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Swiss Cooperation Office
South Caucasus

FACTSHEET (2018)

Project title	ECA Financial Systems Strengthening Program
Project duration	2014-2018
Swiss contribution	USD 4'680'000 (for the entire Europe and Central Asia region)
Project partners	Central Bank of Azerbaijan, FIMSA and commercial banks
SCO strategic goal	Inclusive and sustainable economic development

Background

The program builds on work undertaken by the ECA Crisis Response Program in 2009-2014 (co-financed by Switzerland) supporting the financial sector to recover from the financial crisis through a focus on NPL (non-performing loans) and risk management. The program also focuses on capacity building in the area of non-financial services by financial institutions, e.g. by building the business plan development skills of SMEs, which could later become regular clients of financial institutions.



Exchange on international best practice in terms of integrated risk and NPL management. Photo: © SCO Baku

Project objective

The program aims to strengthen the capacity of financial intermediaries to deal with a large amount of NPLs, to improve risk management skills and to support capacity building in SME lending practices.

Project activities and results achieved to date

- Bank Respublika: work on improvement of the client's current strategy is finalized with a set of 19 strategic recommendations. The bank has implemented 5 strategic recommendations through June 2017
- Risk management roundtables and workshops were delivered for financial institutions and selected representatives from the relevant authorities
- In response to the request coming from the local banks and the regulator, a first ever Cybersecurity Risk Workshop with partial IT-system risk analysis was delivered in Baku.

Expected project results

- Support for recovery by addressing existing bottlenecks within financial institutions that will increase the rate of recovery from NPLs
- Support for SME lending growth that will target those banks that have demonstrated solid fundamental risk management practices and perceive SME banking as a priority for its future growth.

Perspectives

The project's no-cost extension up to December 2018 was approved by SECO. Under this new time-frame, the project will continue to offer advisory services in the area of risk management.

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