

Azərbaycan Mikromaliyyə Assosiasiyası



Azerbaijan Micro-finance Association

UNITED NATIONS GLOBAL COMPACT

Communication of Engagement 2019



AMFA is implementing various projects and initiatives particularly to support human rights, gender labour problems, participates in environmental actions and ensures that its member organizations support anti-corruption, which are in line with the United Nations Global Compact Principles.

In order to support human rights AMFA promotes “Client Protection Principles” developed by SMART Campaign within its membership and conducts assessment in Member Micro-finance Organization based on their request. These principles have been developed by many years and reflect ethics and values championed by many industry stakeholder groups. By providing micro-finance institutions the tools and resources they need to deliver transparent, respectful and prudent financial services to all clients. Client Protection Principles are: 1) Appropriate product design and delivery; 2) Prevention of over-indebtedness; 3) Transparency; 4) Responsible pricing; 5) Fair and respectful treatment of clients; 6) Privacy of clients data; 7) Mechanisms for complaint resolution.

The second initiative which AMFA supports is a “Universal Standards of Social Performance” launched by Social Performance Task Force (SPTF) which includes MIX Market, CERISE, The SMART Campaign, MF Transparency, Micro Save, the International Labour Organization (ILO) and the Imp-Act Consortium. The standard enables MFIs to operate based on a set of global best practices to meet their Social Missions. These standards have 6 dimensions: 1) Define and Monitor Social Goals; 2) Ensure Board Management and Employee Commitment to Social Goals; 3) Design Products, Services, Delivery Channels and Mechanisms that meet client needs and preferences; 4) Treat Clients Responsibly; 5) Treat Employees Responsibly; 6) Balance Financial and Social Performance.

All these 2 Principles covers almost all requirements of UN Global Compact Principles.

The third initiative is Financial Education. Currently, Financial Literacy is a Challenge in Azerbaijan herewith AMFA initiated several projects to counteract multiple borrowing and cross-lending practices, which are a key cause of over-indebtedness. It will also promote responsible financing, i.e. clear and transparent lending practices, responsible product sales suitable to client needs, fair and full financial information in product advertisements, and clear loan terms and conditions.

Azerbaijan Micro-Finance Association (AMFA) developed a financial education booklets aimed at raising the financial literacy of microfinance customers of commercial banks and microfinance institutions in Azerbaijan. The booklet teaches existing and potential microfinance customers of AMFA members about the risks and benefits associated with taking out loans, placing deposits and using/or not using other services provided by financial institutions. In enhancing the ability of microfinance customers to take informed financial decisions, the booklet addresses the following topics: financial institutions and lending, avoiding over-indebtedness, basic financial education, and savings/deposits.

AMFA also is conducting Budget management and financial planning trainings in rural areas within some projects.

“Accelerating Development of Sustainable Micro-entrepreneurship in Rural Regions of Azerbaijan” project (ADSMIRRA)

The Project is funded under the European Neighbourhood Instrument (Annual Action Programme 2013), and the implementing partners are Microfinance Centre (MFC) in Poland, National Confederation of Entrepreneurs (Employers) Organizations of Azerbaijan Republic (ASK). The duration of the Project is quite long - 30 months, starting from 01/09/2018 till 28/02/2021.

The official launching took place at 9th AMFA Biennial Conference titled “Revealing Potential for Sustainable Development” on 22-23 November, 2018. The Project primarily focuses on development of rural entrepreneurship.

The overall objective of the project is to support establishment and development of micro-businesses as to support rural population in income generation and job creation.

The project’s specific objectives are to strengthen rural micro entrepreneur’s capacities to enable them to start or expand own businesses by building their skills, facilitating market opportunities and providing seed capital in the Ganja – Gazakh, Guba – Khachmaz, Sheki – Zagatala and Kur – Araz (Aran) Economic Zones.

The beneficiaries of the project are micro and small-scale rural business entrepreneurs living in rural areas those who are interested to start or expand own businesses and their families.

Some expected results from the Project:

- At least 500 persons improved their level of financial literacy and enhanced finance management skills;
- At least 150 persons improved their business management skills
- At least 50 persons provided with in-kind seed capital and/or benefited from mentoring advice of experienced business consultants, know- how of running the cooperative;
- Access to market is facilitated for 100 micro-businesses;
- The capacities of financial education trainers and mentors are strengthened;
- Experience and lessons learnt are documented;
- Experience on implementation of Financial Education program will be shared.



Empowering Women for Sustainable Development



The Project is implemented by AMFA within Project “Promoting the Role of Civil Society in Gender-sensitive Implementation of the Sustainable Development Goals” funded by the European Union (EU), co-funded and implemented by the United Nations Development Program (UNDP). The duration of the Project is 1 year starting from 01/02/2019 lasting till 31/01/2020.

The official kick-off ceremony was held in Nakhchivan Autonomous Republic (NAR) on April 16, 2019. The Project primarily focuses on developing women entrepreneurship in rural regions and disability

The overall objective of the project is to support establishment and development of micro-businesses as to support rural women in income generation and job creation.

The project specific objective is to create better access to microfinance services for rural people through educating them on money management practices, budget planning, running the business/household finance, debt management techniques, which can lead to improving women economic

status and their families or/and to increase their employment opportunities through equipping them with skills and funds needed to start own business.

The Project envisions to strengthen rural women micro entrepreneur’s capacities to enable them to start or expand own businesses by building their skills, facilitating market opportunities and providing seed capital in NAR and Ismayilli region.



The beneficiaries of the Project are women micro entrepreneurs who are interested in expanding their existing businesses (especially women micro entrepreneurs with disabilities) and start-up women (especially women with disabilities).

Some expected results are:

- 300 women (including women with disabilities) will improve knowledge, skills or change attitude in financial management either at home or business;
- 64 women (including women with disabilities) will participate in “Start and Improve your Business” training course;
- 50 women (including women with disabilities) will develop

successful business plans;

- 50 women (including women with disabilities) will be provided with in-kind seed capital;
- Access to market is facilitated for 10 entrepreneurs (including women with disabilities) as project champions;
- 10 Success stories are documented including women with disabilities.



“Entrepreneurship for Youth” project

The Project is jointly implemented by Junior Achievement Azerbaijan (JAA), Azerbaijan Micro-finance Association (AMFA) and Junior Achievement Estonia (JA Eesti) with the aim to engage civil society to participate in development of the entrepreneurial culture and mind-set among youth, since EE generally addresses active citizenship, social entrepreneurship, venture creation and employability.

The overall objective of the Project is to strengthen the capacity and participation of civil society in development of the entrepreneurial

eco-system through promotion of entrepreneurship education (EE) and provision of financial literacy (FL).

The specific objectives of the action focus on the process, policy and practice needed for establishment of the entrepreneurship ecosystem. These includes promoting a dialogue among various stakeholders; engaging local entrepreneurs, businessmen and CSOs in capacity building, resource development and delivery of entrepreneurial education and financial literacy; and integrating entrepreneurial education into education curricula through application of the best international experiences on entrepreneurial education and support its piloting in Baku, Gabala, Masally, Ganja, Khachmaz, Mingachevir, Zagatala and Gakh. The target groups of the action include policy-makers in education, SCOs representatives, 150 teachers and 3000 students of secondary and vocational schools.

‘Entrepreneurship for Youth’ is implemented over four stages in close cooperation with the Ministry of Education. This includes:

- development of high-quality content, teaching resources and tools for delivery of entrepreneurship education and financial literacy based on Junior Achievement programmes;
- capacity building and teacher training;
- piloting/testing (student training) and evaluation;
- preparation of policy briefs and recommendations for integration of entrepreneurship education and financial literacy into the educational curricula through the application of best practices.



The Project is very important in terms of ensuring that the education system responds to the needs of the labor market through skills development, and this contributing to economic diversification and job creation, demonstrating the contribution that civil society can bring to socio-economic development of the country, and bringing together government and private sector.



Study Tour for Lebanon Micro-finance Association (LMFA)

The goal of the peer exchange is to expose LMFA board members and staff to a mature association that has an established history of good governance, sound business and operational practices, valued member services, sustainable revenue streams, and that demonstrates impact and accountability through transparent social performance and financial reporting.

10 members of the Lebanese Microfinance Association (LMFA) learned experience of AMFA and MFIs in Azerbaijan in the following fields within a three-day study tour arranged by FSIC:

- Effective Governance;
- Association Services;
- Industry Expertise;
- Membership Strategy;
- Membership Evolution;
- Digital Financial Inclusion;
- Financial and Operational Sustainability;
- Association Roles in Policy and Regulatory Environment;
- Field visit of MFI branches and customers;
- Cooperation with regulatory bodies.



Study Tour for Rwanda Micro-finance Association



The goal of a four-day peer exchange for the AMIR and its Stakeholders with the Azerbaijan Microfinance Association is a field-based learning initiative that draws lessons from the AMFA in implementation of Responsible Finance (RF) and successful management of a microfinance association with a vision of sustainability.

8 members of the Association of MFIs of Rwanda (AMIR) learned experience of AMFA and MFIs in Azerbaijan in the following fields within a one-week study tour arranged by FSIC:

- Responsible finance;
- Association services;
- Diversification of association's income generating streams;
- Central Bank's role in promoting responsible finance;
- Field visit of MFI branches and customers;

- Effective modes of communication with various stakeholders;



- Private credit bureau's work;
- Movable assets registry's work;
- Financial and Social Performance Reporting;
- Client Protection;
- Modernization of the finance industry;
- Aspects of cooperation with regulatory bodies.

Accelerating the development of sustainable women micro-entrepreneurship in Guba-Khachmaz region of Azerbaijan

The objective of the project is to activate functionality of the women business incubators through well-tested 2-step approaches to foster women entrepreneurship development to be implemented as a pilot in Khachmaz region of Azerbaijan in partnership with AWEDA. This project would be the first project for AWEDA that will allow its management to accelerate its capacity building in the field of project management as well.

- Financial Education “Plan Your Future” training has been provided to 26 women in Guba-Khachmaz region;
- Start and Improve Your Business training has been provided to 15 women in Guba-Khachmaz region to help those women to create and realize business ideas, to run business and systematically manage it and ensure sustainability of the business;
- 12 female project beneficiaries have been assisted to register their businesses and obtain TAX IDs as micro or small entrepreneurs and open a bank account. Those women also received seed capital in the form of needed raw materials and equipment to start or expand their businesses;
- Azerbaijan Women Entrepreneurs Development Association (AWEDA) has been mentored on running a project (this Project has been the first project of the Association since its establishment) and all Project Beneficiaries have become members of the Association to strengthen their networking efforts and further promote the Association in the region;
- All trainings have been held in the Business Incubator working under the Ministry of Economy in Khachmaz to promote the newly established Incubator as well;





- Final Workshop conducted with participation of more than 40 guests from government bodies, diplomatic missions, international and local organizations has been a platform for discussion of further support to provide for women entrepreneurship development. 6 Project beneficiaries have been able to promote and sell their produces at the sale exhibition arranged during the workshop;

Development of training modules for financial literacy, financial risk analysis and business sustainability and conducting training sessions under the Women's Economic Empowerment in the South Caucasus Project



The objective is to provide training under the Women's Economic Empowerment in the South Caucasus Project jointly implemented by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), and United Nations Development Programme in partnership with the State Committee for Family, Women and Children Affairs of the Republic of Azerbaijan and funded by the Swiss Agency for Development and Cooperation, Austrian Development Cooperation. The training sessions are planned to serve the specific objective of the Project to support poor and socially excluded women to increase the level of their economic activity through capacity development and

network building.

- Financial Literacy Training provided to 60 women in Baku, Gusar and Sabirabad who are either already owning personal business or planning to start one. Trainings have been provided at Women Resource Centers operating in the respective districts, which has also contributed to their promotion;
- Financial Risk Analysis training module has been developed for micro and small entrepreneurs taking into consideration local business environment and legislative requirements;
- Business Sustainability training module has been developed for micro and small entrepreneurs taking into consideration local business environment and legislative requirements, best international practice and UN's Sustainable Development Goals.

Capacity building of the residents “Clean World” Aid to Women Public Union

The objective is to provide financial literacy, vocational and business development training sessions to Clean World Women’s Shelter in Baku in order to help the residents of the shelter become financially literate, gain certain professional skills and be able to start and expand their own businesses. The residents of the Shelter need such support which will ease their reintegration into society after leaving the Shelter and make them financially independent.



- Financial Literacy “Plan Your Future” training module has been delivered to 26 women;
- Swiss Ambassador and her Deputy, AMFA’s Executive Director and FSIC’s Director have met with the Shelter residents to encourage them for continuously learning, practicing, applying the learned and working determinedly for a better future;
- Professional sewing machines, professional iron and other devices and materials have been bought for the Shelter to deliver the sewing (vocational) training inside it;

