



Schweizerische Eidgenossenschaft
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Swiss Cooperation Office
South Caucasus

FACTSHEET (2018)

Project title	Azerbaijan and Central Asia Micro and Responsible Finance Project
Project duration	2009-2018
Swiss contribution	CHF 800'000
Project partners	Financial Markets Supervisory Authority; Central Bank of Azerbaijan, and Azerbaijan Microfinance Association
SCO strategic goal	Inclusive and sustainable economic development

Background

Micro-enterprises are essential for a vibrant and diversified private sector, but lack of access to finance is one of the main factors hampering their growth. The microfinance sector grew rapidly over the past years, as many micro-finance institutions (MFI) disbursed aggressively to increase their market share. After two devaluations in Azerbaijan in 2015, there are worrying signs of over-indebtedness due to irresponsible choices by both the borrowing and lending sides, some borrowers having accumulated debt with more than one financial institution. Unsustainable financial behavior is also often a result of traditions and low levels of financial literacy.



Over-indebtedness is not a problem for clients only, but also for the financial sector.

Photo: © SCO Baku

Project objective

The objective of the project is to reduce over-indebtedness, raise awareness for irresponsible financial behavior and contribute to more sustainable lending and borrowing practices of micro-finance institutions and financial clients.

Project activities and results to date

- The project developed a design for a voluntary online debt restructuring platform for individual borrowers. Dialogue with financial market regulator on this is still ongoing
- The project produced a TV series called “The super saver”, where a financial counsellor spends time with a real Azerbaijani family and analyzes their financial choices. 10 episodes to be aired in 2017-18
- Cooperation with Ganja State Technological University in 2017 resulted in 46 students being trained as financial counsellors. The students offered their advice to families in 5 regions around Ganja.

Expected project results

- Strengthened legal and regulatory framework for the microfinance sector through support to the regulator
- Debt restructuring platform for individual debt workout established and operational
- Increased access to finance for MSMEs (micro, small and medium enterprises), particularly in rural areas by capacity building and transformation support of selected MFIs in lending mobilization.

Perspectives

The project will end in March 2018.



Both the financial sector and borrowers should make responsible decisions.

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