

Attracting Investments Success Story

AMFA's efforts to unite its members and investors results in a partnership between Normicro and Deutsche Bank

Jhale Hajiyeva, AMFA Executive Director (left), and Maryam Haji-Ismayilova, AMFA Project Coordinator (Right), at the "Microfinance with a Mission" Conference in Budapest, Hungary.

Small and medium enterprises (SMEs) represent one of the most viable opportunities to grow and diversify the economy in Azerbaijan. However, SME growth potential is severely limited by a lack of access to finance and an underdeveloped and undercapitalized banking sector. In addition, the financial sector does not yet play the roles of intermediation and risk management that would provide SMEs with greater opportunities to obtain credit. Non-bank financial institutions (NBFIs) are few in number, and are usually small and underdeveloped. Encouraging lending to SMEs, especially through NBFIs, is a central aim of the USAID SME Support through Financial Sector Development Project, implemented by ACDI/VOCA. In support of this goal, the project sponsored the participation of the Azerbaijan Microfinance Association (AMFA) at the June 2006 "Microfinance with a Mission: Learning Together" conference in Budapest organized by the Microfinance Centre and European Microfinance Network. AMFA representatives included AMFA Executive Director Ms. Jhale Hajiyeva and Project Coordinator Ms. Maryam Haji-Ismayilova. In addition to learning about strategic planning, sustainability for networks, and promotion and governance issues, AMFA made presentations on its activities, investigated potential opportunities for AMFA members, and conducted negotiations with possible investors including the Calvert Social Investment Foundation, Deutsche Bank, MicroVest, OikoCredit, Omidyar Network, Rabobank, Triodos, USAID, and others. AMFA's efforts to attract investors to Azerbaijan has now paid off. Based on AMFA's work as a liaison between the investors and members, AMFA member Norwegian Microcredit (Normicro) established a partnership with Deutsche Bank. In October 2006, while attending the SEEP Network Annual Meeting and Global Microfinance Summit also sponsored by ACDI/VOCA, Normicro negotiated a loan agreement which was signed in December 2006. In November 2006 Microcredit Enterprises provided Normicro with a \$500,000 loan for improving livelihood of low income families and primarily focusing on IDP's and refugees in 12 regions of the country. The loan capital will provide an injection to the working assets of current and new clients of Normicro and enable them to develop successful self-sustainable small scale businesses. In February 2007 one more AMFA member institution will be receive loan capital from Microcredit Enterprises. AMFA is actively collaborating with one more company interested in the Azerbaijan Microfinance Market - Developing World Markets (DWM). In January 2007 AMFA organized individual meetings of DWM representatives with 10 AMFA biggest members and a seminar intended to provide information on "how to access international private capital." In the coming months AMFA plans to bring one more investor company to Azerbaijan to supply MFIs with microfinance loan capital.