

Republic of Azerbaijan

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Support mechanisms for entrepreneurship and the situation of private business in Azerbaijan

The strategy for economic development determined by the national leader Mr. Heydar Aliyev has been realised under the leadership of the President of the Republic of Azerbaijan Mr. Ilham Aliyev continuously. Currently besides the realisation of the activities in the framework of "The State Program on the development of small and medium entrepreneurship (SME) in Azerbaijan Republic for 2002-2005 years", new measures are taken to promote the development of this field.

Provision of sustainable and balanced development of the economy, acceleration of regional development is the priorities of the social eco-

conomic development policy. "The State Program on social economic development of the regions of the Republic of Azerbaijan (2004-2008 years)" has stated the directions for the sustainable development of the country's economy.

Last year could be considered as a breakthrough in the improvement of infrastructure services in regions, financial assistance, development of social sectors, solution of unemployment problem and increase in the welfare of the people. It is an appreciable fact that the private sector has played a significant role in the implementation of the tasks stated in the State Program.

Financial assistance

The National Fund of Entrepreneurship Support increased the effectiveness of its activities through the partnership with credit organizations and this organization turned to be an important source of financing SMEs. During 2002-2005 years approximately 335,1 billion manats allocated for the 3582 investment projects and as a result, 25.000 jobs were created.

Juridical base of leasing mechanism on expanding of the means from alternative financial resources of entrepreneurship has been perfected and a number of measures on the stimulation of applying this mechanism have been taken.

Creation of market infrastructure of entrepreneurship is one of the priorities of the state support system to the entrepreneurship. Initial pre-feasibility study of establishment of the first industrial park in Azerbaijan with the Industrial Development Organization of UNO has

been realised. The project intends to build industrial town that has corresponding communication and infrastructure facilities. Concrete area for the project has been defined and an adequate decision of the Cabinet of Ministers has been adopted. High quality, reliable service facilities and common business services will increase the competitiveness of the firms. For this aim it is intended to establish input-output network in the same industrial field and develop partnership among the enterprises.

Establishment of Baku Business Centre has been provided. Permanent exhibition of products and services of domestic producers play an important role in the development of entrepreneurs' business contacts and finding new markets.

Second stage of agrarian reforms has been successfully implemented. "Agroleasing" Joint Stock Society has been established and this organization renders leasing of agricultural technology and equipments to the farmers living in regions of Azerbaijan.

Increasing the export capacity of the country and attract foreign investments are the main priorities of economic policy and some activities are realised to establish the organizational models in order to fulfil these targets on the context of the State Program.

Azerbaijan Export and Investment Promotion Foundation's main task is the preparation of marketing strategy aimed at increasing the export potential of the country, preparation and implementation of targeted programs in export priority fields and contributes to the process of attraction of investments to the country's economy.

In the sphere of defence of entrepreneurs' rights and development of state – entrepreneur relations The Council of Entrepreneurs under the

President of the Republic of Azerbaijan has played a great role in the development of entrepreneurship in the country, increase the state care to this sphere, in taking corresponding measures by periodic analysis of existing problems; it assists to the consequent realization of social-economic development strategy defined by the President.

In the past period, in the field of improvement of state regulation of the entrepreneurship, number of laws and legal documents have been adopted which provide a legal basis of entrepreneurship.

Taxation policy was coordinated with other aspects of state support to SME, tax burden of the private enterprises has been reduced, and the simplified tax system has been improved.

The mechanisms of state registration of private enterprises (company incorporation) has been improved, the law of the Republic of Azerbaijan on "State registration of legal entities".

The system of licensing has been upgraded, number of required documents for obtaining a license was reduced to the minimum, amount of payments for licensing were reduced, period of license was increased, and the system of state registration of licenses was established.

Criteria for defining the small and medium enterprises were improved and these changes will provide the concentration and efficiency of the system of state support to entrepreneurship.

Protection of entrepreneurs' rights is an important aspect of the system of state support to entrepreneurship.

The implementation of the mechanism of participation of an official from the Ministry of Economic Development in revisions of state organizations (except tax offices) in private businesses reduced the number

of the revisions drastically. Number of revisions registered in the first half of 2004 has been reduced 2.3 times comparing with the respective figure of 2001.

The efficiency of utilisation of Control Books to make registration of revisions in entrepreneurships has been increased. According to the adequate Decree of the Head of the State these notes are analysed twice a year and results are submitted to the President of the Republic of Azerbaijan.

Operative services and communication systems have been established through the web site www.sahibkar.biz and hot telephone line. These measures play an important role in informational provision of entrepreneurs and solution of emerging problems.

Improvement of the consulting and information provision of the entrepreneurship and developing business relations

In order to realise the complex measures directed to the growth of initiatives and juridical knowledge of entrepreneurs, strengthening of information support, rise of working experience in new economic conditions the Business Education Centre in Baku has been established that will render consulting, information provision, marketing services, training and other services systematically through its regional branches. First regional branch of the Business Education Centre launched its actions in the city of Sheki in 2004. In 2005 Business Education Centres were established in Genje and Lenkeran.

The participation of Azerbaijani businessmen in a number of meetings held in our country and abroad has been provided and in these me-

etings the entrepreneurs have taken important steps in the direction of development of business relations.

As a result of these measures, the shares of private sector in GDP were more than 74% in 2005. 71% of employment and 53% of budget revenues was provided by the private enterprises. According to the statistics, to the situation of January 1, 2006, number of companies is 70287 out of which 3809 enterprises are foreign owned. Number of sole proprietorships is 209170. Since the implementation of the State Program on socio-economic development of the regions of Azerbaijan Republic more than 200.000 jobs were created throughout the country.