

The results of the poll conducted among 1,000 small businessmen

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Who are small businessmen? (Cabinet of Ministers Resolution No 57, 20 April 2004)

Types of economic activity	Number of employees	Annual turnover
Industry and construction	<40	< 200,000 AZN
Scientific-technical and consultancy services	<20	< 150,000 AZN
Agriculture	<15	< 100,000 AZN
Wholesale trade	<10	< 300,000 AZN
Retail trade, transport, services and other types of economic activity	<5	< 100,000 AZN

According to the Resolution, both criteria are determinative in attributing a subject of entrepreneurship to the category of small businesses. For newly-created subjects of entrepreneurship, the annual turnover criterion is not considered. For private individuals doing business without creating a legal entity, the criterion for attributing them to the category of small businesses is their annual turnover.

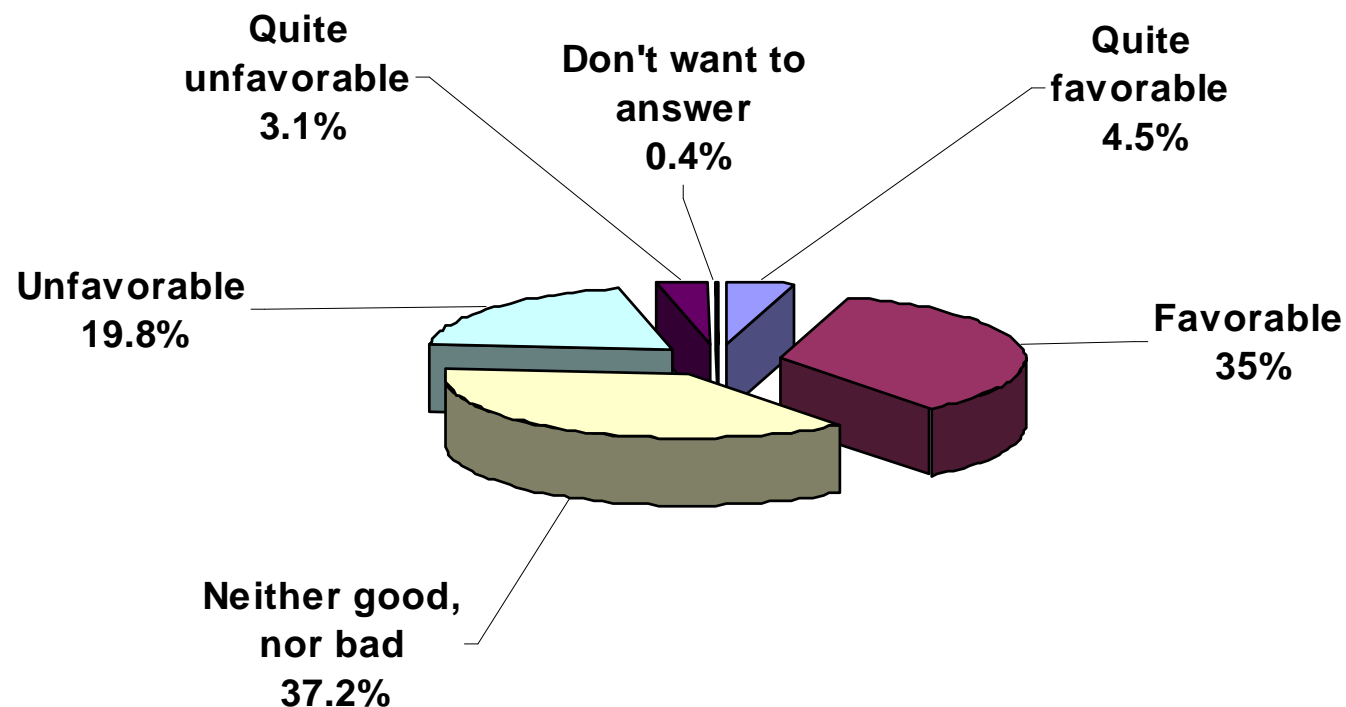
The geography of the poll

	Participants	%
Baku	500	50
Barda	32	3,2
Guba	41	4,1
Ganja	83	8,3
Khachmaz	42	4,2
Lankaran	34	3,4
Mingechevir	31	3,1
Shamakhi	31	3,1
Sheki	51	5,1
Shirvan	52	5,2
Sumqayit	83	8,3
Yevlakh	20	2,0
Total	1,000	100,0

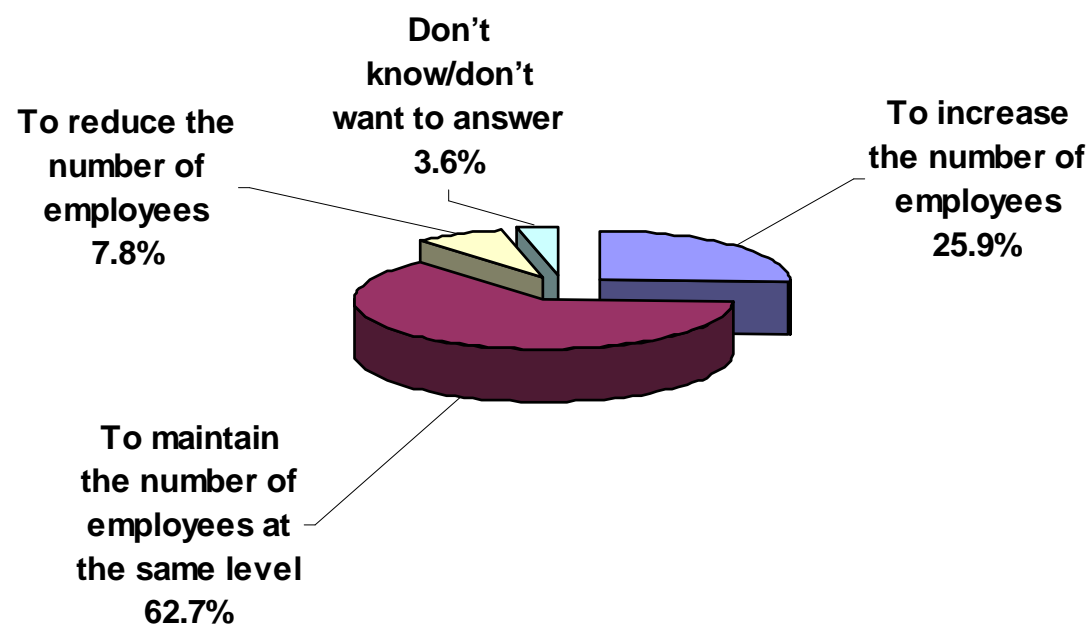
Composition of respondents:

- Legal entities - 61,6 %
- Private individuals - 38,4 %

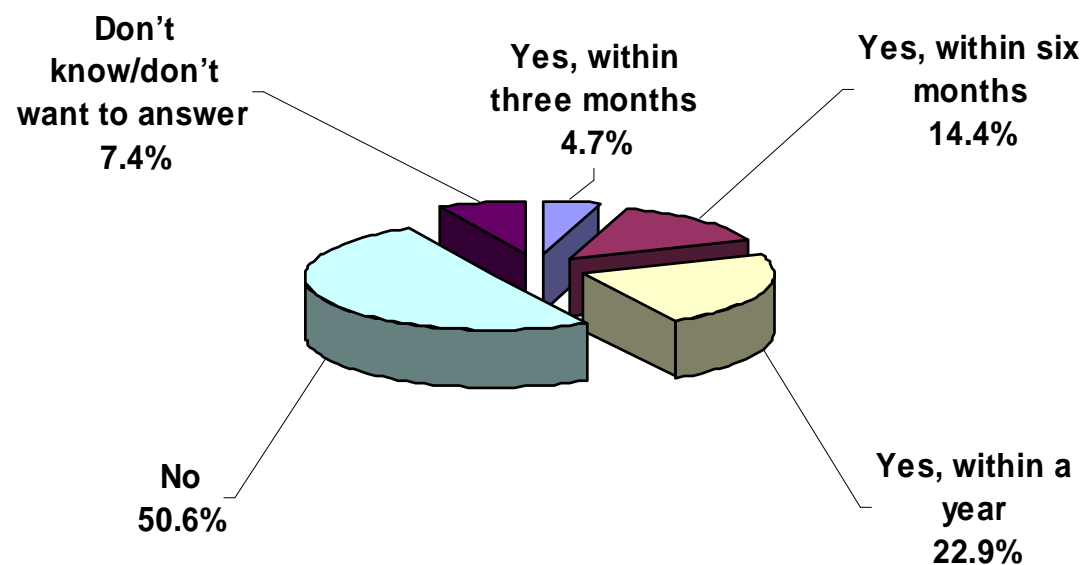
1. How do you assess the current economic situation for your business?



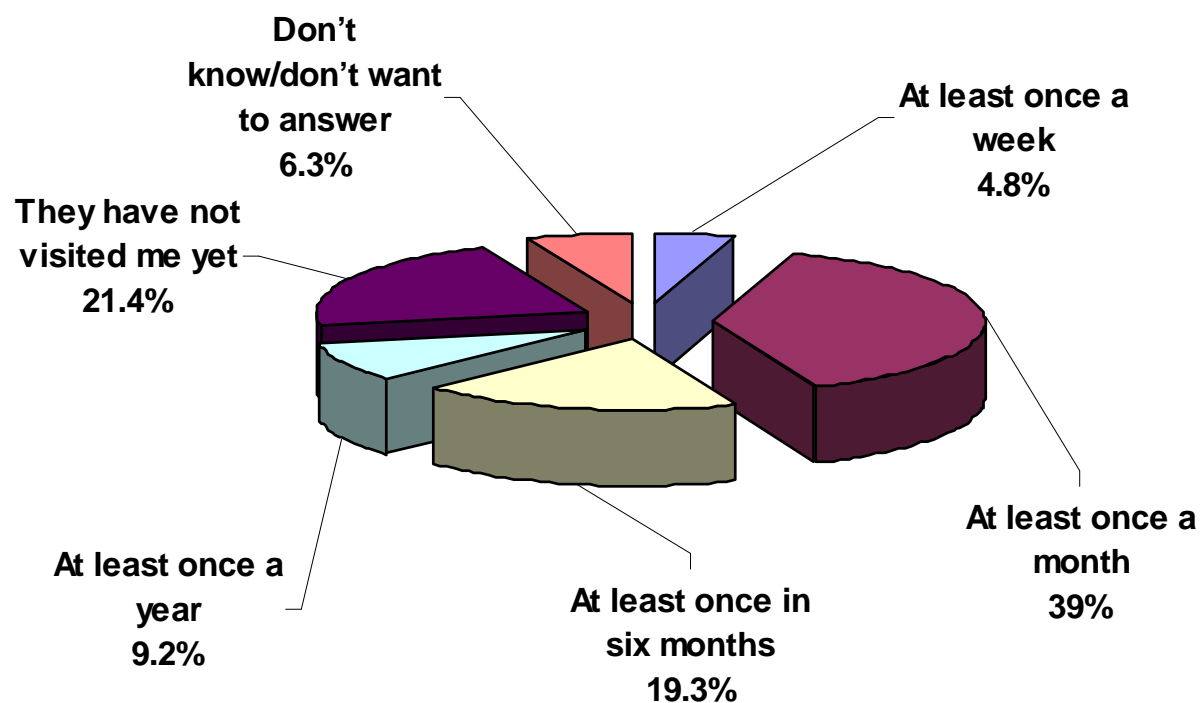
2. What are your plans regarding the recruitment of new employees in the next six months?



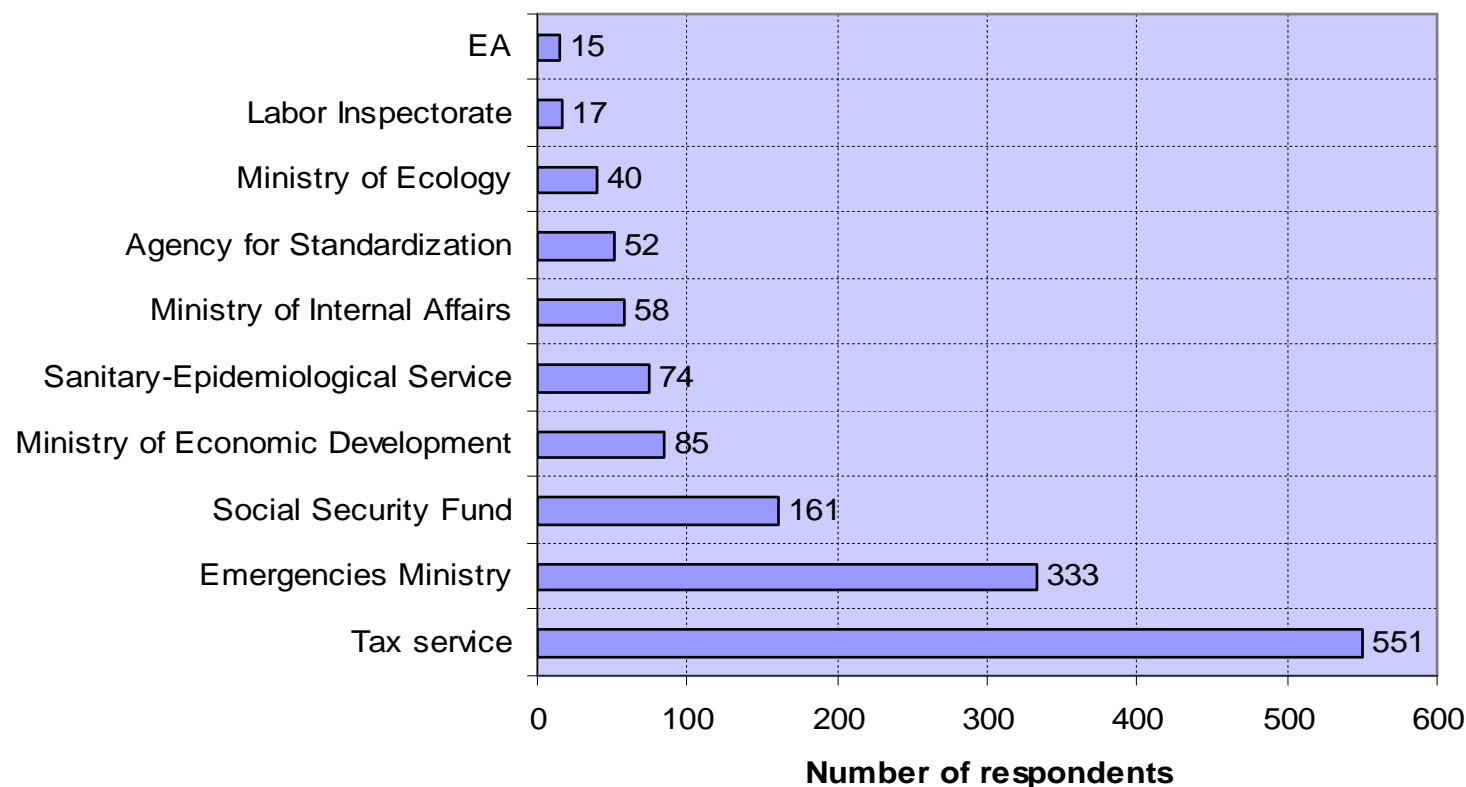
3. Are you planning to expand your business in the same sphere or in any other sphere?



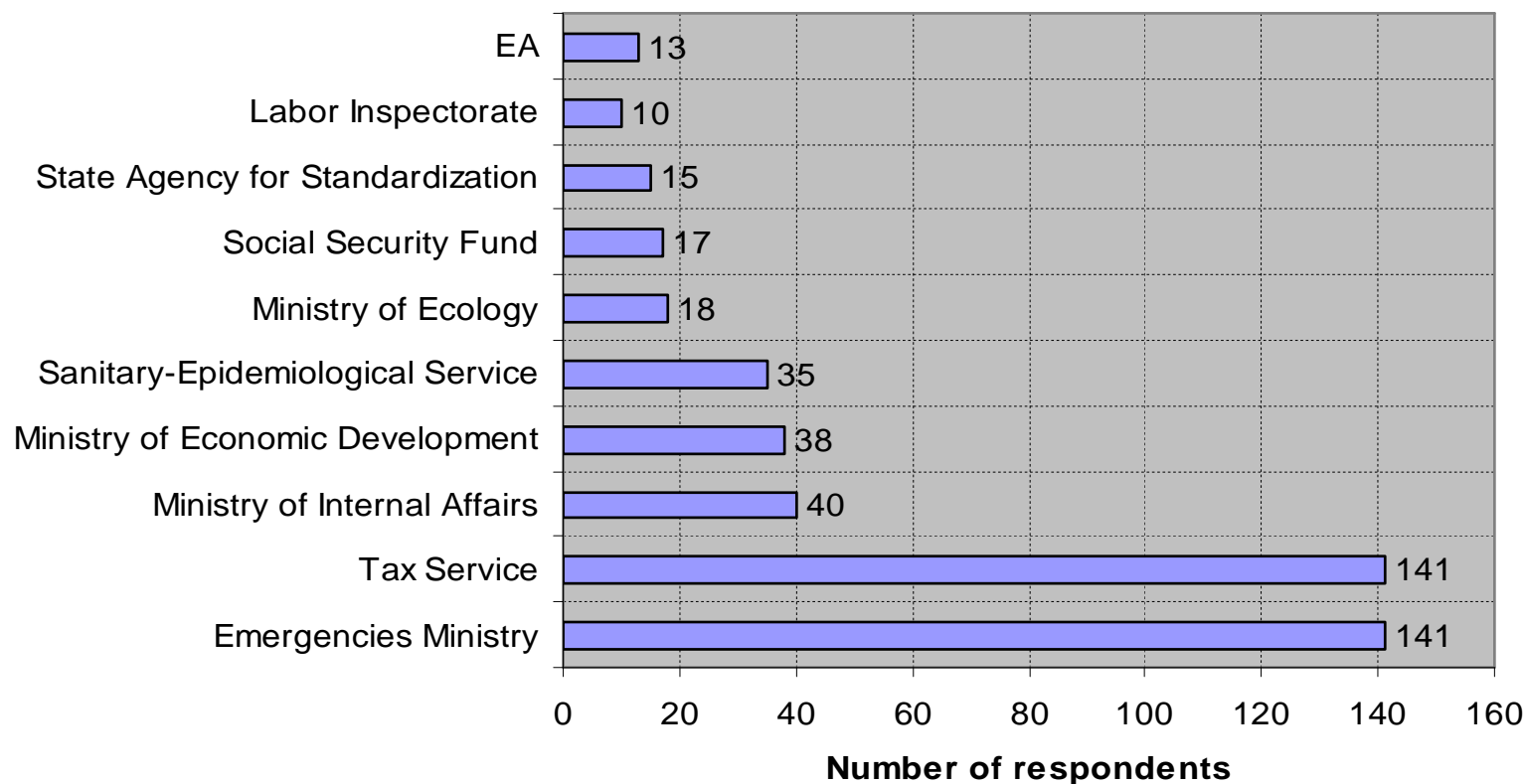
4. How often are you visited by someone from government agencies



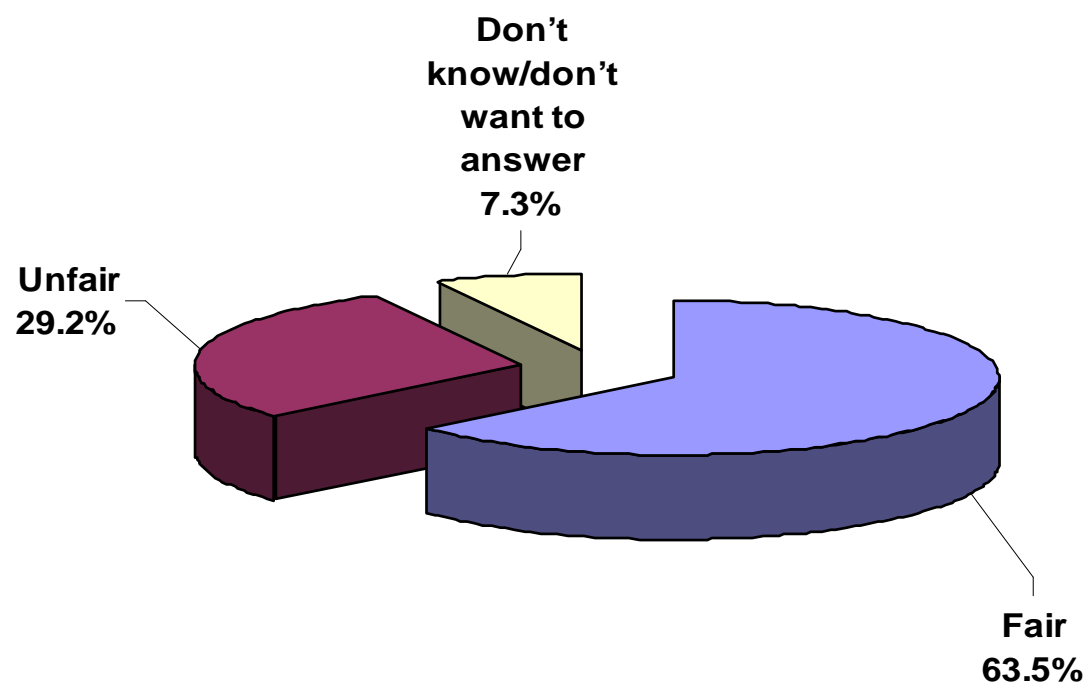
5. Name three representatives of government agencies who visit you most frequently



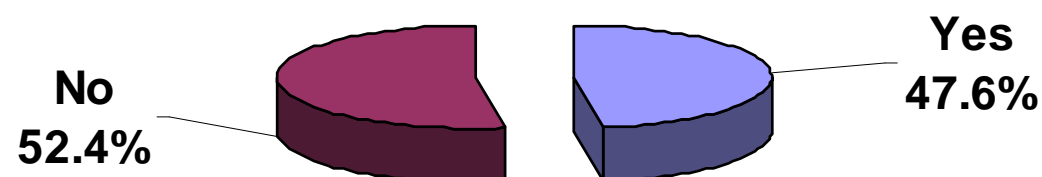
6. Name three representatives of government agencies whose claims and demands you think are often groundless.



7. How do you assess the conditions for competition in the sector of the economy in which you work?



8. Have you had to apply for a license?



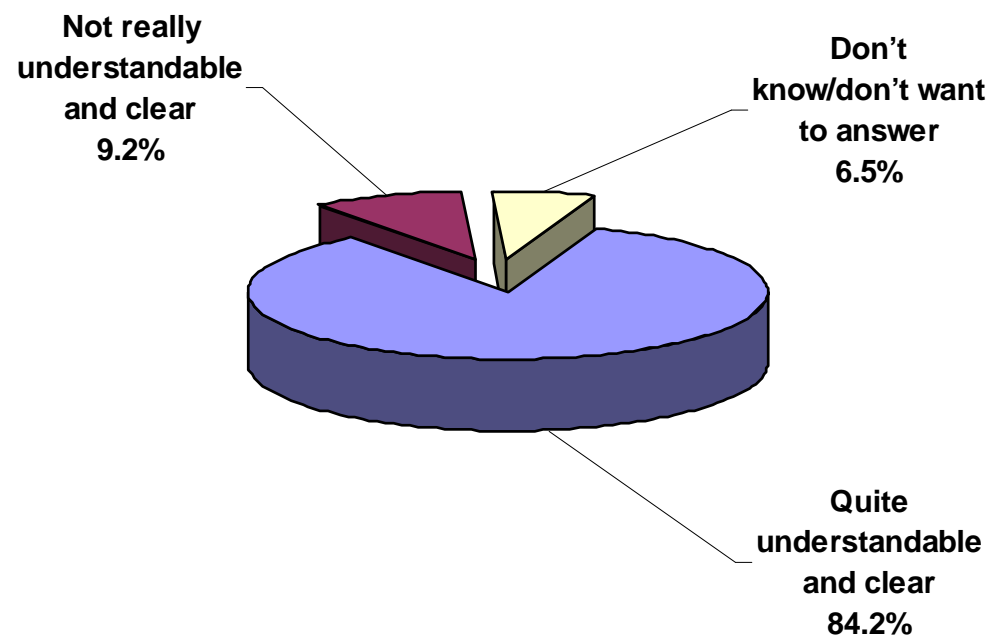
9. What type of activity did you apply for a license for?

Only 467 of the 1,000 businessmen had to get a license (permit)

Of them:

- 46% - in the sphere of trade (tobacco and alcohol);
- 4.2% - medical services;
- 3.1% - sale of medicines;
- 3.1% - construction work;
- 2.5% - tourism;
- And other spheres

10. How do you assess the normative documents that are used while registering a license?



11. How much time (days) did you spend to get your license?

Only 467 of the 1,000 businessmen had to get a license (permit)

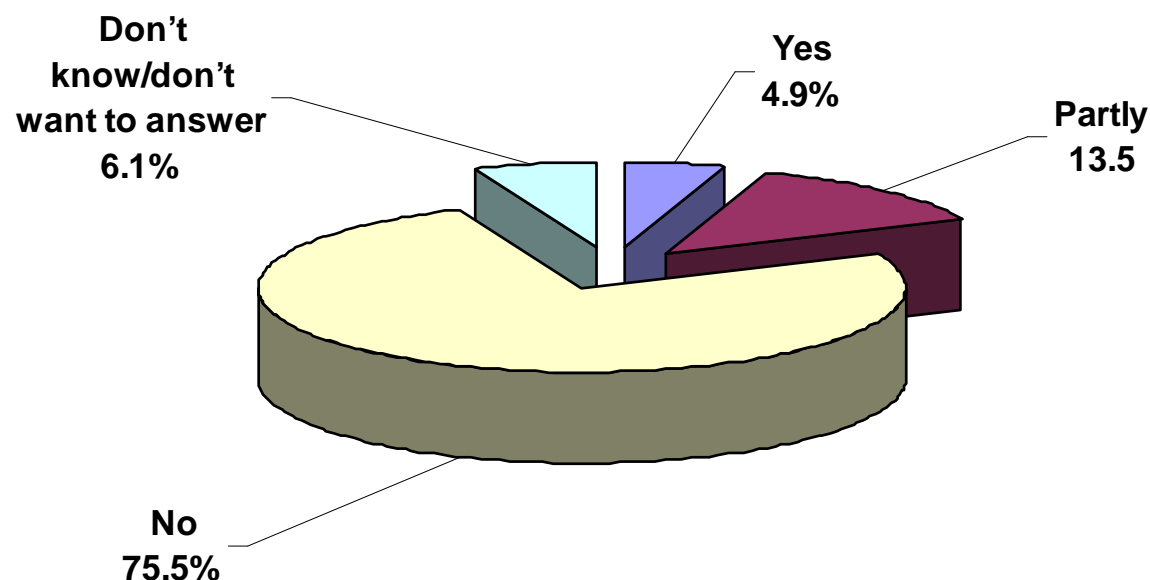
On average, they spent 25.9 days to get a license (according to standard acts, a license should be issued within 20 days)

149 of the 476 succeeded in getting a license within more than 20 days. This accounts for 31 per cent of license recipients.

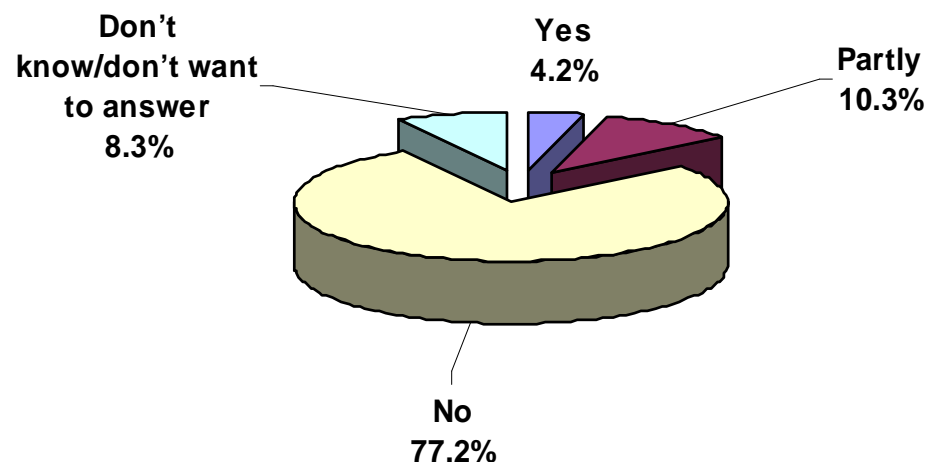
12. Name, if possible, the sum you had to pay for your license (the total sum, including official and unofficial expenses)

Two thirds of the 476 license recipients refused to answer this question. The answer of the rest of them was not representative and was contradictory at the same time.

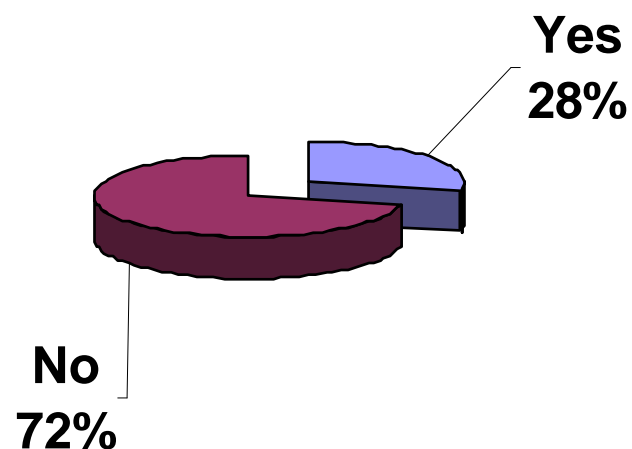
13. Do you experience difficulties in the process of recruitment because of the existing normative acts (*i.e. do they restrict your freedom of choice*)?



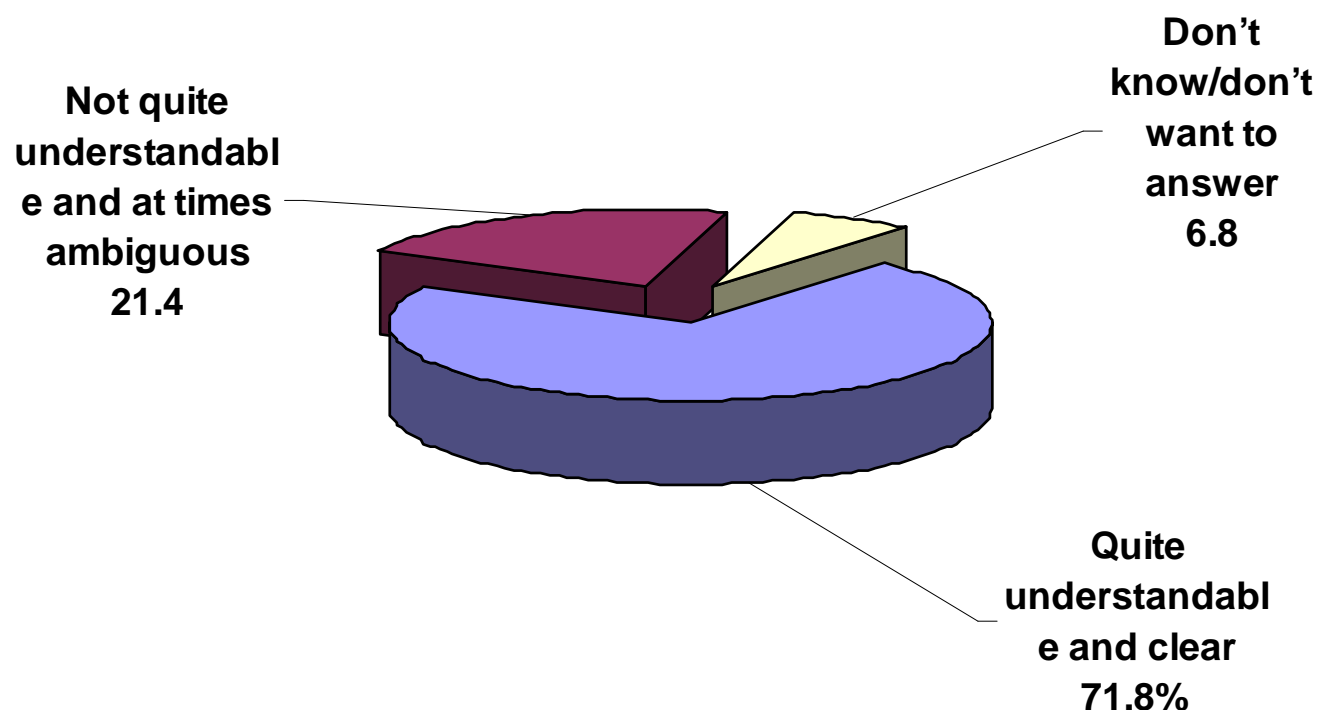
14. Do you experience difficulties in the process of dismissing staff because of the existing normative acts (*do they restrict your freedom of choice*)?



15. Have you had to register real estate?



16. How do you assess the normative documents that are used while registering real estate?

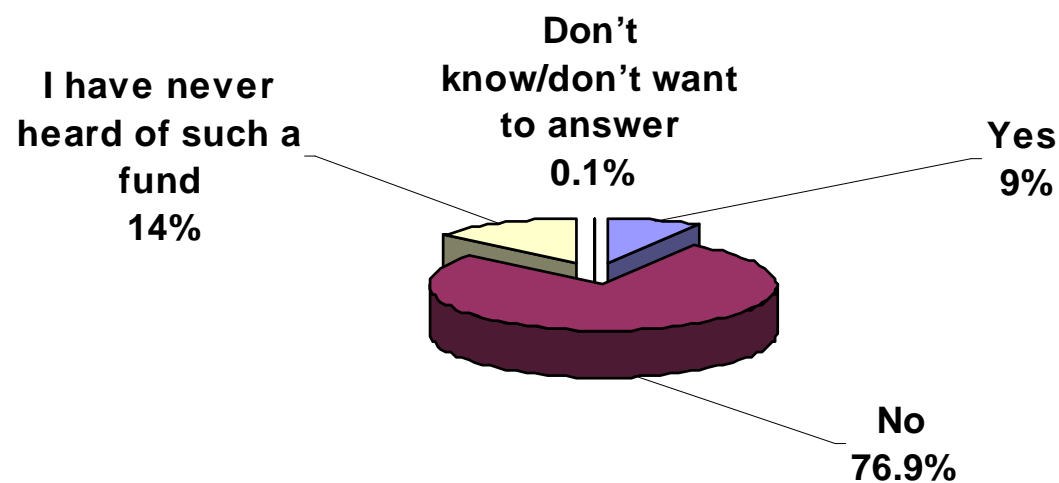


17. How much time did you have to spend to register your real estate?

206 of the 1,000 entrepreneurs gave a specific answer to this question. Only 53 of them (25.7 per cent) managed to register their property within 20 days (the limit indicated in standard acts).

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19. Have you had to apply to the State Fund to Support Entrepreneurship for a loan?



20. How do you assess the normative documents that are used while preparing an application to the Fund?

Only 90 of the 1,000 entrepreneurs applied to the Fund. About half of them regard the documents as clear and accurate enough.

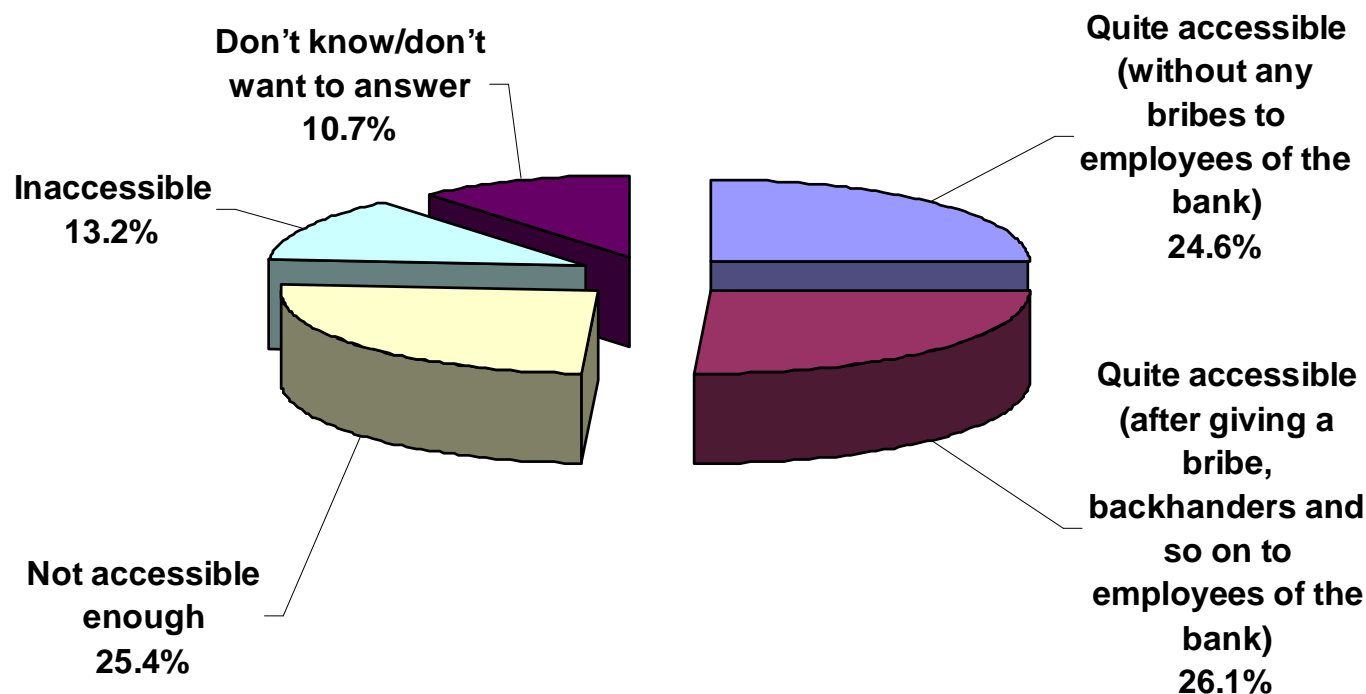
21. How much time (days) did you spend to get a loan (*including procedures of applying to the fund and registering the loan in an agent bank of the fund*)?

Only 90 of the 1,000 respondents applied to the Fund and 56 of them managed to get a loan. 15 of loan recipients refused to answer this question. For this reason, the answers cannot be regarded as representative.

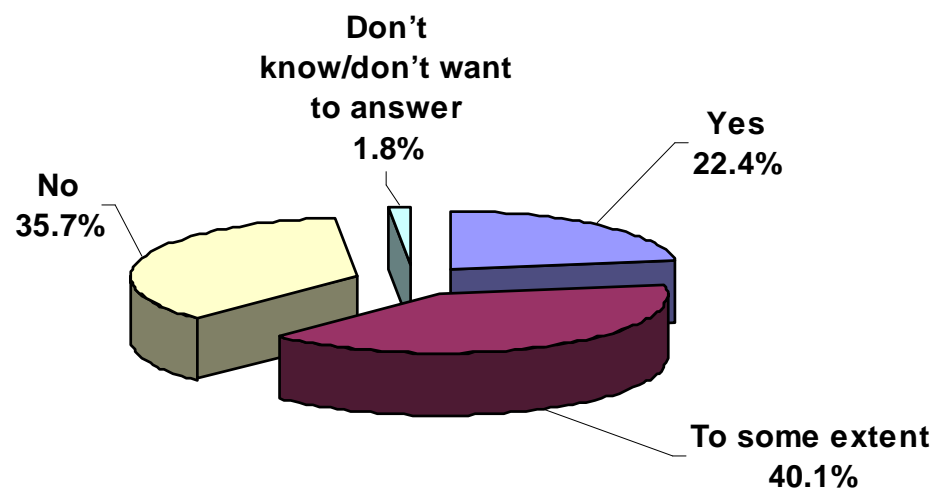
22. Have there been unofficial expenses while getting a loan (*mediators, any employees of the Fund or the bank*)?

Since the number of loan recipients is low, the answers cannot be regarded as representative. Along with that, 14 of the 56 respondents who received a loan confirmed unofficial payments.

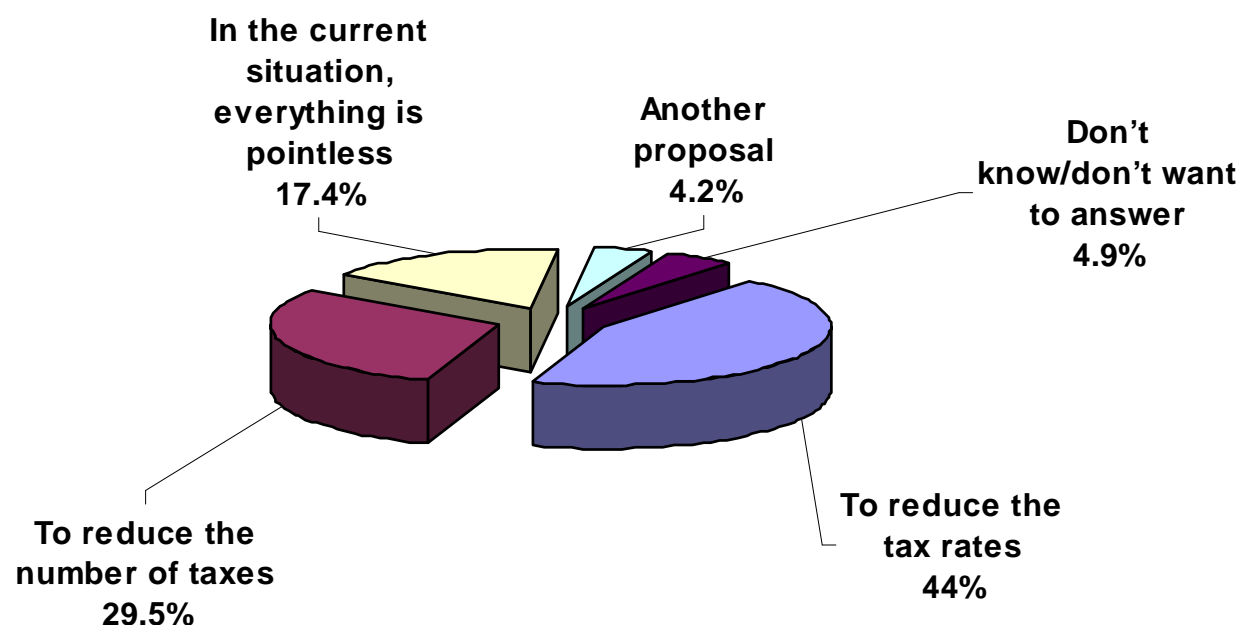
23. How accessible a commercial loan in a bank?



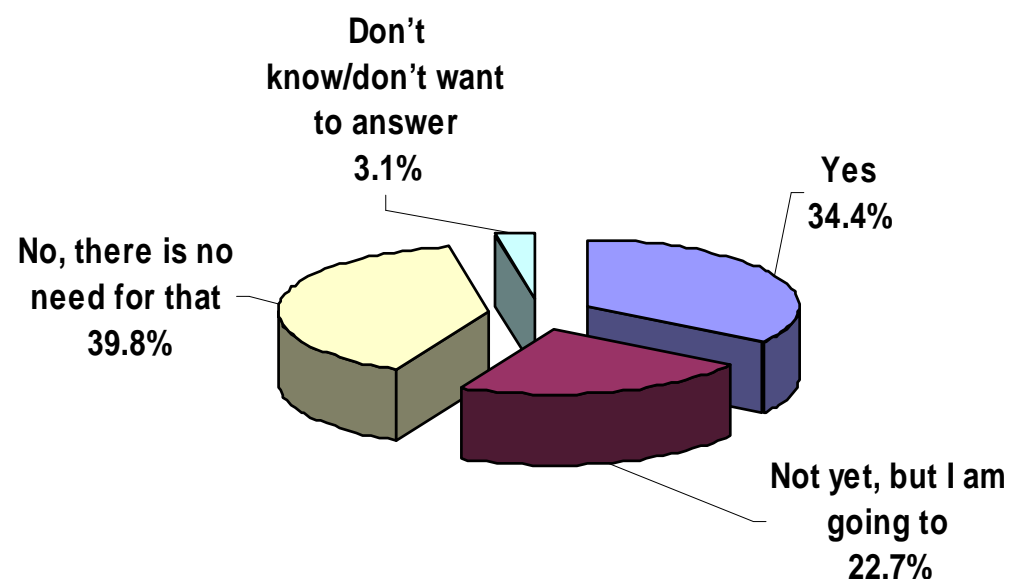
24. Do you think you are protected from officials' arbitrariness?



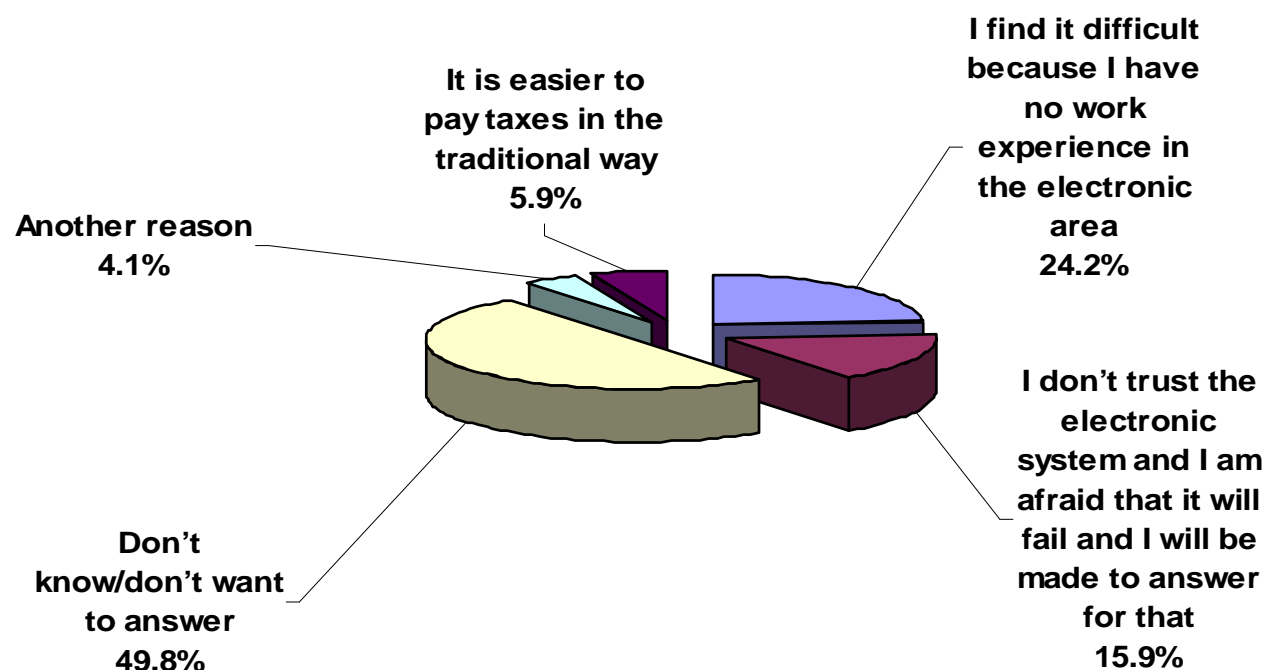
25. What do you think needs to be changed in the system of taxation?



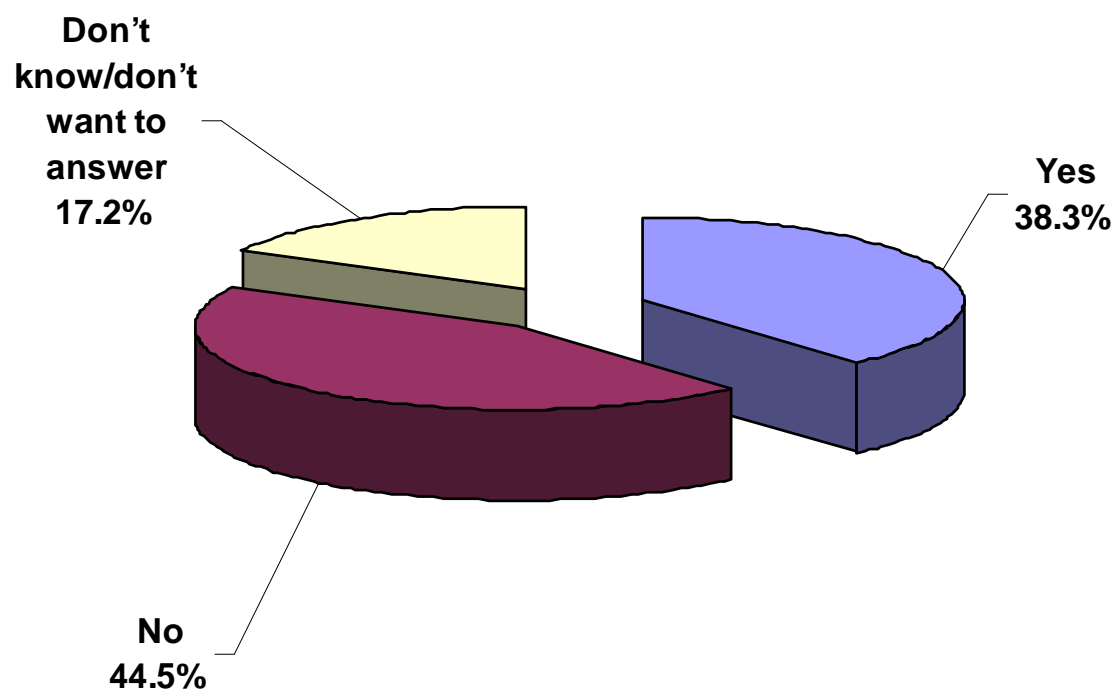
26. Do you use the opportunity to pay your taxes electronically?



27. What is the reason why you are not using the opportunity to pay your taxes electronically?



Do you think that a tax amnesty will help increase tax payments to the country's budget and reduce the unofficial fees?



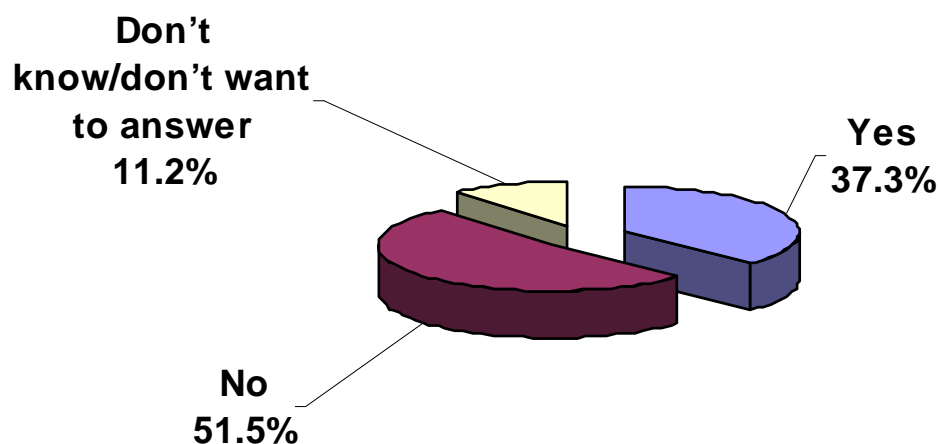
Questions concerning the trade across borders (29-32)

Only 219 of the 1,000 respondents are engaged in trade. About half of them have no comments on customs registration. The rest regard the existing procedures as too harsh. The respondents engaged in foreign trade confirm that customs procedures are simpler and more comfortable in Georgia.

Questions concerning the closure of a company (33-36)

Only 46 of the 1,000 respondents have closed their company over the last two years. For this reason, it is too difficult to regard their answers as representative.

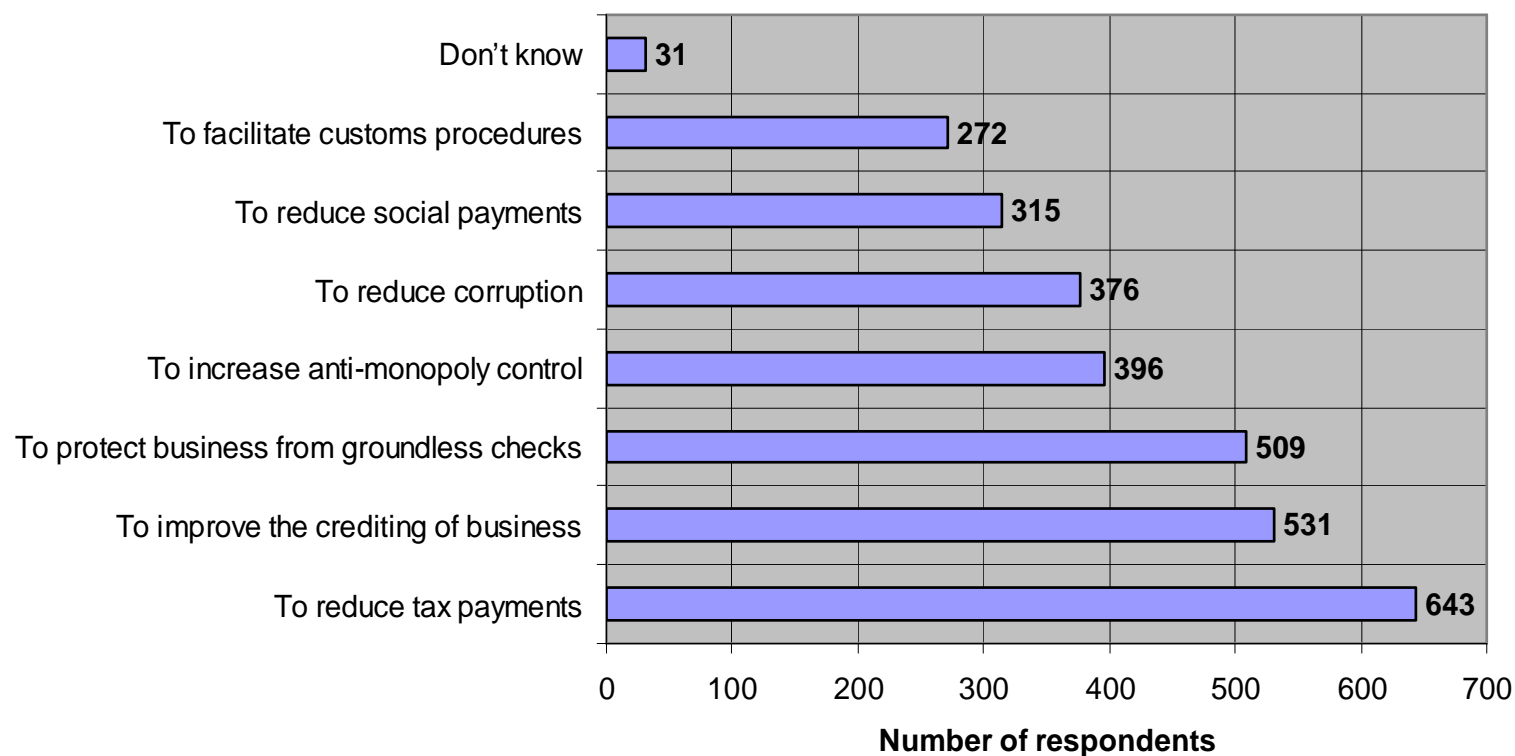
37. Is it possible to do business in Azerbaijan without breaking the law?



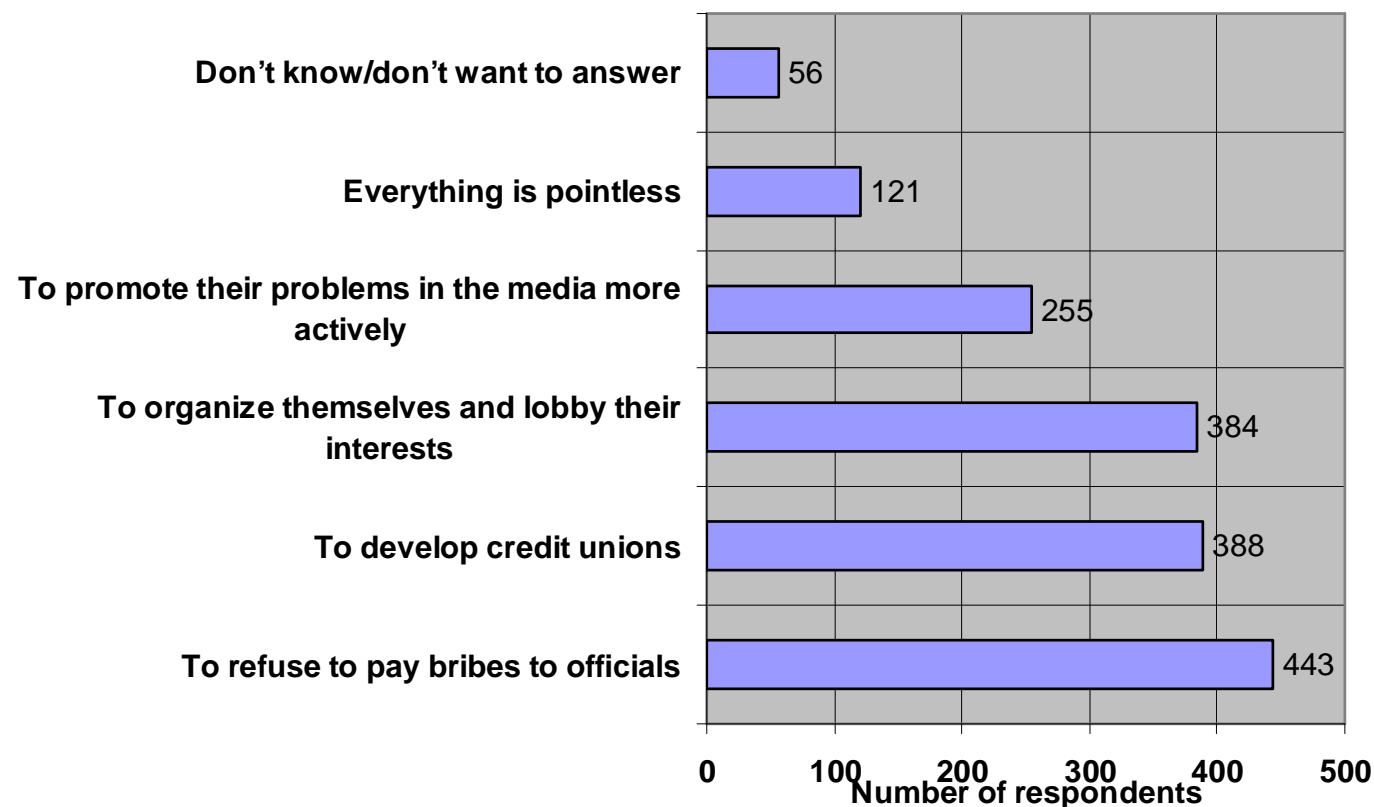
38. Do your relations with monopolistic suppliers of energy resources (Azerigas and Azerenergy) meet the interests of both sides?

Most of the respondents are pleased with the current relations (44.1 per cent - totally and 24 per cent – partially). However, such mutual satisfaction is probably based on corruption.

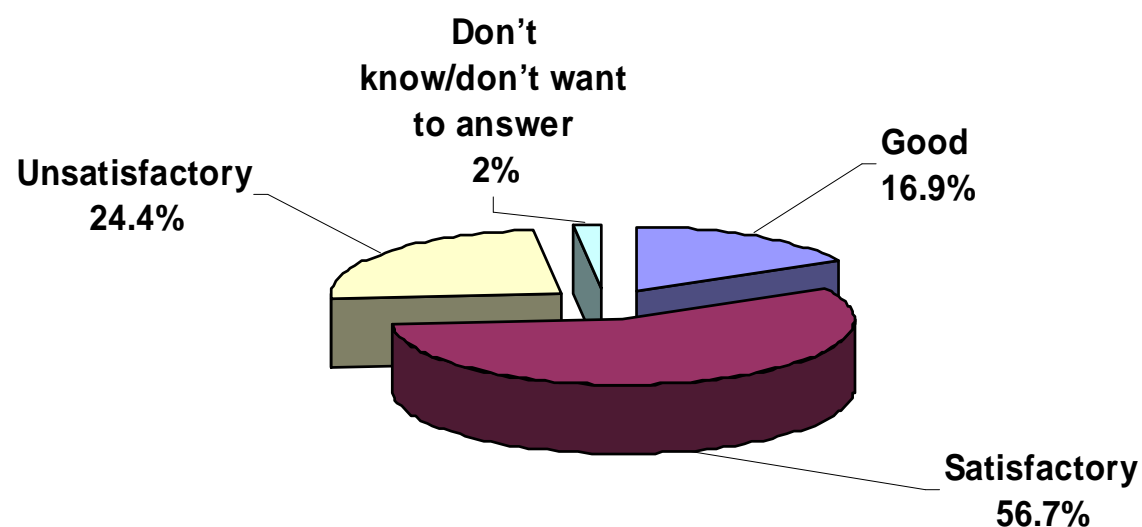
39. Name the measures that the state needs to take in order to accelerate the development of private business in Azerbaijan (Choose no more than five answers)



40. What businessmen themselves have to do in order to improve the business climate in the country? (Choose no more than three answers)



41. In conclusion, assess the business climate in the country as a whole, not just with regard to your own business



THANK YOU FOR YOUR ATTENTION