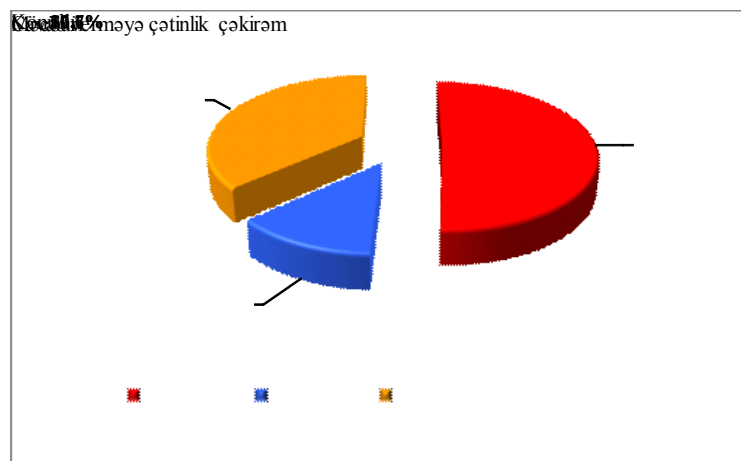
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
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Azerbaijani customs	9.5	1.4	-
Russian customs	10.5	27.5	+
Georgian customs	8.0	14.8	+
Turkish customs	15.0	27.5	+
Iranian customs	6.0	16.9	+
Everywhere the same inconvenience	34.5	0.7	-
Everywhere the same convenience	3.5	0.7	-
Difficult to say	13.0	10.6	-
Total	100.0	100.0	

29. Did you use broker service in customs last year?

142 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
Forcibly	72	7.2	50.7	50.7
Voluntarily	18	1.8	12.7	63.4
Difficult to say	52	5.2	36.6	100.0
Total	142	14.2	100.0	
Respondents who didn't answer	858	85.8		
Total	1 000	100.0		



50.7% or 72 respondents who took part in answering the question, chose the option "forcibly", and 12.7% or 18 respondents chose the option "voluntarily". 36.6% or 52 respondents found it difficult to answer.

Compared with the previous survey, the following changes occurred:

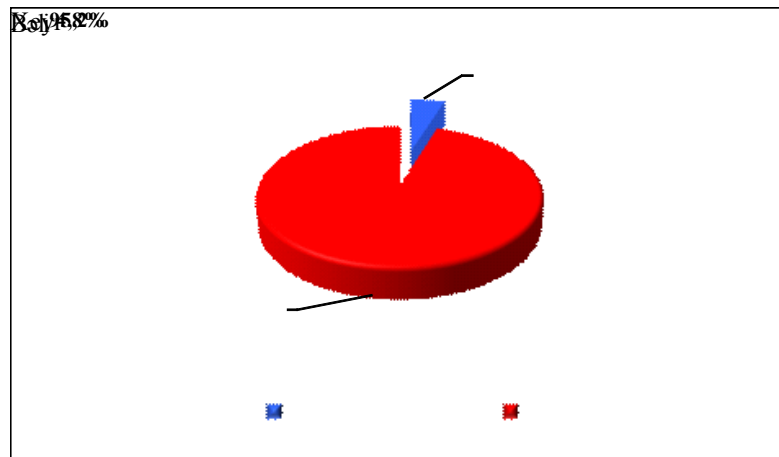
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Forcibly	31.5	50.7	+
Voluntarily	43.0	12.7	-
Difficult to say	25.5	36.6	+
Total	100.0	100.0	

30. Did you have to close a company last year?

Are you in the recent past (last year) Have you been to close the company?

1 000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Yes	48	4.8	4.8	4.8
No	952	95.2	95.2	100.0
Total	1 000	100.0	100.0	



Only 4,8% or 48 respondents said they had to close a company in last 2 years. Compared with the previous survey, the following changes occurred:

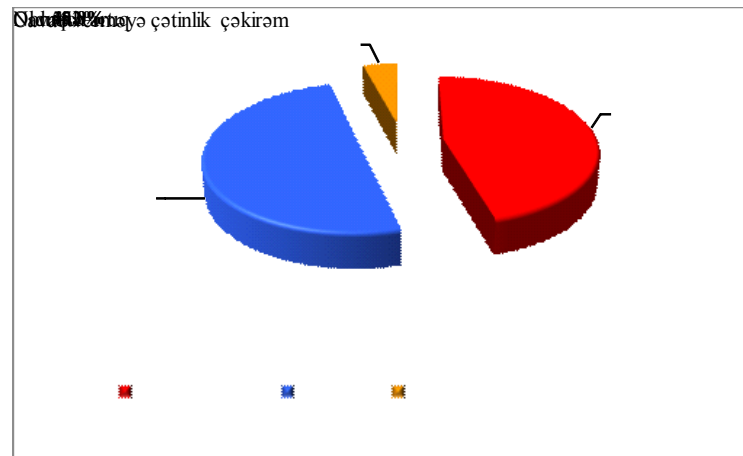
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	6.3	4.8	-
No	93.7	95.2	+
Total	100.0	100.0	

31-33rd questions were answered by respondents who answered “yes” in 30th question.

31. How do you assess the number and complexity of procedures for closing a company?

48 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
Too many	22	2.2	45.8	45.8
Normal	24	2.4	50.0	95.8
Difficult to say	2	0.2	4.2	100.0
Total	48	4.8	100.0	
Respondents who didn't answer	952	95.2		
Total	1 000	100.0		



45.8% of respondents or 22 respondents who answered the question, noted that there are too many procedures, 50.0% or 24 respondents said that the procedures are normal. 4.2% or 2 respondents found it difficult to answer the question.

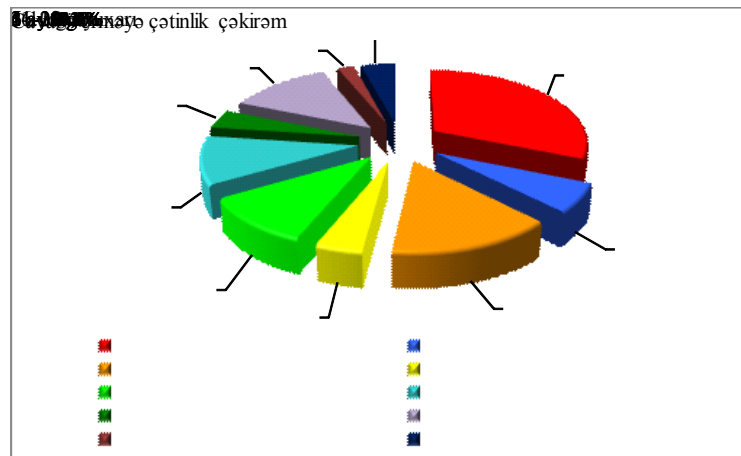
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Too many	31.7	45.8	+
Normal	61.9	50.0	-
Difficult to say	6.4	4.2	-
Total	100.0	100.0	

32. How much time did you spend to close a company?

48 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
6-10 days	3	0.3	6.3	6.3
11-15 days	7	0.7	14.6	20.9
16-20 days	2	0.2	4.2	25.1
21-30 days	5	0.5	10.4	35.4
2 months	5	0.5	10.4	45.9
3 months	2	0.2	4.2	50.1
4 months	6	0.6	12.5	62.6
6 months	1	0.1	2,1	64.7
More than 6 months	2	0.2	4.2	68.7
Difficult to say	15	1.5	31.3	100.0
Total	48	4.8	100.0	
Respondents who didn't answer	952	93.7		
Total	1 000	100,0		



31.3% or 15 respondents found it difficult to answer the question. 14.6% or 7 respondents noted that the closure procedures last 11-15 days. Other options cover the duration from 1 day to 6 days. Overall 54.1% or 26 respondents chose these options.

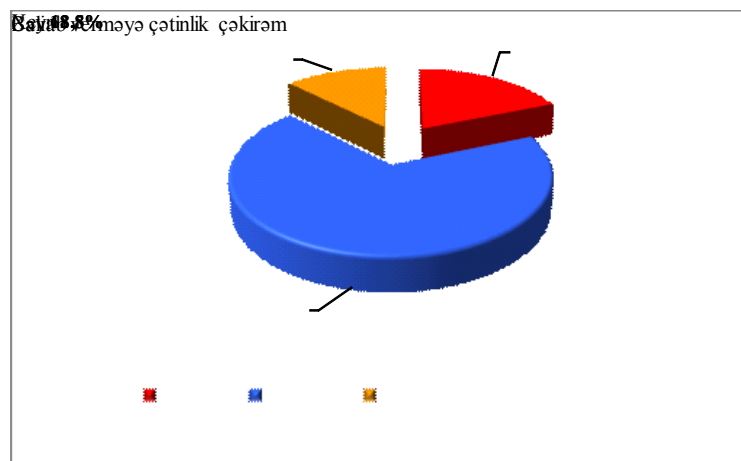
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
1-5 days	7.9	0.0	–
6-10 days	7.9	6.3	–
11-15 days	1.6	14.6	+
16-20 days	7.9	4.2	–
21-30 days	7.9	10.4	+
2 months	11.1	10.4	–
3 months	0.0	4.2	+
4 months	0.0	12.5	+
5 months	1.6	0.0	–
6 months	20.6	2.1	–
More than 6 months	0.0	4.2	+
Difficult to say	33.3	31.3	–
Total	100.0	100.0	

33. Did you have to pay unofficial payments while closing a company?

48 answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes	9	0.9	18.8	18.8
No	33	3.3	68.8	87.5
Difficult to say	6	0.6	12.5	100.0
Total	48	4.8	100.0	
Respondents who didn't answer	952	95.2		
Total	1 000	100.0		



Only 18.8% or 9 respondents noted that they had to pay unofficial payments while closing a company.

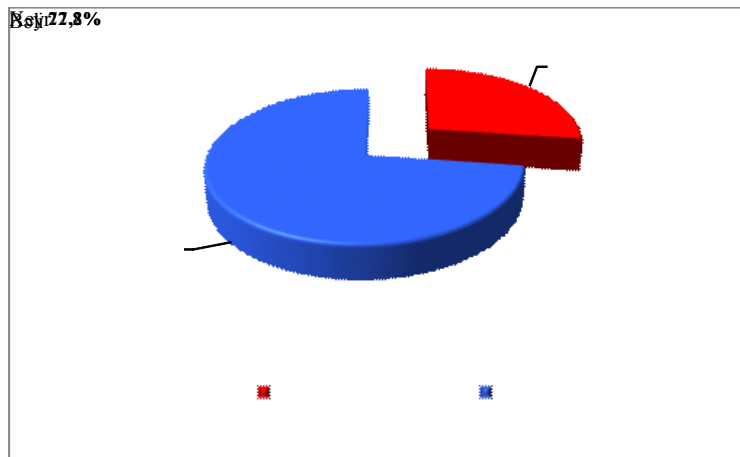
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	31.7	18.8	-
No	50.8	68.8	+
Difficult to say	17.5	12.5	-
Total	100.0	100.0	

34. Did you have to get a permission for a construction work in the past year?

This question was answered by all (1000 respondents).

	Number	Percentage	Real percentage	Percentage increase
Yes	272	27.2	27.2	27.2
No	728	72.8	72.8	100,0
Total	1 000	100.0	100.0	



Only 27.2% of respondents or 272 respondents who answered the question said that they had to get a permission for a construction work.

Compared with the previous survey, the following changes occurred:

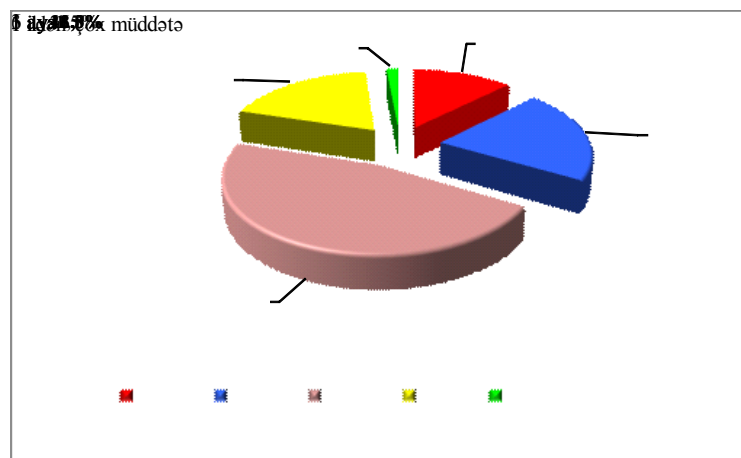
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	29.2	27.2	-
No	70.8	72.8	+
Total	100.0	100.0	

35 and 36th questions were answered by respondents who answered “yes” in 34th question. Respondents who answered “no” in 34th question, continued the survey from 37th question.

35. How long did it take to get a permission?

272 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
1 month	34	3.4	12.5	12.5
3 months	57	5.7	21.0	33.5
6 months	126	12.6	46.3	79.8
1 year	51	5.1	18.8	98.5
More than a year	4	0.4	1.5	100.0
Total	272	27.2	100.0	
Respondents who didn't answer	728	72.8		
Total	1 000	100.0		



The majority of respondents, 46.3% or 126 respondents got a permission within 6 months. Other options are as follows: 21.0% (or 57 respondents) within 3 months, 18.8% (or 51 respondents) within 1 year, 12.5% (or 34 respondents) within a month, and 1.5% (or 4 respondents) more than a year.

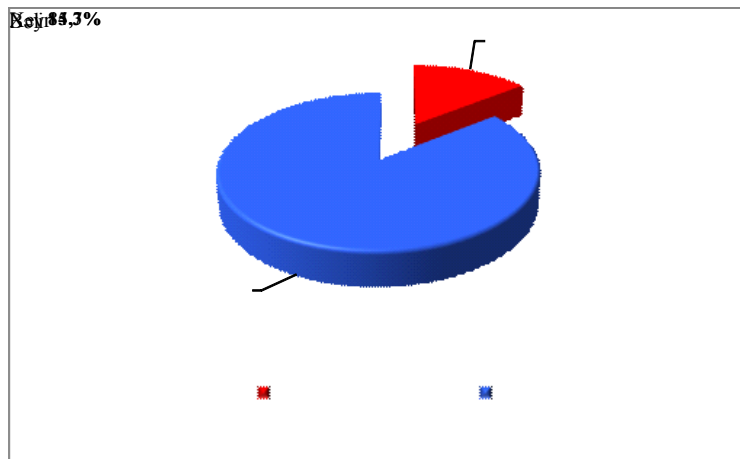
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
1 month	30.8	12.5	-
3 months	29.1	21.0	-
6 months	28.4	46.3	+
1 year	7.5	18.8	+
More than a year	4.1	1.5	-
Total	100.0	100.0	

36. Is it possible to get a construction permit for a business without a bribe?

272 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes	39	3.9	14.3	14.3
No	233	23.3	85.7	100.0
Total	272	27.2	100.0	
Respondents who didn't answer	728	72.8		
Total	1 000	100.0		

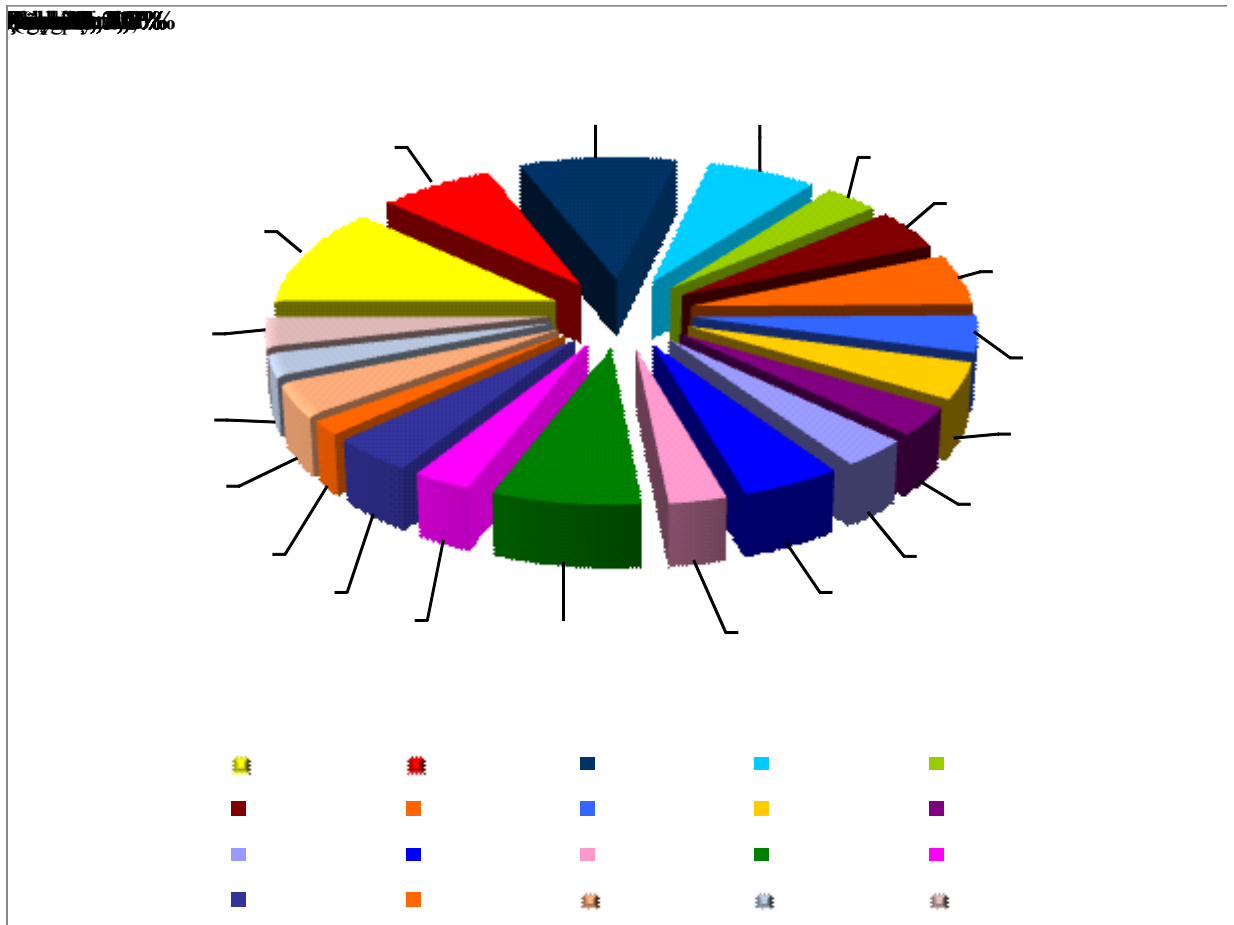


85.7% of respondents or 233 respondents said that it was impossible to get a construction permit without a bribe.

Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	64.4	14.3	-
No	35.6	85.7	+
Total	100.0	100.0	

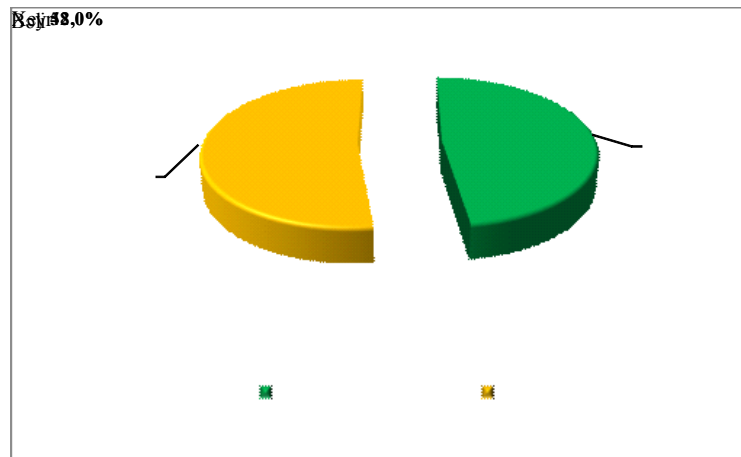
Distribution of respondents by regions who chose the option “no”:



37. Could you get timely information about decisions of government agencies on entrepreneurial activities last year?

1000 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes	480	48.0	48.0	48.0
No	520	52.0	52.0	100.0
Total	1 000	100.0	100.0	



Respondents 48,0%-i or 480 respondents sahibkarlıq fəaliyyəti ilə əlaqəli dövlət qurumlarının qərarları barədə məlumatı vaxtında əldə edə bildiyini qeyd etmişdir. 48.0% of respondents or 480 respondents said they could get timely information about decisions of government agencies on entrepreneurial activities.

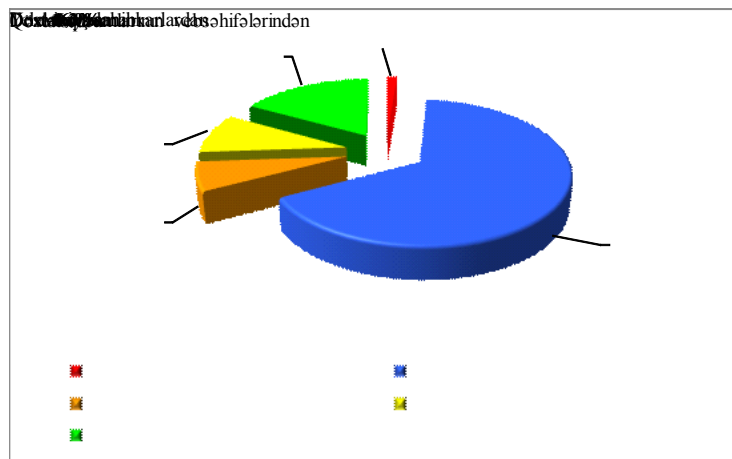
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Yes	76.0	48.0	–
No	24.0	52.0	+
Total	100.0	100.0	

38. How do you get the information about the decisions of government agencies on entrepreneurship?

1000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
From newspapers	13	1.3	1.3	1.3
From TVs	660	66.0	66.0	67.3
From web-sites of government agencies	66	6.6	6.6	73.9
From fellow entrepreneurs	92	9.2	9.2	83.1
During inspections	169	16.9	16.9	100.0
Total	1000	100.0	100.0	



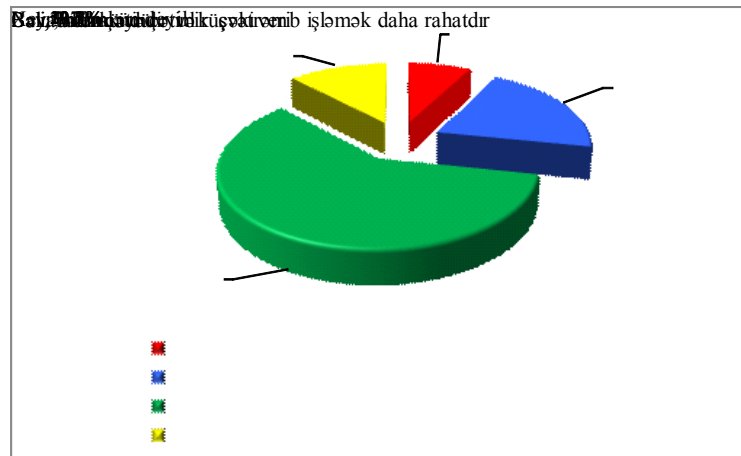
As we can see, the majority (66.0% or 660 respondents) obtained information from television. 16.9%, (169 respondents) obtained information during inspections, 9.2% (92 respondents) from fellow entrepreneurs, 6.6% (66 respondents) from web-sites of government agencies, 1.3 in% (13 respondents) from newspapers. Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
From newspapers	4.9	1.3	–
From TVs	44.8	66.0	+
From web-sites of government agencies	23.4	6.6	–
From fellow entrepreneurs	14.4	9.2	–
During inspections	7.9	16.9	+
Total	100.0	100.0	

39. Is it possible to do business in Azerbaijan without violation of law?

All (1000 respondents) answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes, it is possible	77	7.7	7.7	7.7
Yes, but it is easier to work by paying bribes	205	20.5	20.5	28.2
No, it is not possible	597	59.7	59.7	87.9
Difficult to say	121	12.1	12.1	100.0
Total	1000	100.0	100.0	

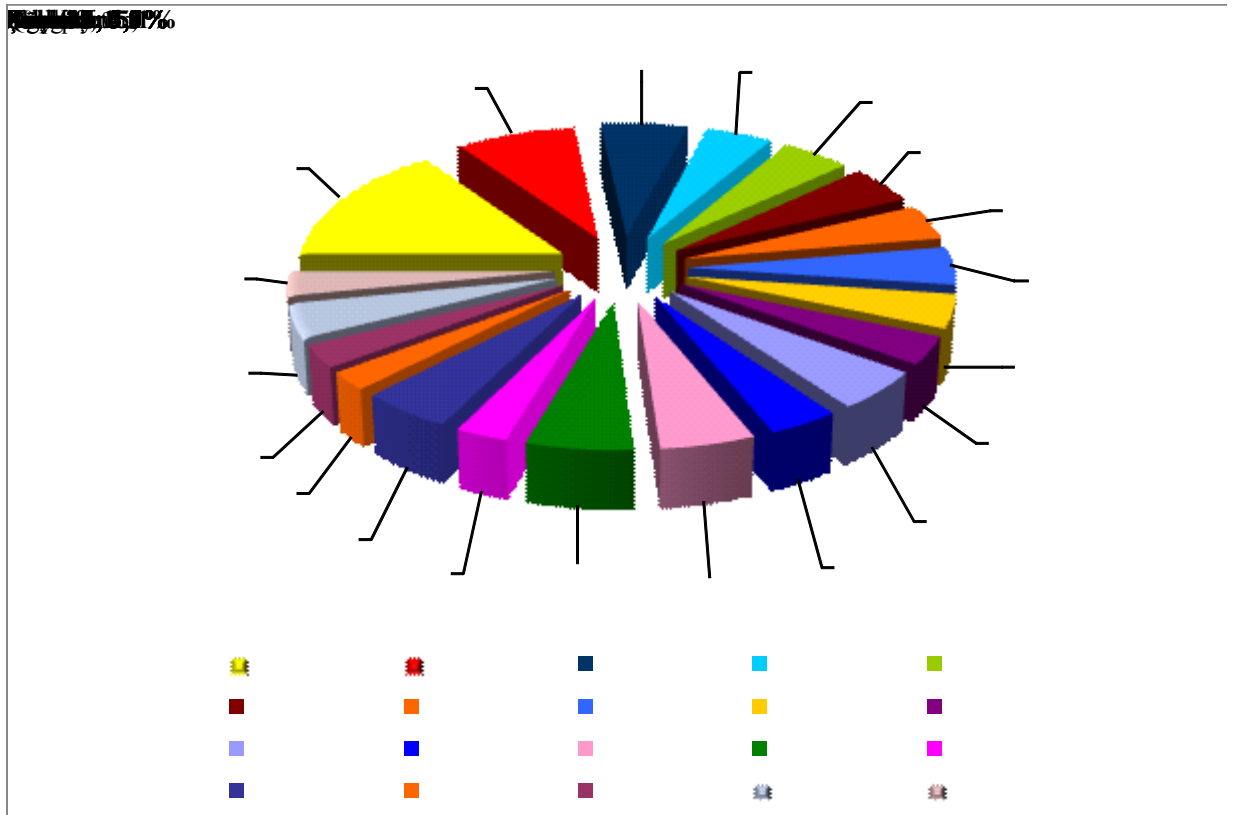


As we can see, only 7.7% or 77 respondents said that it is possible to work without paying bribes. 597 respondents or 59.7% of respondents noted that it is impossible to work without paying bribes. 20.5% or 205 respondents, said "Yes, but it is easier to work by paying bribes". Finally, 12.1% or 121 respondents found it difficult to answer.

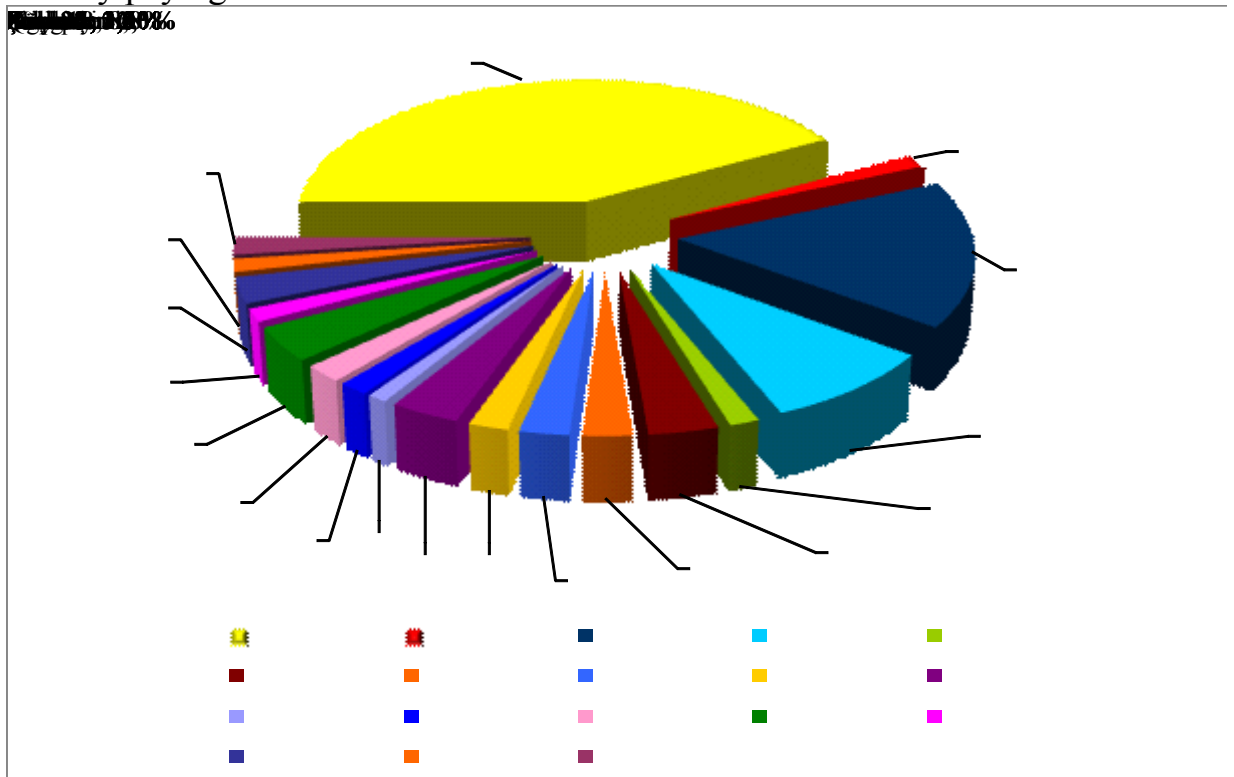
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Yes, it is possible	30.9	7.7	–
Yes, but it is easier to work by paying bribes	42.5	20.5	–
No, it is not possible	13.7	59.7	+
Difficult to say	12.9	12.1	–
Total	100.0	100.0	

Territorial distribution of respondents by regions who said it was impossible to do business without paying bribes:

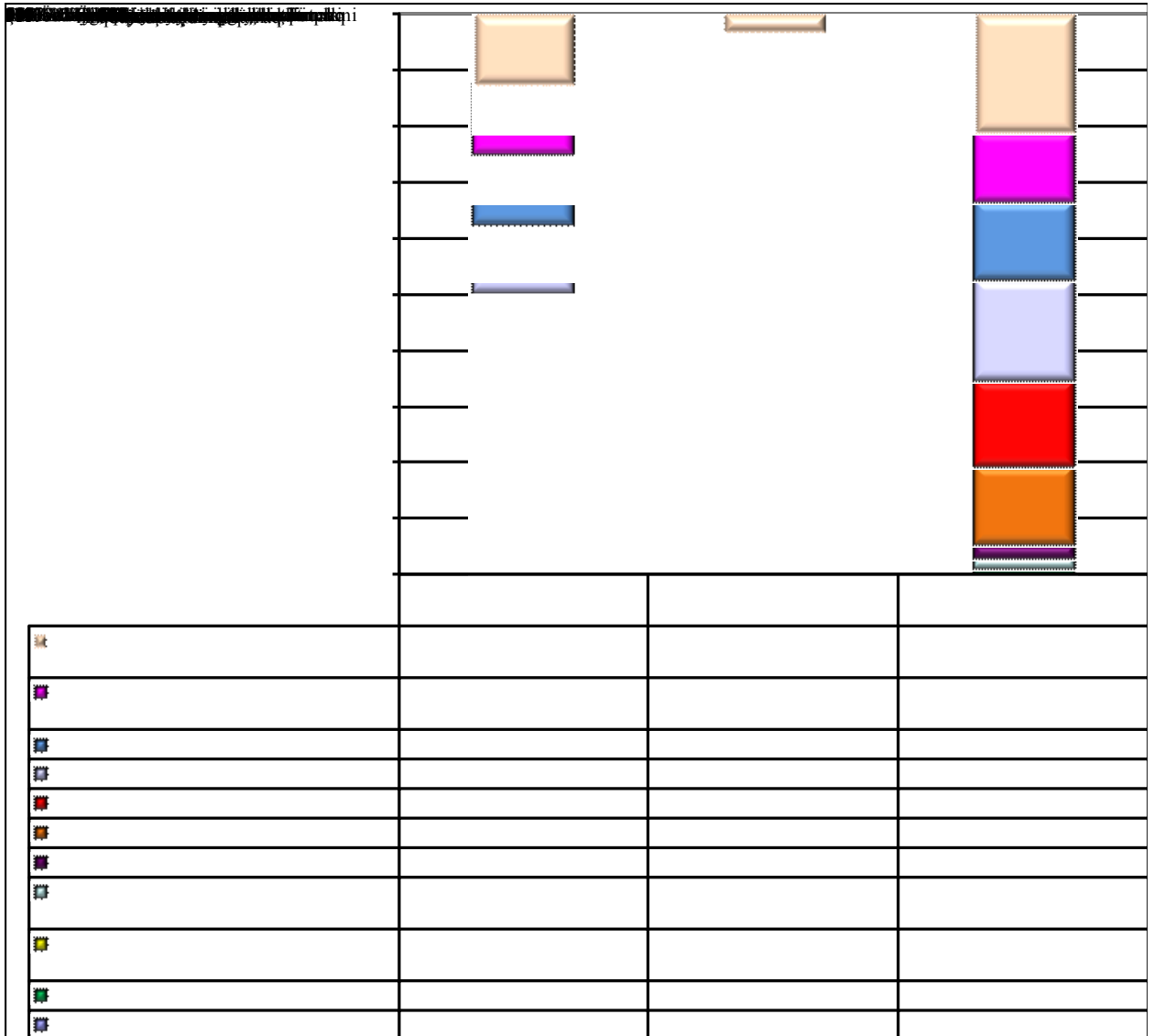


Territorial distribution of respondents by regions who said but it was easier to work by paying bribes:



40. What spheres need more intensive efforts to accelerate the development of private business in Azerbaijan? *(very important - 1, important - 2, is not important, the current situation is acceptable - 3)*

All 1000 respondents answered this question. Under the terms of the question, respondents assessed all the response options.



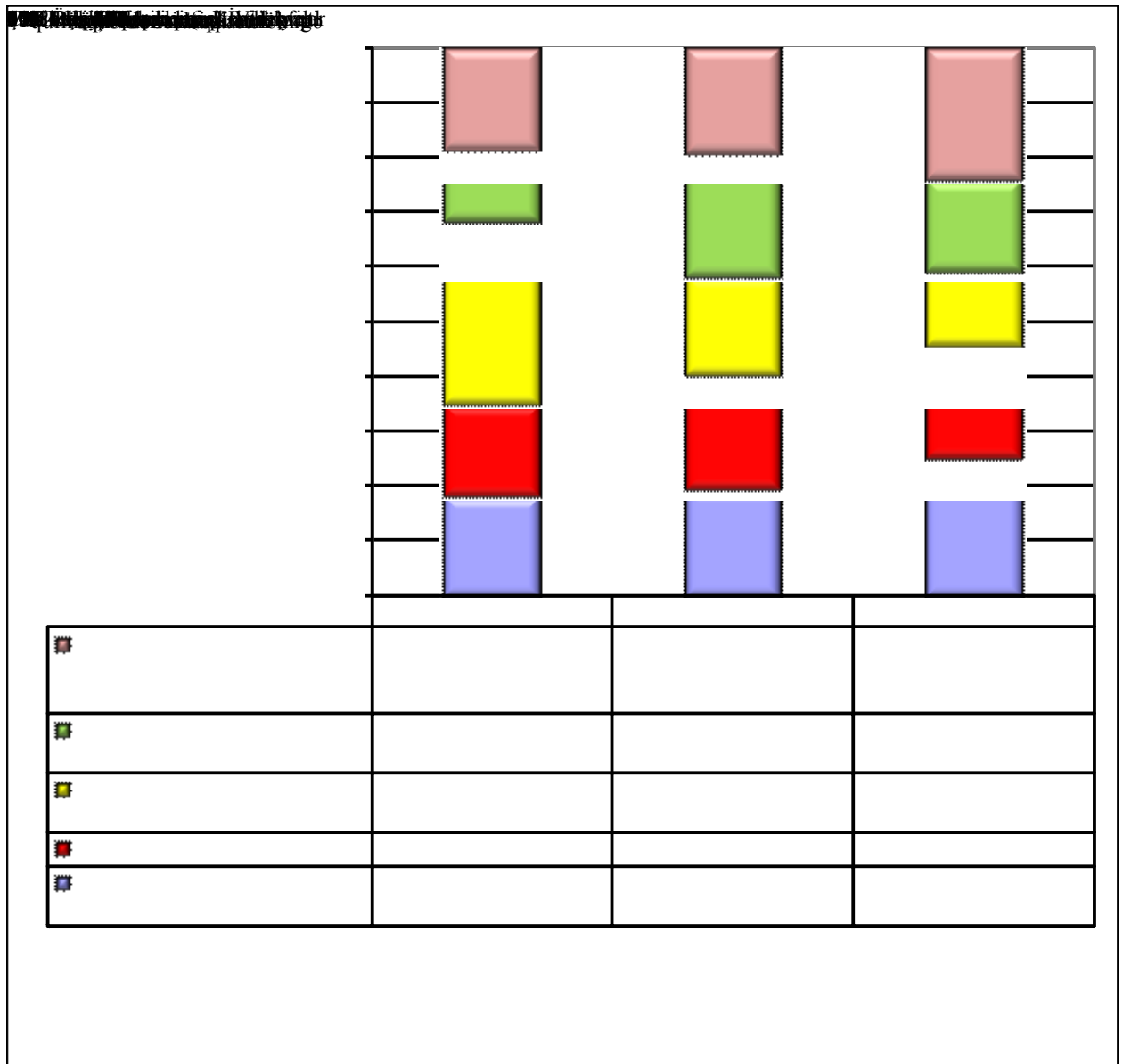
Sectors, that need increasing efforts to accelerate the development of private business are listed as follows:

1. To strengthen anti-monopoly control (901 respondents out of 1 000)
2. To improve the access to finance for private business (886 respondents out of 1000)
3. To protect the private business from unjustified inspections and interventions (882 respondents out of 1000)
4. To reduce number of taxes (858 respondents out 1 000)
5. To simplify the customs procedures (800 respondents out of 1000)
6. To reduce social payments (606 respondents out of 1000)

7. To simplify the registration of property (471 respondents out of 1 000)
8. To expand electronic services (434 respondents out of 1 000)
9. To simplify the obtaining procedures permits for construction (423 respondents out of 1 000)
10. To simplify the system of obtaining licenses and permits (421 respondents out of 1 000)
11. To enhance the fairness of the courts (418 respondents out of 1 000)

41. What should entrepreneurs themselves do to improve business environment in the country? (Very important - 1, important - 2, it does not matter - 3)

All 1000 respondents answered this question. Under the terms of the question, respondents assessed all the response options.



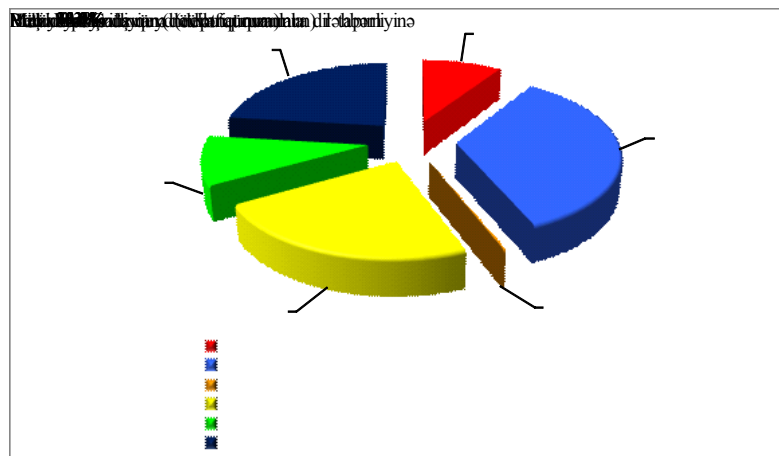
Efforts by entrepreneurs to improve business environment in the country are listed as follow according to their importance:

1. Refusing to pay bribes to corrupt officials (278 out of 1 000 respondents)
2. Establishing associations and the protection of common interests (157 out of 1 000 respondents)
3. Improving business management skills (152 out of 1 000 respondents)
4. Increasing legal knowledge (138 out of 1 000 respondents)
5. Actively voicing concerns in media (107 out of 1 000 respondents)

42. Where do you prefer to go to complain if State agencies and local departments or individual officers make trouble for you?

All 1000 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
To courts	93	9.3	9.3	9.3
To the leadership of the relevant ministry (government agencies)	345	34.5	34.5	43.8
To a member of the parliament	2	0.2	0.2	44.0
To the President	229	22.9	22.9	66.9
All of the addresses mentioned above	100	10.0	10.0	76.9
Nowhere. I try to find a common language with relevant agency	231	23.1	23.1	100.0
Total	1 000	100.0	100.0	



The majority of respondents, 34.5% or 345 respondents, has chosen the option " To the leadership of the relevant ministry (government agencies)". 23.1% or 231 respondents said they tried to find a common language with relevant agency, 22.9% or 229 respondents address to the president, 10.0% or 100 respondents address to all possible agencies, and finally 9.3% or 93 respondents address to courts and 0.2% or 2 respondents address to a member of parliament. Compared with the previous survey, the following changes occurred:

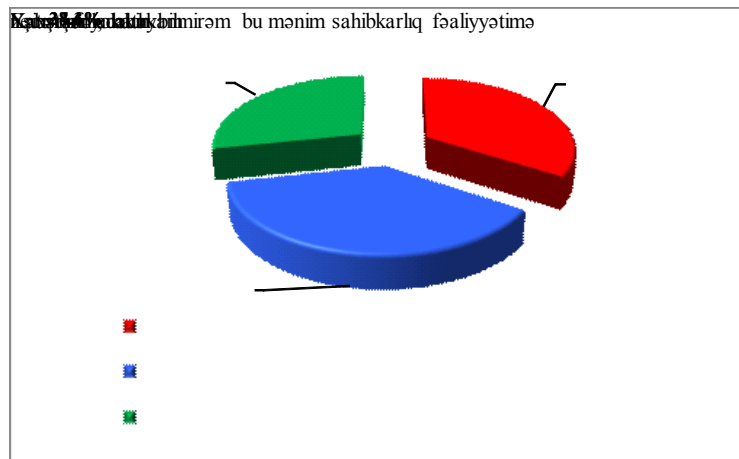
	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease

To courts	22.5	9.3	-
To the leadership of the relevant ministry (government agencies)	17.1	34.5	+
To a member of the parliament	2.2	0.2	-
To the President	1.9	22.9	+
All of the addresses mentioned above	12.9	10.0	-
Nowhere. I try to find a common language with relevant agency	43.4	23.1	-
Total	100.0	100.0	

43. Azerbaijan is intending to join the World Trade Organization. Do you have information about this?

All 1000 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
I am well informed	341	34.1	34.1	34.1
I heard, but I do not know how this will affect my business activity	376	37.6	37.6	71.7
I have no idea	283	28.3	28.3	100.0
Total	1000	100.0	100.0	



28.3% or 283 respondents are not aware that Azerbaijan intends to join the World Trade Organization. 37.6% or 376 respondents, said they heard, but they did not know how this would affect my business activity. Only 34.1% or 341 respondents said that they have comprehensive information about it.

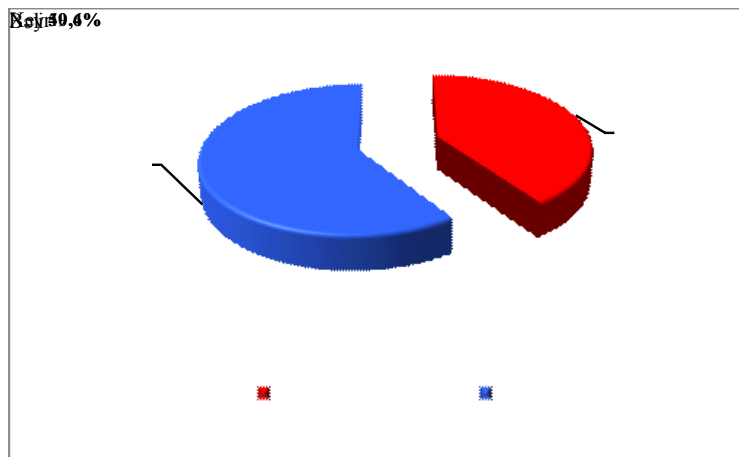
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
I am well informed	20.4	34.1	+
I heard, but I do not know how this will affect my business activity	50.6	37.6	-
I have no idea	29.0	28.3	-
Total	100.0	100.0	

44. Do you need additional information, advices, meetings with representatives of various state agencies for Azerbaijan's better readiness for the membership to the World Trade?

1000 respondents answered the question.

	Number	Percentage	Real percentage	Percentage increase
Yes	404	40.4	40.4	40.4
No	596	59.6	59.6	100.0
Total	1000	100.0	100.0	



The majority of respondents, 59.6% or 596 respondents, said that they did not need to get additional information on the membership of Azerbaijan to the World Trade Organization.

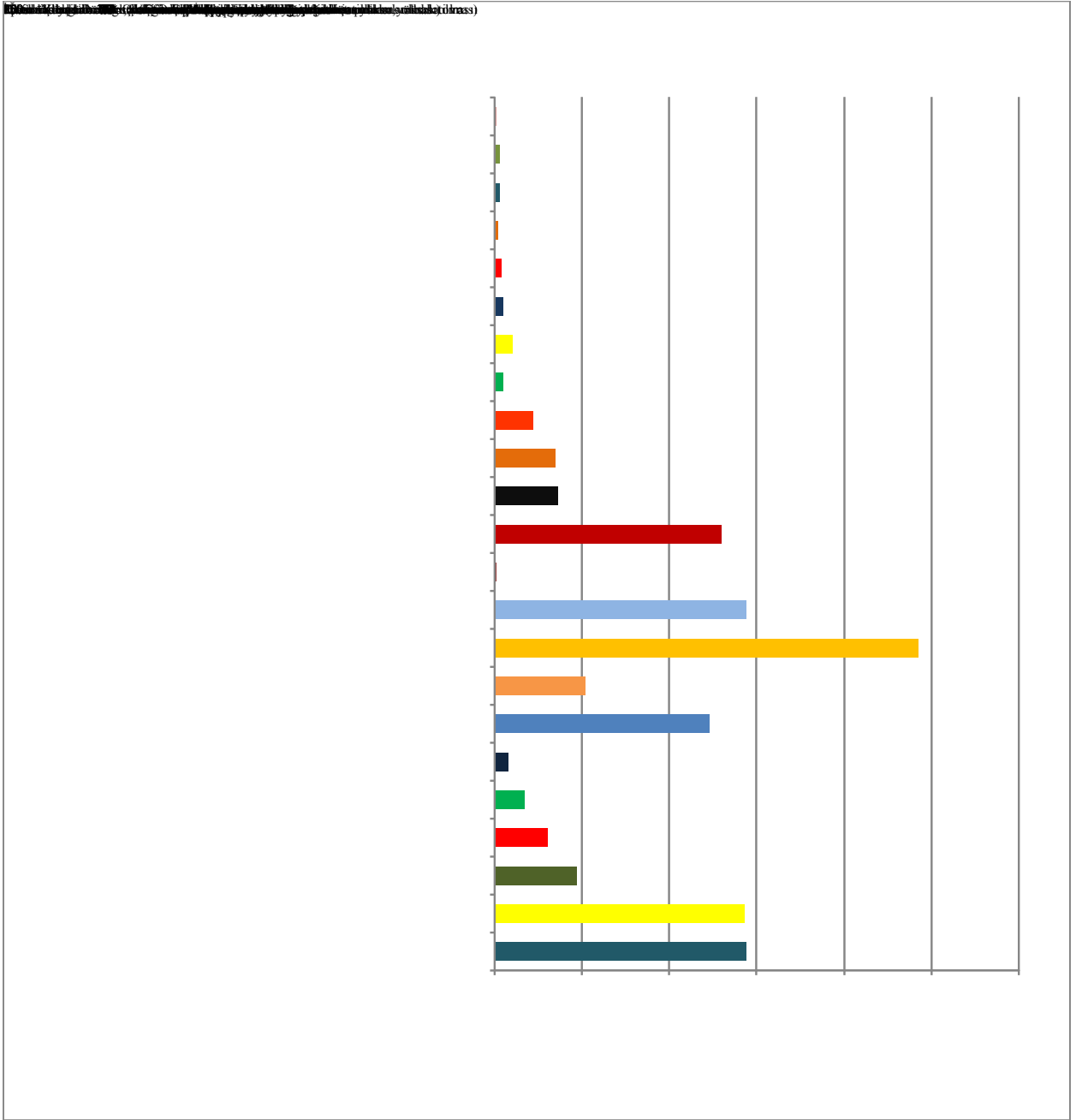
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
Yes	67.7	40.4	-
No	32.3	59.6	+
Total	100.0	100.0	

45. What are the main 3 difficulties that you see as obstacles in your field of entrepreneurship?

Some respondents chose several options. In total 1 000 respondents chose 1 208 response options.

	Number	Percentage
Devaluation	144	11.9
Low purchasing power of the population	143	11.8
Illegal inspections	47	3.9
High tax rates and too many kinds of taxes	30	2.5
The lack of state support for entrepreneurs	17	1.4
There are challenges in every sphere	8	0.7
Lack of finance	123	10.2
Lack of the necessary anti-monopoly policy	52	4.3
No reply	243	20.1
Challenges related to loans (hard to get and high percentages)	144	11.9
Lack of e-services	1	0.1
Bribery	130	10.8
Deficiencies in Customs (challenging procedures and high duties)	36	3.0
Economic crisis	35	2.9
High cost of utilities and rent	22	1.8
Deficiencies in the sphere of documentation (difficulties in obtaining, duration and price)	5	0.4
Technical equipments are not sufficient and difficult to obtain	10	0.8
Fertilizer are difficult to find and expensive	5	0.4
Difficulties in export	4	0.3
High cost of raw materials	2	0.2
Importing goods are expensive	3	0.2
Arbitrariness	3	0.2
High cost of social payments	1	0.1
Total number of respondents	1 000	100.0
Total number of answers	1 208	

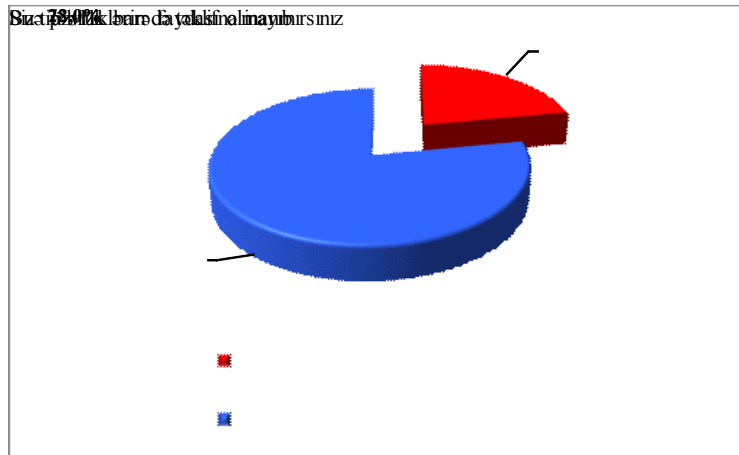


46. If you are a member of any business association, please indicate:

All 1 000 respondents answered the question. All respondents state that they are not a member of any business association.

As the continuation of 46th question, respondents indicated the reason for not being a member of any business association.

	Number	Percentage	Real percentage	Percentage increase
You are not invited to become a member	220	22.0	22.0	22.0
You do not believe these kinds of associations are useful	780	78.0	78.0	100.0
Total	1 000	100.0	100.0	



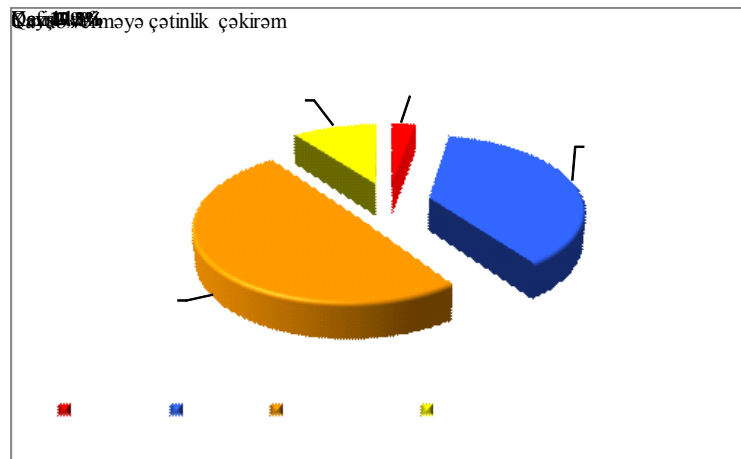
Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, - decrease
You are not invited to become a member	47.4	22.0	-
You do not believe these kinds of associations are useful	52.6	78.0	+
Total	100.0	100.0	

47. Please, evaluate the business environment in the country last year (not only your own business, but as a whole):

1 000 respondents answered this question.

	Number	Percentage	Real percentage	Percentage increase
Good	29	2.9	2.9	2.9
Satisfactory	373	37.3	37.3	40.2
Unsatisfactory	495	49.5	49.5	89.7
Difficult to say	103	10.3	10.3	100.0
Total	1 000	100.0	100.0	



As we can see, 49.5% or 495 respondents evaluated the business environment as unsatisfactory. 37.3% or 373 respondents evaluated the business environment as satisfactory, 2.9% or 29 respondents chose the option “good”. 10.3% or 103 respondents found it difficult to answer the question.

Compared with the previous survey, the following changes occurred:

	Real percentage, 2013	Real percentage, 2016	Dynamics, + increase, – decrease
Good	36.3	2.9	–
Satisfactory	47.9	37.3	–
Unsatisfactory	6.5	49.5	+
Difficult to say	9.3	10.3	+
Total	100.0	100.0	

Results

Answers of the survey respondents allow us to obtain the following results:

1. Despite the it was declared that the survey is anonymous, respondents approached to the survey with fear. Unlike the previous survey, this time, vast majority of respondents refused to answer questions related to demography.
2. In general, the results obtained during the survey, allow us to observe more dissatisfaction compared to the survey conducted in 2013.
3. As a result of the survey, it became clear that, investigations carried out by authorities, in particular relevant state agencies, decreased significantly. But the survey allows us to observe that small businesses underwent inspections mostly by Police.
4. The survey reveals that, a wide range of small businesses apply for obtaining a license for their activities. Our findings indicate that there are some problems in this sphere. Thus, majority of the survey participants (80.9% or 165 respondents) who applied for a license, expressed dissatisfaction on this issue.
5. As the result of the answers given to the question regarding the registration of real estate, it became clear that, 78.8% of the small business entities or 175 respondents have faced various problems while applying for the registration.
6. In the survey, questions were given on cooperation between small businesses and The National Fund for Entrepreneurship Support. Despite the expansion of the Fund's activities at the regional level, financing of small business, only 20.0% of respondents or 200 respondents applied for the Fund and one-third (31,0% or 62 respondents) of them obtained a loan.
7. Most surveyed small businesses expressed their desire the tax rates to be reduced in the tax system. At the same time, it became clear that e-tax payment is still not fully used. It reveals that entrepreneurs are not well informed about the electronic payment system. The data allows to come to the conclusion that the computerization still does not cover the whole country.
8. Research revealed that only 10.7% or 107 small business entities are engaged in foreign trade. Only one-third of respondents who are engaged in foreign trade expressed their dissatisfaction with certain problems in the customs system.
9. Only 4.8% or 48 respondents said that they had to close a company. Only 18.8% of them or 9 respondents noted that they had paid unofficial payments while closing the company.
10. 27.2% of surveyed small businesses or 272 respondents said that they had to obtain a construction permit 85.7% of them, or 233 respondents noted that it was impossible to obtain the construction permit without a bribe.

11. At the same time, respondents noted that they obtained information on legislation more from television and web-sited of ministries than other sources. This gives a chance to use these above-mentioned sources in the future for the further strengthening the advocacy.

Appendix 1. Questionnaire of the Opinion Survey

ENTREPRENEURSHIP DEVELOPMENT FOUNDATION

DEAR AZERBAIJANI ENTREPRENEURS!

With the financial support of USAID and within the framework of the Micro Enterprise Support Project, the Entrepreneurship Development Foundation and the Small and Medium Enterprises Development Support Center Public Union are conducting a survey for the purpose of specification of the main priorities to improve the business climate in Azerbaijan. Developed recommendations based on this survey and the analysis of legislation, will be presented to the government, parliament and as well as the public.

We kindly ask you to answer the questions of this opinion survey. Your answers will not be revealed anywhere, only will be used to unify responses of all survey participants (1,000 entrepreneurs). You will be included in all project materials, including the results of the survey (if you indicated your e-mail address).

You broadcast of the entire project, including will be included in the list (if the e-mail address to us, açıqlayarsınızsa). In the future, informational and analytical materials useful for entrepreneurs will be sent to your e-mail address.

“Please do not hesitate to contact survey conductor and the project manager via telephone number (012-447-07-16) and e-mail addresses: info@sme.az

Thank you in advance for your assistance and participation in the research.

REGION _____

QUESTIONNAIRE № _____

1. How was the current state of your business last year?

1. Very favorable
2. Favorable
3. Neither good, nor bad
4. Unfavorable
5. Quite unfavorable
6. Difficult to say

2. What changed in the business environment last year?

1. The best
2. Somewhat better
3. No change
4. Somewhat worse
5. The worst
6. Difficult to say

3. Did your business grow last year?

1. Yes, considerably
2. Somewhat
3. No change
4. Difficult to say

4. Are you planning to expand your activities in the field of business?

1. Yes, within three months
2. Yes, within six months
3. Yes, within a year
4. No
5. Difficult to say

5. Did state agencies often visit your office for inspection last year??

Ministry or other government agency	At least once a week	At least once a month	At least once in six months	At least once a year	Did not visit yet
1. Ministry of Taxes					
2. Ministry of Economy					
3. Ministry of Emergency Situations					
4. Sanitary-Epidemiological Agencies					
5. Police					
6. State Security Service					
7. Ministry of Ecology and Natural Resources					
8. District Executive Power					
9. Sanitary-Epidemiological Agencies					
10.					

6. In your opinion, what was the main purpose of officials' visit (in general) last year?

1. Legal audit
2. Demand of monthly or annual fee request
3. Demand to change his/her field of business.
4. Demand to change his/her facility
5. Demand to hire an employee
6. Demand to increase wages of employees
7. Etc.
8. Difficult to say

7. Since the beginning of 2011, a number of significant steps have been taken by the government in order to reduce corruption. As a result of these steps, do you already see the decrease in demanding bribes?

1. Yes, the situation has improved significantly
2. The situation has improved slightly
3. I don't see changes yet
4. Difficult to say

8. What do you think, how many percents of your competitors' spendings are unofficial payments?

1. 80-100 Percents
2. 60-80 Percents
3. 40-60 Percents
4. 20-40 Percents
5. 10-20 Percents
6. 0-10 Percents
7. Difficult to say

9. How do you assess the conditions of competition in the past, in the economic sector you work in?

1. Quite fair
2. Somewhat fair
3. Somewhat unfair
4. Quite unfair
5. Difficult to say

10. Did you obtain a license in the past year?

1. Yes
2. No

If your answer is “no”, please, continue from 14th question.

11. Was it difficult for you to get a license?

1. Yes
2. No

If your answer is “no”, please, continue from 14th question.

12. What challenges did you face? (You can select multiple answers)

1. Procrastination in the relevant state agency issue licenses
 2. Rules are ambiguous and not clear
 3. Collection of documents from various state agencies to obtain a license certificate
 4. Spending a lot of time to obtain a license
 5. Higher license fee
 6. The short duration of the license certificate
 7. Other challenges
-

13. Is it possible to obtain a licence or any kind of permission for an entrepreneurial activity without paying bribe?

1. Yes
2. Yes, but it's not easy you lose a lot of time and nerves
3. No

14. Did you register a real estate in the past year?

1. Yes
2. No

If your answer is “no”, please, continue from 18th question.

15. Was it difficult to register a real estate?

1. Yes
2. No

If your answer is “no”, please, continue from 14th question.

16. What challenges have you faced? (You can choose multiple options)

1. Procrastination in the relevant state agency issue licenses
 2. Rules are ambiguous and not clear
 3. Collection of documents from various state agencies to obtain a license certificate
 4. Other difficulties
-

17. Is it possible to register a real estate for entrepreneurial activities without paying bribe?

1. Yes
2. Yes, but it's not easy you lose a lot of time and nerves
3. No

18. Did you apply for loans for the National Fund for Entrepreneurship Support in the past year?

1. Yes
2. No
3. I have no information about the Fund

If you didn't apply, please, continue from 22th question

19. Could you manage to get a loan from the fund?

1. Yes
2. No

20. Kredit almaq əlavə xərclər (rüşvət) tələb edibmi?

1. Yes
2. No
3. Cavabdan imtina edirəm

If your answer is “no” or “I refused to answer”, please, continue from 22nd question

21. Does it require additional expenses (bribes) to get a loan?

1. 0 - 2 percents of the loan amount
2. 2 - 5 percents of the loan amount
3. 5-10 percents of the loan amount
4. 10-20 percents of the loan amount
5. More than 20 percents of the loan amount

22. Do you consider yourself to be protected from bureaucratic arbitrariness of government officials?

1. Yes
2. Somewhat
3. No
4. Difficult to say

23. In your opinion, what is need to be changed in the the tax system?

1. Lower tax rates
2. Reduce number of taxes
3. Staff change
4. No need for changes
5. Improving the rights of taxpayers
6. Your other suggestions, including: VAT must be abolished
7. Difficult to say

24. Do you use e-tax payment system?

1. Yes
2. Yes and I'm pleased
3. Not yet, but I am going to
4. No, there is no need

If you answered "yes" please, continue from 26th question.

25. What is the reason for not using the e-tax payment?

1. For me, it is hard work, I do not have experience working with electronic system
2. I do not trust the electronic system, I'm afraid that if there is any problem, I'll be responsible
3. It is easier to pay taxes in the traditional way
4. Another reason _____

26. Were you engaged in foreign trade operations?

1. Yes
2. No
3. Not now, but I was

If your answer is "no" please, continue from 30th question.

27. How do you assess the number and complexity of procedures for registration of documents for carrying out foreign trade operations?

1. Too many
2. Normal
3. Difficult to say

28. Where is it more convenient for you to go through customs clearance?

1. Azerbaijani customs
2. Russian customs
3. Georgian customs
4. Turkey customs
5. Iranian customs
6. Everywhere the same inconvenience

7. Everywhere the same convenience
8. Difficult to say

29. Did you use broker service in customs last year?

1. Forcibly
2. Voluntarily
3. Difficult to say

30. Did you have to close a company last year?

1. Yes
2. No

If your answer is “no”, continue from 34th question.

31. How do you assess the number and complexity of procedures for closing a company?

1. Too many
2. Normal
3. Difficult to say

32. How much time did you spend to close a company?

1. _____
2. Difficult to say

33. Did you have to pay unofficial payments while closing a company?

1. Yes
2. No
3. Difficult to say

34. Did you have to get a permission for a construction work in the past year?

1. Yes
2. No

If your answer is “no” please, continue from 37th question.

35. How long did it take to get a permission?

1. 1 month
2. 3 months
3. 6 months
4. 1 year
5. More than a year

36. Is it possible to get a construction permit for a business without a bribe?

1. Yes
2. No

37. Could you get timely information about decisions of government agencies on entrepreneurial activities last year?

1. Yes
2. No

38. How do you get the information about the decisions of government agencies on entrepreneurship?

1. From newspapers
 2. From TVs
 3. From web-sites of government agencies
 4. From fellow entrepreneurs
 5. During inspections
 6. Other sources
-

39. Is it possible to do business in Azerbaijan without violation of law?

1. Yes, it is possible
2. Yes, but it is easier to work by paying bribes
3. No, it is not possible
4. Difficult to say

40. What spheres need more intensive efforts to accelerate the development of private business in Azerbaijan? (very important - 1, important - 2, is not important, the current situation is acceptable - 3)

1. To strengthen anti-monopoly control
2. To improve the access to finance for private business
3. To protect the private business from unjustified inspections and interventions
4. To reduce number of taxes
5. To simplify the customs procedures
6. To reduce social payments
7. To simplify the registration of property
8. To expand electronic services
9. To simplify the obtaining procedures permits for construction
10. To simplify the system of obtaining licenses and permits
11. To enhance the fairness of the courts

41. What should entrepreneurs themselves do to improve business environment in the country? (Very important - 1, important - 2, it does not matter - 3)

1. Refusing to pay bribes to corrupt officials
2. Establishing associations and the protection of common interests
3. Improving business management skills
4. Increasing legal knowledge
5. Actively voicing concerns in media

42. Where do you prefer to go to complain if State agencies and local departments or individual officers make trouble for you?

1. To courts
2. To the leadership of the relevant ministry (government agencies)
3. To a member of the parliament
4. To the President

- 5. All of the addresses mentioned above
- 6. Nowhere. I try to find a common language with relevant agency

43. Azerbaijan is intending to join the World Trade Organization. Do you have information about this?

- 1. I am well informed
- 2. I heard, but I do not know how this will affect my business activity
- 3. I have no idea

44. Do you need additional information, advices, meetings with representatives of various state agencies for Azerbaijan’s better readiness for the membership to the World Trade?

- 1. Yes
- 2. No

45. What are the main 3 difficulties that you see as obstacles in your field of entrepreneurship?

- 1. _____

- 2. _____

- 3. _____

46. If you are a member of any business association, please indicate:

If you are not a member, please, indicate the reason:

- 1. You are not invited to become a member
- 2. You do not believe these kinds of associations are useful

47. Please, evaluate the business environment in the country last year (not only your own business, but as a whole):

- 1. Good
- 2. Satisfactory
- 3. Unsatisfactory
- 4. Difficult to say

* * * * *

INFORMATION ABOUT THE RESPONDENT

- 1. City, district: _____

2. Respondent's name, surname: _____
3. Entrepreneurial sector: _____
4. Entrepreneurial experience: _____
5. Number of employees: _____
6. Telephone number: _____ E-mail: _____